

Voluntary Report – Voluntary - Public Distribution

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Report Name: Most USJTA TRQs Underfilled in JFY 2020

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Prepared By: Akiko Satake

Approved By: Alexander Blamberg

Report Highlights:

The U.S.-Japan Trade Agreement (USJTA), which entered into force on January 1, 2020, improved market access for U.S. products through the creation of tariff-rate quotas (TRQs) for food wheat, wheat products, malt, processed cheese, whey, glucose and fructose, potato starch, corn starch, and inulin. However, with exception of food wheat, fill rates for these TRQs were low in Japanese Fiscal Year (JFY) 2020. This report provides data on TRQ allocation and fill rates, together with out-of-quota imports observed during the last fiscal year.

Background

Under the U.S.-Japan Trade Agreement (USJTA), which entered into force on January 1, 2020, Japan created nine tariff-rate quotas (TRQs) for a selection of U.S. agricultural products, enabling these products to be imported with lower tariffs or tariff-free. The USJTA TRQs are Mixes, Doughs, and Cake Mixes (TRQ-JP1), Food Wheat (TRQ-JP2), Malt, Not Roasted (TRQ-JP3), Malt, Roasted (TRQ-JP4), Processed Cheese (TRQ-JP5), Whey (TRQ-JP6), Glucose and Fructose (TRQ-JP7), Corn and Potato Starch (TRQ-JP8), and Inulin (TRQ-JP9). For more details on each of the TRQs, see [USTR: U.S.-Japan Trade Agreement Annex 1: Tariffs and Tariff-Related Provisions of Japan](#).

Status of TRQ Allocations and Fill Rates under USJTA in JFY 2020

In Japanese Fiscal Year 2020 (April 1, 2020 – March 31, 2021), TRQ allocations were made for Mixes, Doughs and Cake Mixes, Wheat, Whey, and Glucose and Fructose, with no significant changes from the allocations seen during the first half of the fiscal year ([JA2020-0205](#), or Table 1). No allocations were made for Malt, Processed Cheese, Corn and Potato Starch, and Inulin. Since the first half of JFY 2020, the final allocations increased for Whey (from 1,390 MT to 1,515 MT), while those for Mixes, Doughs, and Cake Mixes, and Glucose and Fructose decreased from 1,917 MT to 1,900 MT and 262 MT to 243 MT respectively. The decline in allocations for these product groups is the result of companies returning unused quotas allocations to avoid penalties for non-use at the end of the year. Companies which import less than 90 percent of their TRQ allocations by the end of the fiscal year are prohibited from requesting more than the actual imported volume for the following fiscal year.

As allocations for wheat reached 100 percent in June 2020, total wheat imports exceeded the TRQ quota considerably, with out-of-quota imports comprising 95 percent of total imports by the end JFY 2020. Similarly, a significant portion of out-of-quota imports were seen for Mixes, Doughs, and Cake Mixes (72 percent out-of-quota) and Corn and Potato Starch (100 percent out-of-quota).

For all products with TRQ allocations (except wheat), actual in-quota imports were lower than the allocated TRQ quota. While 1,900 MT were allocated for Mixes, Doughs, and Cake Mixes, actual imports conducted under the EPA-applied tariff were 1,860 MT (98 percent of allocated quota). For Whey and Glucose and Fructose, the actual imports conducted under the EPA-applied tariff amounted to 92 percent and 88 percent of the allocated quota respectively.

As most TRQs were underutilized in JFY 2020, U.S. exporters are encouraged to work with their Japanese importers to ensure that the tariff benefits of USJTA are fully explored and utilized for their products. TRQ volumes for all products will increase in JFY 2021. For details, please visit www.usdajapan.org/usjta.

Table 1: USJTA TRQ Allocations and Actual Imports (first half JFY 2020 data in parentheses)
(Unit: MT)

Products	Quota volume	Allocation to date	Allocation rate	Actual Imports (JFY2020)			
				In-quota	TRQ fill rate	Out-of-quota	Total
Mixes, Doughs, and Cake Mixes	11,000	1,900 (1,917)	17% (17%)	1,860 (842)	17% (8%)	4,709 (2,632)	6,569 (3,474)
Wheat	126,000	126,000	100%	126,000	100%	2,415,000 (1,168,645)	2,541,000 (1,294,645)
Malt, Not Roasted	24,800	-	-	-	-	77 (37)	77 (37)
Malt, Roasted	770	-	-	-	-	1 (0)	1 (0)
Processed Cheese	110	-	-	-	-	2 (2)	2 (2)
Whey	5,800	1,515 (1,390)	26% (24%)	1,396 (601)	24% (10%)	1,216 (641)	2,612 (1,242)
(Whey)	-	-	-	474 (137)	-	613 (290)	1,087 (427)
(Products consisting of natural milk constitutions used for infant formula)	-	-	-	923 (464)	-	602 (351)	1,525 (815)
Glucose and Fructose	630	243 (262)	39% (42%)	213 (116)	34% (18%)	117 (39)	330 (155)
Corn and Potato Starch	2,800	-	-	-	-	510 (311)	510 (311)
Inulin	210	-	-	-	-	0 (0)	0 (0)

Note: Wheat is state-traded and imported by MAFF.

Source: MAFF, Japan Customs, Trade Data Monitor

Definitions	
Allocation to date	The volume covered by TRQ import licenses issued by Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) to importers who applied for the TRQ.
Allocation rate	The allocation volume divided by the total volume of the TRQ.
In-quota imports	The volume of products imported with the in-quota tariff applied (based on Japan Customs data)
Fill rate	The in-quota imported volume divided by the total TRQ volume

Attachments:

No Attachments.