

Voluntary Report – Voluntary - Public Distribution

Date: June 21, 2022

Report Number: JA2022-0047

Report Name: USJTA TRQs Remain Underfilled in JFY 2021

Country: Japan

Post: Tokyo

Report Category: Country/Regional FTA's, Trade Policy Monitoring

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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. In JFY 2021, allocation and fill rates of the TRQs continued to remain low. 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 2021

In Japanese Fiscal Year 2021 (April 1, 2021 – March 31, 2022), TRQ allocations were made for Mixes, Doughs and Cake Mixes, Wheat, Whey, Glucose and Fructose, and Corn Starch, with no significant changes from the allocations seen during the first half of the fiscal year ([JA2021-0162](#)). Final allocation volumes, however, represented only 4-39 percent of the total TRQ available. No allocations were made for Malt, Processed Cheese, and Inulin.

Since the first half of JFY 2021, the final allocations stayed either flat or decreased. Allocations decreased for Mixes, Doughs, and Cake Mixes (from 2,607MT to 2,558MT) and Whey (from 2,810MT to 2,213MT), while those for Wheat, Glucose and Fructose, and Corn and Potato Starch remained unchanged (Table 1). 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 during the second fiscal year after the year in which the underuse of the TRQ occurred. For example, in FY2024 if underuse occurred in FY2022. When comparing the allocation rates (allocation volume divided by total TRQ volume) to the previous fiscal year ([JA2021-0095](#)), allocations declined significantly for wheat (from 100 percent allocation in JFY 2020 to 31 percent allocation in JFY 2021). Out-of-quota imports of wheat, by contrast, comprised 98 percent of total imports in JFY 2021, increasing 3 percentage points from the previous fiscal year. The significant decrease in the allocation and increase in out-of-quota imports for wheat in JFY 2021 is likely attributed to the rise in global wheat prices, resulting in a price difference between “general imports” and the “Category III” wheat quota imported under the U.S.-Japan Trade Agreement. Meanwhile, allocation rates increased for Mixes, Doughs, and Cake Mixes (from 17 percent in JFY 2020 to 22 percent allocation in JFY 2021), Whey (from 26 percent to 36 percent), and Corn and Potato Starch (from 0 percent to 4 percent).

For all products with TRQ allocations (except wheat), actual in-quota imports were lower than the allocated TRQ quota. While 2,558 MT were allocated for Mixes, Doughs, and Cake Mixes, actual imports conducted under the EPA-applied tariff were 2,463 MT (96 percent of allocated quota). For

Whey, Glucose and Fructose, and Corn and Potato Starch, the actual imports conducted under the EPA-applied tariff amounted to 84 percent, 98 percent, and 33 percent of the allocated quota respectively.

As most TRQs were underutilized in JFY 2021, 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 2022. For details, please visit www.usdajapan.org/usjta.

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

(Unit: MT)

Products	Quota volume	Allocation to date	Allocation rate	Actual Imports (JFY 2021)			
				In-quota	TRQ fill rate	Out-of-quota	Total
Mixes, Doughs, and Cake Mixes	11,400 (11,000)	2,558 (1,900)	22% (17%)	2,463 (1,860)	22% (17%)	3,408 (4,711)	5,871 (6,571)
Wheat	132,000 (126,000)	41,122 (126,000)	31% (100%)	41,122 (126,000)	31% (100%)	2,300,944 (2,415,000)	2,342,066 (2,541,000)
Malt, Not Roasted	27,200 (24,800)	-	-	-	-	58 (77)	58 (77)
Malt, Roasted	805 (770)	-	-	-	-	3 (1)	3 (1)
Processed Cheese	115 (110)	-	-	-	-	0 (2)	0 (2)
Whey	6,200 (5,800)	2,213 (1,515)	36% (26%)	1,855 (1,396)	30% (24%)	965 (1,216)	2,820 (2,612)
(Whey)	-	-	-	784 (474)	-	565 (613)	1,349 (1,087)
(Products consisting of natural milk constitutions used for infant formula)	-	-	-	1,072 (923)	-	399 (602)	1,471 (1,525)
Glucose and Fructose	720 (630)	280 (243)	39% (39%)	274 (213)	38% (34%)	147 (117)	421 (330)
Corn and Potato Starch	2,950 (2,800)	108 (-)	4% (-)	36 (-)	1% (-)	251 (509)	287 (509)
Inulin	215 (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.