

Voluntary Report – Voluntary - Public Distribution

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Report Name: USJTA TRQs Underutilized in First Half of JFY 2021

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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. Fill rates for these TRQs, however, remained low in the first half of Japanese Fiscal Year (JFY) 2021. This report provides the latest data on TRQ allocation and fill rates as well as a brief overview of the TRQ application process.

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](#).

Current Status of TRQ Allocations and Fill Rates under USJTA

During the first half of Japanese Fiscal Year 2021 (April 1, 2021 – September 30, 2021), TRQ allocations were made for Wheat; Mixes, Doughs, and Cake Mixes; Whey, Glucose and Fructose; and Corn and Potato Starch. Allocation volumes, however, represented only 4-45 percent of the total TRQ available.

When comparing allocation rates (allocation volume divided by total TRQ volume) to the same period in the last fiscal year, allocations declined significantly for wheat (from 100 percent allocation in the first half of JFY 2020 to 31 percent allocation in the first half of JFY 2021). Allocations increased slightly for other products subject to TRQs: for Mixes, Doughs, and Cakes Mixes, from 17 to 23 percent; for Whey, from 24 percent to 45 percent; and for Corn and Potato Starch, from 0 percent to 4 percent, respectively. The significant decrease in the allocation for wheat this year 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. While millers’ purchase prices of wheat under the “general imports” category are set by the Ministry of Agriculture, Forestry, and Fisheries and revised semi-annually to reflect the import prices of the last six months, “Category III”, which is applied for the U.S.-Japan Trade Agreement Food Wheat quota, is contracted through SBS tenders, and the millers’ purchase prices reflect current market prices.

Meanwhile, as in first half of the previous fiscal year, no allocations were made for Malt, and Processed Cheese. Additionally, except for wheat, in-quota imports were lower than the respective allocation volumes for all products. See Table 1 for details.

Table 1: USJTA TRQ Allocations and Actual Imports (data from same period last year - first half JFY 2020 data, in parentheses)

Unit: Metric Tons

Products	Quota volume	Allocation to date	Allocation rate	Actual Imports (JFY2021 1H, Apr-Sep)			
				In-quota	TRQ fill rate	Out-of-quota	Total
Mixes, Doughs, and Cake Mixes	11,400 (11,000)	2,607 (1,917)	23% (17%)	1,248 (842)	11% (8%)	2,342 (2,632)	3,590 (3474)
Wheat	132,000 (126,000)	41,122 (126,000)	31% (100%)	41,122 (126,000)	31% (100%)	1,135,617 (1,168,645)	1,176,739 (1,294,645)
Malt, Not Roasted	27,200 (24,800)	0 (0)	0% (0%)	-	-	41 (37)	41 (37)
Malt, Roasted	805 (770)	0 (0)	0% (0%)	-	-	2 (0)	2 (0)
Processed Cheese	115 (110)	0 (0)	0% (0%)	-	-	0 (2)	0 (2)
Whey	6,200 (5,800)	2,810 (1,390)	45% (24%)	569 (601)	9% (10%)	723 (641)	1,292 (1,242)
(Whey)	-	-	-	266 (137)	-	392 (290)	658 (427)
(Products consisting of natural milk constitutions used for infant formula)	-	-	-	303 (464)	-	331 (351)	634 (815)
Glucose and Fructose	720 (630)	280 (262)	39% (42%)	148 (116)	21% (18%)	81 (39)	229 (155)
Corn and Potato Starch	2,950 (2,800)	108 (0)	4% (0%)	0 (-)	0% (-)	164 (311)	164 (311)
Inulin	215 (210)	0 (0)	0% (0%)	-	-	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.