

Voluntary Report – Voluntary - Public Distribution

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Report Name: MAFF Lowers Planned Butter Imports by 30 Percent

Country: Japan

Post: Tokyo

Report Category: Dairy and Products, Trade Policy Monitoring

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Report Highlights:

On September 25, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) announced that it would lower planned imports of butter to 14,000 metric tons (MT) for Japanese fiscal year (JFY) 2020, reflecting a 30 percent decrease from the previously announced volume of 20,000 MT. This is the first time that MAFF has lowered the butter quota midyear since JFY 2015. The reduction reflects concern over Japan's growing butter stocks.

General Information

On September 25, 2020, Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) announced that would revise Japan's tariff-rate quota (TRQ) for butter in Japanese fiscal year (JFY) 2020 downward to 14,000 metric tons from the previously announced volume of 20,000 MT. Details of the initial announcement are described in [JA2020-0027](#). This marks the first time that MAFF has reduced the butter quota midyear since the new quota review system was introduced in JFY 2015.

Japanese butter production increased this year due to increased volumes of fresh milk being diverted to further processing. This was particularly evident in March and April when schools were closed nationwide due to COVID-19 as school meals typically account for around 10 percent of Japan's fresh milk consumption. See [JA2020-0059](#) for details. A marginal increase in household consumption of butter during this period was insufficient to offset the decrease in foodservice consumption, causing butter stocks to expand 41 percent year-on-year to 39,000 MT by July.

Through September, Japan's Agriculture and Livestock Industries Corporation (ALIC), a state-trading body, had already tendered 12,000 MT of butter imports through the government TRQ. As a result of the MAFF reduction, ALIC is expected to tender only 2,000 MT more between now and the end of the fiscal year in March.

Also on September 25, MAFF confirmed that the previously announced volume of nonfat dry milk (NFDM) imports would remain unchanged at 750 MT. MAFF set this volume in May when it reduced planned NFDM imports from the initially announced volume of 4,000 MT. See [JA2020-0114](#) for more details. Table 1 shows the final announced butter and NFDM TRQ volumes for the previous five years including the milk equivalent basis.

Table 1: Japan's Butter and NFDM TRQ Announced Volumes Unit: Metric Ton

	JFY2016	JFY2017	JFY2018	JFY2019	JFY2020
Butter	17,000	13,000	13,000	20,000	14,000
<i>(milk equivalent)</i>	<i>209,780</i>	<i>160,420</i>	<i>160,420</i>	<i>246,800</i>	<i>172,760</i>
NFDM	4,000	34,000	27,000	14,000	750
<i>(milk equivalent)</i>	<i>25,920</i>	<i>220,320</i>	<i>174,960</i>	<i>90,720</i>	<i>4,860</i>
Total	21,000	47,000	40,000	34,000	14,750
<i>(milk equivalent)</i>	<i>235,700</i>	<i>380,740</i>	<i>335,380</i>	<i>337,520</i>	<i>177,620</i>

Conversion rates for milk equivalent are:

Butter: 12.34

NFDM: 6.48

Source: MAFF and ALIC

Attachments:

No Attachments.