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## Japan

**Post:** Tokyo

### Japan Doubles Non-Fat Dry Milk Import Quota

**Report Categories:**

Agricultural Situation

Dairy and Products

Trade Policy Monitoring

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**Report Highlights:**

On January 26, the Ministry of Agriculture, Forestry and Fisheries (MAFF) announced its intention to import 13,000 metric tons (MT) of butter and 27,000 MT of non-fat dry milk (NFDM) by March 2019. While the quota volume for butter remained unchanged from the previous year, MAFF more than doubled the quota volume for NFDM. These volumes are in line with FAS/Tokyo's projections that more imports will be needed to meet demand for NFDM in Japan as the availability of domestic fluid milk for processing declines.

**General Information:**

On January 26, 2018, Japan's Ministry of Agriculture, Forestry and Fishery (MAFF) announced the import quota volumes for butter and non-fat dry milk (NFDM) for Japanese fiscal year (JFY) 2018 (April 1, 2018 to March 31, 2019). The Japanese government imports designated dairy products, including butter and NFDM, through a state-trading system operated by the Agriculture and Livestock Industries Corporation (ALIC). Each year, MAFF sets the quota volumes for these products based on its analysis of the supply and demand situation in Japan. Import volumes for the previous three years may be found in Table 1 below.

For butter, MAFF set the initial quota volume for JFY 2018 at 13,000 metric tons (MT) (160,420 MT milk equivalent), the same initial volume as JFY 2017. For NFDM, however, MAFF increased the initial quota volume to 27,000 MT (174,960 MT milk equivalent) in JFY2018, up 108 percent from the JFY 2017 initial quota volume of 13,000 MT. MAFF's decision to increase the initial quota volume for NFDM reflects its expectation that strong ingredient demand for NFDM, which prompted additional quota imports of 21,000 MT in 2017 (see [JA7082](#)), will continue into 2018. FAS/Tokyo likewise projects that as ingredient demand holds steady, the decreased availability of domestic fluid milk for processing will lead to a continued high volume of NFDM imports (see Table 2 and [JA7125](#)).

MAFF expects that existing butter stocks along with stable quota imports should satisfy domestic demand for butter in JFY 2018. MAFF plans to review the supply and demand status in May and September 2018 to determine if there is a need to revise quota.

ALIC plans to conduct monthly tenders for butter and bi-monthly tenders for NFDM. The bidding for JFY2018 will start in February 2018 and end in March 2019.

Reference:

Table 1: Import quota of butter and NDFM (unit: MT)

	JFY2015	JFY2016	JFY2017	JFY2018
Butter	12,800	17,000	13,000	13,000
NDFM	15,000	4,000	13,000 + 21,000*	27,000

\*Initial quota was 13,000 MT and MAFF added another quota of 21,000 MT in May 2017.

Source: MAFF

Table 2: Supply and demand of NDFM and milk (unit: thousand MT)

		JFY2015		JFY2016		JFY2017*	
Domestic milk production		7,407	+1.0%	7,346	-0.8%	7,242	-1.4%
	Hokkaido	390.0	+2.1%	389.5	-0.1%	389.3	-0.1%
NDFM	Production	130.2	+7.7%	123.5	-5.1%	116.6	-5.6%
	Import	15.2	-32.1%	3.9	-74.3%	34.0	771.8%
	Consumption	135.5	-1.1%	135.6	0.1%	137.0	1.0%
	Stock	56.4	+21.2%	48.2	-14.6%	40.7	-15.5%
Butter	Production	66.3	+7.5%	63.6	-4.1%	60.1	-5.5%
	Import	12.7	-1.6%	11.8	-7.6%	18.0	52.8%
	Consumption	74.8	+1.0%	72.9	-2.5%	73.4	0.6%
	Stock	22.1	+23.6%	24.5	11.0%	29.2	19.1%

Japanese fiscal year (JFY) starts April 1 and ends March 31 of the following year.

Percentage (%) shows relative change compared with previous year.

Consumption is based on estimation.

Stock is JFY ending stock at the end of March.

\*JFY2017 data is based on MAFF projection.

Source: MAFF