

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 2/6/2019

GAIN Report Number: JA9007

Japan

Post: Tokyo

Japan Adds Whey for Liquid Infant Formula to TRQ

Report Categories:

Dairy and Products

Approved By:

Alexander Blamberg

Prepared By:

Aki Imaizumi

Report Highlights:

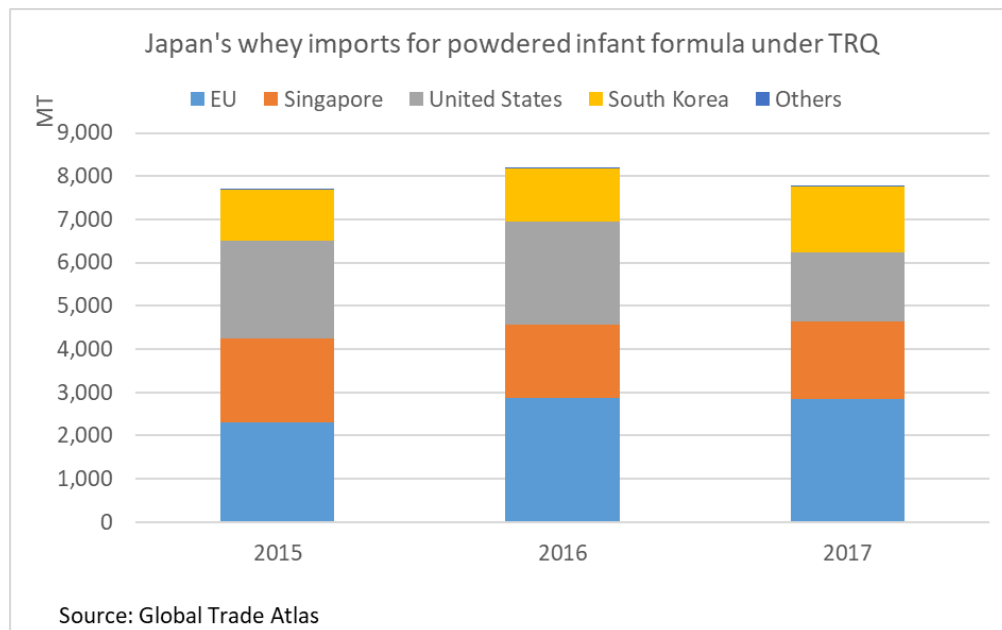
Starting on April 1, 2019, Japan is expected to include imported whey for the production of liquid infant production in the existing tariff rate quota currently reserved for whey for powdered infant formula. The overall TRQ volume is expected to remain at 25,000 metric tons. This change follows Japan's decision to permit the domestic sale and manufacture of liquid infant formula in August 2018.

General Information:

Under its commitments to the World Trade Organization (WTO), Japan maintains several tariff rate quotas (TRQs) for whey designated for certain end-uses. See [ERS: Dairy Policies in Japan](#) for more details. One of the recognized end-uses is whey for powdered infant formula for which Japan established an annual TRQ of 25,000 metric tons (MT) with an in-quota tariff of 10 percent. Imports outside of the TRQ are subject to a tariff of 29.8 percent plus 425 yen/kg.

On December 14, 2018, the subcommittee on tariff and foreign exchange within the Ministry of Finance announced the end-use scope for this TRQ would be amended to include liquid infant formula starting April 1, 2019. This announcement follows the Government of Japan's decision on August 8, 2018 to permit the domestic production and sale of liquid infant formula (see [JA8062](#)). The overall volume for the TRQ is expected to remain at 25,000 MT and will be formally announced on April 1.

In recent years, Japan has not imported the full volume of this TRQ. In 2017, it imported 7,784 MT of whey under this quota primarily from the European Union, Singapore, United States, and South Korea. Imports from the United States totaled 1,578 MT with a value of \$11 million.



Japan established additional TRQs for whey (which include whey for infant formula) for member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Japan-EU Economic Partnership Agreement (EPA). Under CPTPP, Japan created a country-specific TRQ for New Zealand starting at 1,300 MT and growing to 1,700 MT in 11 years. Whey for powdered (not liquid) infant formula is duty free under this TRQ. In the Japan-EU EPA, Japan established a whey TRQ starting at 6,200 MT and growing to 9,400 MT in 11 years. This TRQ provides duty-free treatment for whey for both powdered and liquid infant formula. See [JA8029](#) for more information on Japan's dairy tariff concessions under these agreements.

FAS/Tokyo previously reported in August 2018 that it could take at least 18 months for Japanese companies to start domestic production of liquid infant formula. Since then, Glico, one of Japan's leading manufacturers of powdered infant formula, announced that it successfully completed development of a new liquid formula product in a 125 milliliter package that would become commercially available in the spring of 2019. While the retail price remains unknown, this product would become the first liquid infant formula product commercially available in Japan.

More information on Japan's dairy market may be found in our Dairy and Products Annual Report [JA8083](#).