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## Japan

**Post:** Tokyo

### Japan Announces 2<sup>nd</sup> Emergency Dairy Import in 4 Months

**Report Categories:**

Livestock and Products

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**Report Highlights:**

On September 26, 2014, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced its intent to import 3,000 metric tons (MT) of butter and 10,000 MT of non-fat dry milk (NFD) in response to anticipated domestic supply shortages. This announcement comes just four months after MAFF announced an emergency importation of 7,000 MT of butter and an additional allocation of 4,178 MT of NFD on May 21 (see [GAIN Report JA4014](#)). MAFF has already fulfilled Japan's 2014 current access commitment of 137,000 MT (milk equivalent basis) of dairy imports, and the additional import quantities announced on May 21 and September 26 will more than double Japan's annual current access commitment.

## General Information:

The September 26 announcement signals the Government of Japan's commitment to stabilize demand and supply for key dairy commodities and will provide welcome relief for the Japanese processed products, baking and confectionery sectors. August monthly ending stocks (latest available data) for butter and NFDM were down 32 and 26 percent, respectively, over August 2013 levels, and average monthly wholesale prices in August for both butter and NFDM were six percent higher than August 2013. The Agriculture and Livestock Industries Corporation (ALIC) will issue tenders for the September 26 commitments between now and the end of the fiscal year ending March 2015. While the competitiveness of U.S. bids on the quantities to be tendered will depend on a number of factors, U.S. exporters supplied only 25 MT out of the 7,000 MT of butter that ALIC tendered following the May 21 announcement.

The same market dynamics that drove MAFF to announce emergency imports of butter and an additional NFDM allocation in May (namely declining fluid milk production and growing demand for dairy products other than butter and NFDM) have continued through the summer months. Hokkaido, the largest producer of fluid milk and the hub of Japanese dairy product manufacturing, continues to experience lower fluid milk output (down 3-4 percent year-on-year over the January to July period). Japanese butter and NFDM production have each shown double-digit declines in the January to July period, as Japanese dairy processors continue to realize higher profit margins on dairy products (notably fresh cream and natural cheese) other than butter and NFDM.

FAS/Japan will release its 2014 Dairy and Products Annual Report in the latter half of October. Please see the 2013 Dairy and Products Annual Report ([GAIN Report JA3048](#)) for more information on the Japanese dairy sector.

**Table 1. Total JFY 2014 Current Access Imports (137,000 MT Milk Equivalent Basis)**

Commodity	Volume Imported (MT)	Method / Volume Tendered (MT)
Butter	3,000	SBS: 1,800 Public: 1,200 (See Note 1)
Non-Fat Dry Milk	9,178	SBS: 7,500 Public: 1,678
Edible Whey/Prepared Whey	4,500	SBS: 4,500
Dairy Spread	500	SBS: 500
Butter Oil	250	SBS: 250

Note 1: ALIC administers the importation of select dairy commodities through either a public or a simultaneous-buy-sell tender system. FAS/Japan will provide a more detailed description of the Japanese dairy tender process in a forthcoming Voluntary GAIN Report.

**Table 2. JFY 2014 Dairy Commodity Importation Above Current Access Commitments**

<b>Import Announcement</b>	<b>Product Volume (MT)</b>	<b>Milk Equivalent Basis (MT)</b>
<b>May 21</b>		
Butter	7,000	86,000
<b>September 26</b>		
Butter	3,000	37,000
Non-fat Dry Milk	10,000	65,000
<b>Total</b>		<b>188,000 MT</b>

