

Voluntary Report – Voluntary - Public Distribution

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Report Name: USJTA TRQs Remain Underutilized in JFY 2022

Country: Japan

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

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Report Highlights:

The U.S.-Japan Trade Agreement, 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 2022, allocation and fill rates of the TRQs remained underutilized. This report provides data on TRQ allocation and fill rates, together with out-of-quota imports observed during the previous fiscal year.

Background

Under the U.S.-Japan Trade Agreement (USJTA), which entered into force on January 1, 2020, Japan established nine tariff-rate quotas (TRQs) for a selection of U.S. agricultural products, allowing importers to import these products with lower tariffs or tariff-free. The USJTA TRQs are for 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 2022

In Japanese Fiscal Year (JFY) 2022 (April 1, 2022 – March 31, 2023), Japan’s Ministry of Agriculture, Forestry and Fisheries (MAFF) allocated a portion of the TRQs for Mixes, Doughs and Cake Mixes, Wheat, Whey, Glucose and Fructose, and Corn and Potato Starch to importers. For these products, final allocation volumes represented between 5 to 71 percent of the total available volume (Table 1). For the third straight year, MAFF did not allocate any of the USJTA TRQ for Malt, Processed Cheese, and Inulin.

Compared to JFY 2021, 2022 USJTA wheat allocations improved from 31 percent to 71 percent, as global wheat prices dropped towards the end of 2022. Semi-annually, MAFF revises the price for wheat that millers purchase through the WTO “general imports” tender to reflect import prices from the previous six months, alternatively under USJTA’s TRQ importers pay and the current market price for imported wheat through simultaneous buy and sell tenders. Importers may shift which quota they import wheat under depending on which option offers the more favorable price. In JFY 2022, wheat imports within the USJTA quota increased 140 percent, to 98,660 tons, while out-of-quota imports declined 14 percent, to 1,986,188 tons. Allocations for Corn and Potato Starch increased from 4 percent to 5 percent, while allocations declined for Mixes, Doughs, and Cake Mixes, from 22 percent to 13 percent; for Whey, from 36 percent to 33 percent; and for Glucose and Fructose, from 39 percent to 28 percent.

Actual in-quota imports (fill rates) for the products with TRQ allocations were nearly identical to the volume allocated. For Wheat, actual imports conducted under the USJTA applied tariff amounted to 100 percent of the allocated quota, while that of Mixes, Doughs and Cake Mixes, Whey, Glucose and Fructose, and Corn and Potato Starch amounted to 99.9 percent, 98.1 percent, 99.9 percent, and 99.9 percent of the allocated quota respectively. In previous years, actual imports conducted under the USJTA-applied tariff were lower than the allocated quota (in JFY 2021, which ranged from 33 percent to 100 percent), signaling an improvement.

USJTA TRQs remained underutilized in JFY 2022. U.S. exporters should work with their Japanese importers to ensure that the tariff benefits of USJTA are fully explored and utilized. TRQ volumes for all products will increase in JFY 2023. For details, please visit www.usdajapan.org/usjta.

Table 1: USJTA 2022 TRQ Allocations and Actual Imports (JFY 2021 data in parentheses)

(Unit: MT)

Products	Quota volume	Allocation	Allocation rate	Actual Imports (JFY 2021)			
				In-quota	TRQ fill rate	Out-of-quota	Total
Mixes, Doughs, and Cake Mixes	11,700 (11,400)	1,478 (2,558)	13% (22%)	1,476 (2,463)	13% (22%)	3,845 (3,408)	5,321 (5,871)
Wheat	138,000 (132,000)	98,660 (41,122)	71% (31%)	98,660 (41,122)	71% (31%)	1,986,188 (2,300,944)	2,084,848 (2,342,066)
Malt, Not Roasted	29,600 (27,200)	-	-	-	-	125 (58)	125 (58)
Malt, Roasted	840 (805)	-	-	-	-	7 (3)	7 (3)
Processed Cheese	120 (115)	-	-	-	-	14 (0)	14 (0)
Whey	6,600 (6,200)	2,190 (2,213)	33% (36%)	2,149 (1,855)	33% (30%)	1,438 (965)	3,587 (2,820)
(Whey)	-	-	-	610 (784)	-	1,258 (565)	1,868 (1,349)
(Products consisting of natural milk constitutions used for infant formula)	-	-	-	1,539 (1,072)	-	180 (399)	1,719 (1,471)
Glucose and Fructose	810 (720)	228 (280)	28% (39%)	228 (274)	28% (38%)	96 (147)	324 (421)
Corn and Potato Starch	3,100 (2,950)	144 (108)	5% (4%)	144 (36)	5% (1%)	367 (251)	511 (287)
Inulin	220 (215)	-	-	-	-	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.