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Global Agricultural Information Network

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FTAs Expected to Have Minimal Impact on U.S. Sorghum

Report Categories:

Grain and Feed

Trade Policy Monitoring

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Report Highlights:

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) agreement will enter into force on December 30, 2018, and a free trade agreement between Japan and the European Union is expected to enter into force on February 1, 2019. The two agreements could bring about a limited increase in market competition for U.S. sorghum and sorghum products as both agreements contain sorghum tariff concessions. Japan imported 520,000 metric tons (MT) of sorghum in 2017, valued at US\$103.5 million. U.S. sorghum accounted for roughly 40 percent of Japan's imports (by both volume and value).

General Information:

Following the Cabinet's endorsement, the Government of Japan (GOJ) submitted a bill to approve the Japan-European Union (EU) Economic Partnership Agreement (EPA) to the Japanese Diet on November 6, 2018, with a goal of passing the bill before December 10, 2018 (the day the current Diet session is scheduled to end). If approved on schedule, the agreement is anticipated to be effectuated on February 1, 2019. Earlier in 2017, Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) published on its website a summary of the tariff reductions for several EU agricultural products, which largely resemble the concessions that Japan made in the Trans-Pacific Partnership (TPP) agreement negotiation. Meanwhile, with the completion of the requisite procedures to ratify the Comprehensive and Progressive Trans-Pacific Partnership (hereinafter referred to as CPTPP¹) in late October, the CPTPP is expected to enter into force on December 30, 2018.

NOTE: This report covers Japanese sorghum, sorghum seed and sorghum flour imports. There may be other sorghum products imported by Japan under separate HS categories, but these products are not included in this report.

1. Sorghum

Excluding seeds, Japan imported 519,794 MT of sorghum in 2017, of which Argentina accounted for 60.4 percent, followed by the United States at 39.2 percent. Almost all imported sorghum is used for feed. As Japanese sorghum production is negligible, imports of sorghum for feed (HS100790010) are duty free when imported under the supervision of Japan Customs.² On the other hand, a three percent duty is applied to sorghum for uses "Other" than feed (HS100790090).

Japan imported 369,780 MT of sorghum for feed (HS100790010) and 150,014 MT of sorghum for uses other than feed (herein referred to as "other") (HS100790090) in 2017. However, it is believed that the majority of sorghum imported under this "other" category (HS100790090) is eventually re-categorized under the feed HS code and imported duty free. Accordingly, imports of "other" sorghum are believed to be very limited. However, there has been recent growth in demand for sorghum as a gluten-free food and substitute for wheat. The United States and Australia are believed to be the major suppliers of food sorghum to Japan.

Under the CPTPP and Japan-EU EPA, the three percent tariff on "other" sorghum (HS100790090) will be eliminated immediately. As Argentina and the United States dominate the sorghum import market in Japan (99.6 percent), imports from the CPTPP and the EU member states are negligible (732 MT from Australia and three MT from Belgium). However, the tariff elimination for food sorghum is expected to benefit Australia.

2. Sorghum Seed

¹ The CPTPP Member States are: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

² In order for grain sorghum to be imported duty free, it must be used by feed mills, which are certified by Japan Customs, to produce compound and mixed feeds, which comply with the Government of Japan-set mixing ratios. For more information, see [JA7021](#).

The tariff on chemically treated seed for sowing (HS100710010) is zero. For other seed (HS100710020), an ad valorem duty of three percent is applied. However, this duty will be eliminated immediately under both the CPTPP and Japan-EU EPA. In 2017, Japan imported 92 MT of seed, of which 82 MT (89 percent) was chemically treated seed for sowing (HS100710010) and the remaining ten MT was for other seed (HS100710020). The United States was the dominant supplier of sorghum seed to Japan, and supplied 81 MT of the chemically treated seed for sowing (HS100710010)³ and ten MT of other seed (HS100710020) in 2017. Due to the U.S. dominancy of the import market, this tariff elimination has little impact on Japanese sorghum seed imports (unless a new supplier were to enter the market).

Table 1. Sorghum

HS	Product	WTO MFN Duty	CPTPP Duty	Japan-EU EPA Duty
100710010	Seed rendered suitable solely for sowing by chemical treatment	Free	No change	
100710020	Seed, other	3%	0 % immediately	
100790010	For feeding purposes, and used for fodder and feed under the supervision of Japanese Customs.	Free	No change	
100790090	Other	3%	0 % immediately	

Source: MAFF, Japan Customs

3. Sorghum Flour

Sorghum flour is imported into Japan for gluten free cereal production and to act as a substitute for wheat. However, there is no specific HS code for sorghum flour as it is imported under “cereal flour excluding wheat, meslin, triticale, maize, barley, corn or rice flour” (HS110290490). Therefore, accurate import data for sorghum flour remain unavailable. An ad valorem duty of 21.3 percent is applied to imports of sorghum flour imported under HS110290490. This duty will be phased out to zero in Year 6 under the CPTPP and the Japan-EU EPA. FAS/Tokyo believes this eventual tariff elimination may benefit sorghum flour imports from Australia.

Table 2. Sorghum Flour

HS	Product	WTO MFN Duty	CPTPP Duty	Japan-EU EPA Duty
110290490	Cereal flour, excluding wheat, meslin, triticale, maize, barley, corn or rice flour	21.3 %	Year 1: 17.7% Year 2: 14.2% Year 3: 10.6% Year 4: 7.1% Year 5: 3.5% Year 6:	Year 1: 17.8% Year 2: 14.2% Year 3: 10.7% Year 4: 7.1% Year 5: 3.6% Year 6: 0%

³ Italy supplied the remaining one MT of chemically treated seed for sowing.

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Source: MAFF, Japan Customs

Trade Data

Table 3. Japanese Sorghum Imports (excluding seeds)

Calendar Year: 2015 - 2017								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	832316	632144	519794	100.00	100.00	100.00	- 17.77
Argentina	T	737042	534616	314056	88.55	84.57	60.42	- 41.26
United States	T	83027	88936	203676	9.98	14.07	39.18	129.01
India	T	1434	966	854	0.17	0.15	0.16	- 11.59
Australia	T	548	7177	732	0.07	1.14	0.14	- 89.80
Ukraine	T	286	328	218	0.03	0.05	0.04	- 33.54
Thailand	T	154	0	192	0.02	0.00	0.04	0.00
China	T	74	96	63	0.01	0.02	0.01	- 34.38
Belgium	T	3	9	3	0.00	0.00	0.00	- 66.67
Brazil	T	9472	0	0	1.14	0.00	0.00	0.00
France	T	0	16	0	0.00	0.00	0.00	- 100.00
Mexico	T	276	0	0	0.03	0.00	0.00	0.00

Source: Global Trade Atlas

Table 4. Japanese Sorghum Imports (excluding seeds)

Calendar Year: 2015 - 2017							
Partner Country	United States Dollars			% Share			% Change 2017/2016
	2015	2016	2017	2015	2016	2017	
World	177534557	122856021	103256396	100.00	100.00	100.00	- 15.95
Argentina	151171495	101894537	60183961	85.15	82.94	58.29	- 40.94
United States	23258398	18898643	42403713	13.10	15.38	41.07	124.37
India	427535	270152	266716	0.24	0.22	0.26	- 1.27
Australia	224247	1637359	257236	0.13	1.33	0.25	- 84.29
Thailand	63405	0	52148	0.04	0.00	0.05	0.00
Ukraine	77544	82679	51210	0.04	0.07	0.05	- 38.06
China	45491	56517	38353	0.03	0.05	0.04	- 32.14
Belgium	2974	7857	3058	0.00	0.01	0.00	- 61.08
Brazil	2212573	0	0	1.25	0.00	0.00	0.00
France	0	8277	0	0.00	0.01	0.00	- 100.00
Mexico	50896	0	0	0.03	0.00	0.00	0.00

Source: Global Trade Atlas

Table 5. Japanese Sorghum Seed Imports

Calendar Year: 2015 - 2017								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	196	101	92	100.00	100.00	100.00	- 8.91
United States	T	158	99	91	80.61	98.02	98.91	- 8.08
Italy	T	0	0	1	0.00	0.00	1.09	0.00
Australia	T	38	0	0	19.39	0.00	0.00	0.00
France	T	0	0	0	0.00	0.00	0.00	0.00
Germany	T	0	2	0	0.00	1.98	0.00	- 100.00

Source: Global Trade Atlas

Table 6. Japanese Sorghum Seed Imports

Japan Import Statistics							
Commodity: 100710, Grain Sorghum Seed							
Calendar Year: 2015 - 2017							
Partner Country	United States Dollars			% Share			% Change 2017/2016
	2015	2016	2017	2015	2016	2017	
World	488565	290908	251775	100.00	100.00	100.00	- 13.45
United States	338803	262446	239076	69.35	90.22	94.96	- 8.90
Italy	0	0	12700	0.00	0.00	5.04	0.00
Australia	147519	2092	0	30.19	0.72	0.00	- 100.00
France	2243	0	0	0.46	0.00	0.00	0.00
Germany	0	26370	0	0.00	9.06	0.00	- 100.00

Source: Global Trade Atlas

Table 7. Japanese Cereal Flour Imports

Commodity: 110290490, Cereal Flours, Excluding Wheat, Meslin, Triticale, Maize (Corn), Barley Or Rice Flour								
Year Ending: September								
Partner Country	Unit	Quantity			% Share			% Change 2018/2017
		2016	2017	2018	2016	2017	2018	
World	T	567	522	422	100.00	100.00	100.00	- 19.16
China	T	288	230	213	50.79	44.06	50.47	- 7.39
United States	T	108	108	126	19.05	20.69	29.86	16.67
Korea South	T	168	151	60	29.63	28.93	14.22	- 60.26
India	T	1	29	21	0.18	5.56	4.98	- 27.59
Nepal	T	0	2	2	0.00	0.38	0.47	0.00
Austria	T	0	0	0	0.00	0.00	0.00	0.00
Canada	T	0	2	0	0.00	0.38	0.00	- 100.00
Colombia	T	2	0	0	0.35	0.00	0.00	0.00
Finland	T	0	0	0	0.00	0.00	0.00	0.00
France	T	0	0	0	0.00	0.00	0.00	0.00

Source: Global Trade Atlas

Table 8. Japanese Cereal Flour Imports

Commodity: 110290490, Cereal Flours, Excluding Wheat, Meslin, Triticale, Maize (Corn), Barley Or Rice Flour							
Year Ending: September							
Partner Country	United States Dollars			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
World	726621	736446	582432	100.00	100.00	100.00	- 20.91
China	315207	229506	200216	43.38	31.16	34.38	- 12.76
United States	136565	133574	155317	18.79	18.14	26.67	16.28
Austria	15514	136339	120989	2.14	18.51	20.77	- 11.26
Korea South	228821	200940	81034	31.49	27.29	13.91	- 59.67
India	3006	24950	19497	0.41	3.39	3.35	- 21.85
Nepal	0	5183	2949	0.00	0.70	0.51	- 43.09
France	2161	0	2429	0.30	0.00	0.42	0.00
Canada	0	2128	0	0.00	0.29	0.00	- 100.00
Colombia	25346	0	0	3.49	0.00	0.00	0.00
Finland	0	3826	0	0.00	0.52	0.00	- 100.00

Source: Global Trade Atlas