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Japan Introduces Standards for Liquid Infant Formula

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Dairy and Products

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Report Highlights:

On August 8, 2018, Japan introduced new standards for liquid infant formula under the Food Sanitation Act. As a result, liquid infant formula is now permitted for manufacture and sale in Japan whereas only powdered infant formula was previously allowed. Imported whey powder used for the production of liquid infant formula will likely enter under a special tariff-rate quota.

General Information:

On August 8, 2018, the Government of Japan amended the country's milk regulations under the Food Sanitation Act and established new standards for liquid infant formula. The Act had already contained standards for powdered infant formula, but not liquid. Liquid infant formula products must pass quality control tests and obtain certificates from the Ministry of Health, Labor and Welfare (MHLW) and receive permission from the Consumer Affairs Agency (CAA) to label the products as Food for Special Dietary Use.

Until now, the absence of official government standards for liquid infant formula in Japan prevented its production and sale in the country. However, Japan's use of liquid infant formula as an emergency relief item after several recent natural disasters caused the government to reevaluate its regulation of the product.

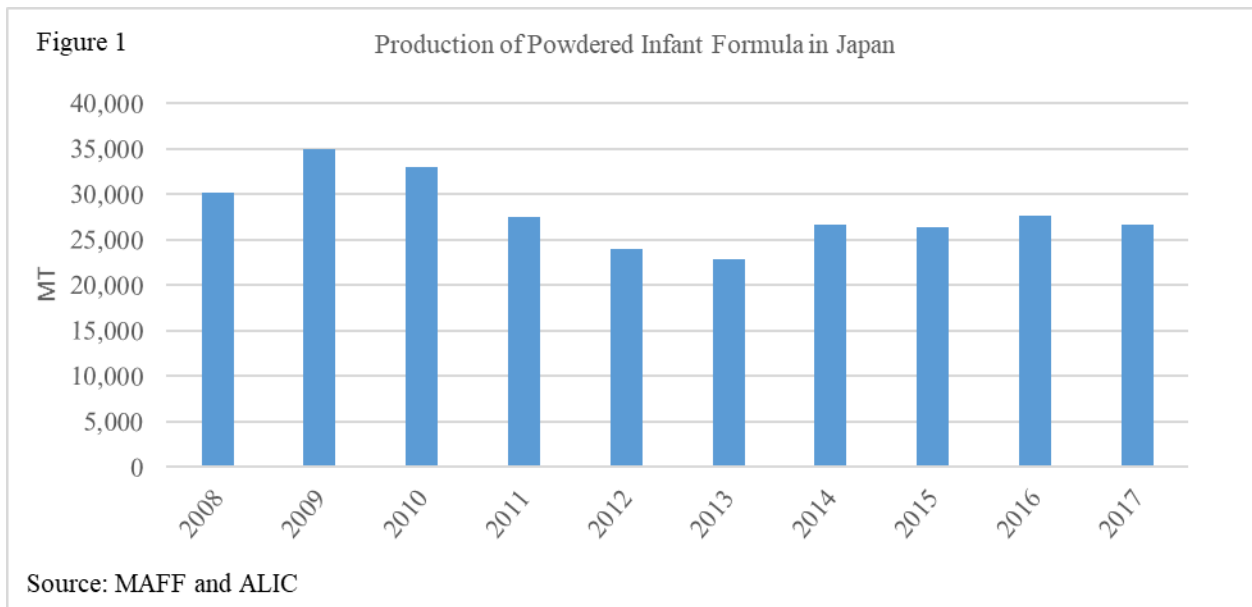
Amendment of the Food Sanitation Act was spurred by a consumer petition with over 40,000 signatures in addition to lobbying efforts by the Tokyo Metropolitan Government and domestic dairy industry.

The government received the petition favorably, recognizing the benefits of liquid infant formula both as an emergency relief item (since it does not require water) and as a way to provide new mothers with greater flexibility to enter/rejoin the workforce. In order to lift the de facto ban on the production and sale of liquid infant formula in Japan, MHLW proceeded to develop food safety standards and the CAA added "Liquid Infant Formula" as a specialty food category.

Market Analysis

Imported liquid infant formula will likely fall under one of the tariff subheadings of HS Code 190110 of [Japan's Tariff Schedule](#) with ad valorem tariffs ranging between 21.3 and 25 percent (plus specific duties, as appropriate). Potential exporters should consult with Japanese customs authorities for actual tariff classification. Due in part to high tariffs, Japan imported only two metric tons of milk-based (powdered) food preparations for infants in 2017 (from Brazil). By contrast, Japan is a significant exporter of these products to other countries in Asia, exporting 5,105 MT in 2017 primarily to Vietnam (3,190 MT), Taiwan (1,173 MT) and Hong Kong (385 MT).

According to the Ministry of Agriculture, Forestry, and Fisheries, Japan produced 26,712 MT of powdered infant formula in 2017. There were six major producers: Meiji, Morinaga Milk Industry, Bean Stalk Snow, Wakodo, Icreo and Megmilk Snow Brand. According to the Japan Food Journal, domestic consumption of powdered infant formula was 22.1 kilograms per infant in 2017.



Japanese dairy makers anticipate that it will take at least 18 months to develop and start supplying liquid infant formula products. Morinaga has indicated its intention to enter the market, forecasting product pricing at or above international prices which are between 200 and 300 yen per 100 milliliter (compared to 40 yen per 100 milliliters of powdered milk).

As Japanese dairy producers ramp up production of liquid infant formula, there may be opportunities for foreign suppliers to increase exports of dairy ingredients to Japan. Although the Japanese dairy market is relatively protected, there is a special tariff-rate quota (TRQ) for prepared whey for use in infant formula which is provisionally set at 25,000 MT with a 10 percent in-quota tariff. In 2017, Japan imported 7,784 MT of prepared whey under this TRQ of which 1,578 MT came from the United States.

More information on Japan's dairy market may be found in [JA7125](#) and [ERS: Dairy Policies in Japan](#).