

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary - Public

Date: 2/20/2019

GAIN Report Number: JA9019

Japan

Post: Tokyo

Japan to Increase Butter and Decrease NFDM Imports in 2019

Report Categories:

Agricultural Situation

Dairy and Products

Trade Policy Monitoring

Approved By:

Alexander Blamberg

Prepared By:

Aki Imaizumi

Report Highlights:

On January 30, Japan's Ministry of Agriculture, Forestry and Fisheries announced its intent to import 20,000 metric tons (MT) of butter and 20,000 MT of non-fat dry milk (NFDM) in Japanese fiscal year 2019. This reflects a 7,000 MT increase in planned butter imports from the previous year as food processors ramp up demand for imports, but a 7,000 MT decrease in NFDM imports on weaker than expected demand and higher ending stocks.

General Information:

On January 30, 2019, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced plans to import 20,000 metric tons (MT) of butter and 20,000 MT of non-fat dry milk (NFDM) for Japanese fiscal year (JFY) 2019, which runs from April 1, 2019 to March 31, 2020. Japan imports certain 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 import volumes based on its analysis of the supply and demand situation in Japan. Import volumes for the previous three years are shown in Table 1 below. Tenders for butter will be held every month and for NFDM every two months.

The butter import volume of 20,000 MT reflects an increase of 7,000 MT from each of the previous two years when MAFF set imports at 13,000 MT. The increase is primarily due to growing demand from food processors. Although MAFF projects domestic butter production to continue trending upward, particularly as southern Hokkaido recovers from the September 2018 earthquake, most domestic supply will be diverted to table use while food processors remain dependent on imported butter supplies. Between August 2018 and December 2018, the average number of Japanese company bids for ALIC butter sales increased from 2.3 to 5.9, reflecting growing demand from processors. It is also likely that MAFF seeks to build sufficient buffer stocks in case of future natural disasters. Ending butter stocks for 2018 are estimated at 20,110 MT, eight percent lower than the previous year.

The NFDM import volume of 20,000 MT for JFY 2019 reflects a 7,000 MT decrease from JFY 2018 and 14,000 MT decrease from two years prior. MAFF had previously ramped up imports of NFDM to meeting growing ingredient demand for milk beverage products and ice cream. However, modest increases in domestic production as well as significant volumes of NFDM entering Japan outside of the designated dairy products TRQ have reduced the need for these imports. Ending stocks for NFDM in 2018 stood at 61,000 MT, up nine percent from the previous year. MAFF projects that the planned import volumes will be sufficient to maintain the domestic supply-demand balance.

Japan's recent imports of butter and NFDM (including imports outside of the designated dairy TRQ) are shown in Tables 2 and 3 below. In 2018, Japan imported 15,532 MT of butter of which 508 MT were from the United States. Japan imported 52,073 MT of NFDM of which 9,550 MT were from the United States. More information on Japan's dairy market may be found in our 2018 Dairy and Products Annual Report [JA8083](#). For more information on Japan's dairy import policies, see [ERS: Dairy Policies in Japan](#).

Table 1. Japan's Current Access and Additional Importation of Designated Dairy Commodities										
Unit: Metric Ton										
Dairy Current Access Results										
	JFY 2015	Milk Equiv.	JFY 2016	Milk Equiv.	JFY 2017	Milk Equiv.	JFY 2018	Milk Equiv.	JFY 2019	Milk Equiv.
Butter	2,800	34,552	7,000	86,380	13,000	160,420	13,000	160,420	20,000	246,800
NFDM	10,000	64,800	2,000	12,960	13,000	84,240	27,000	174,960	20,000	129,600
Dairy Spread	330	4,072	330	4,072	111	1,370	329	4,060	-	-
Butter Oil	200	3,030	200	3,030	130	1,970	187	2,833	-	-
Whey/ Prep. Whey	4,500	30,780	4,500	30,780	5,818	3,980	5,160	3,529	-	-
Sub. total	17,830	137,234	14,030	137,222	32,059	251,980	45,676	345,802	40,000	376,400
Japan's Additional Importation of Designated Dairy Commodities										
	JFY 2015	Milk Equiv.	JFY 2016	Milk Equiv.	JFY 2017	Milk Equiv.	JFY 2018	Milk Equiv.	JFY 2019	Milk Equiv.
Butter	10,000	123,400	10,000	123,400	-	-	-	-	-	-
NFDM	5,000	32,400	2,000	12,960	21,000	136,080	-	-	-	-
Sub. Total	15,000	155,800	12,000	136,360	21,000	21,000	-	-	-	-
Total	32,830	293,034	26,030	273,582	53,059	388,060	45,676	345,802	40,000	376,400

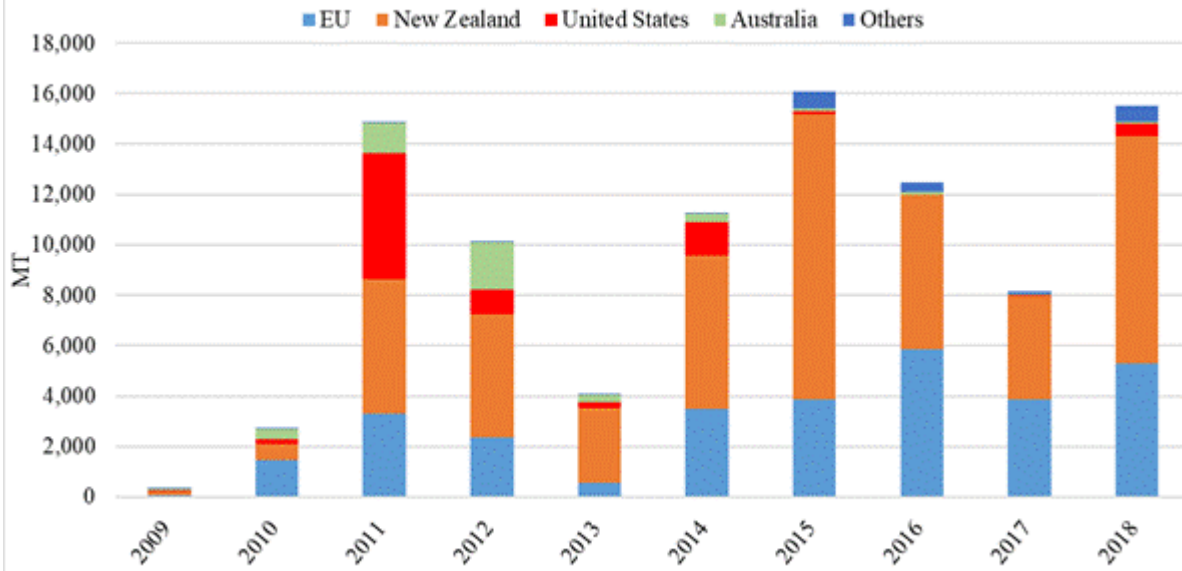
Source: MAFF and Agriculture and Livestock Industry Corporation (ALIC)

Milk Equivalent Conversion Coefficient:

Butter	12.34
NFDM	6.48
Dairy Spread	12.34
Butter Oil	15.15
Whey Powder	6.84

Table 2

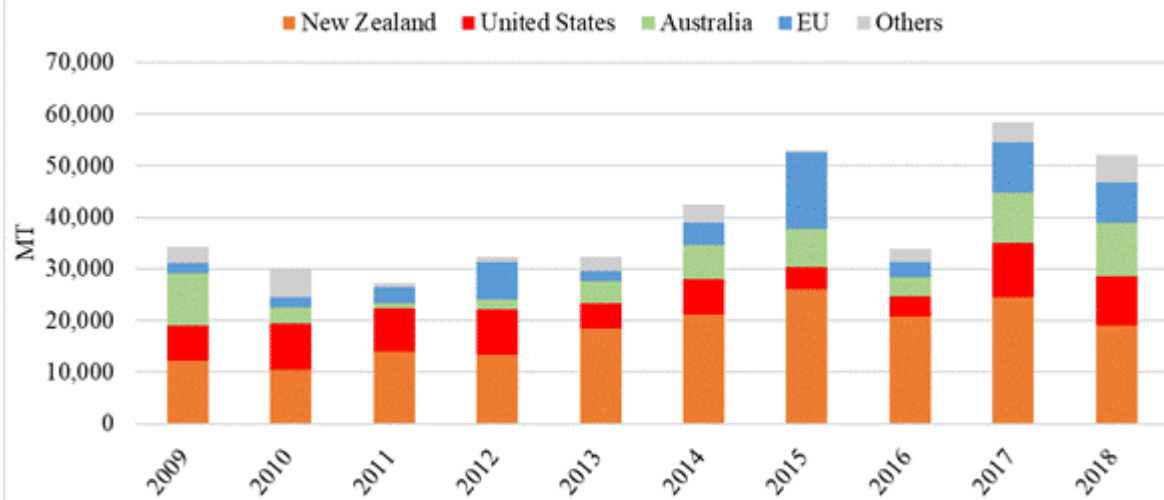
Japan's Imports of Butter and Butterfat



Source: Global Trade Atlas

Table 3

Japan's Imports of Nonfat Dry Milk



Source: Global Trade Atlas