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## Japan

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### Japan Announces Significant Dairy Imports in 2017

**Report Categories:**

Agricultural Situation

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Trade Policy Monitoring

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**Report Highlights:**

On January 27, 2017, Japan's Ministry of Agriculture Forestry and Fisheries (MAFF) announced its intent to import 13,000 metric tons (MT) of butter and 13,000 MT of non-fat dry milk (NFDM) to be delivered during Japanese fiscal year (JFY) 2017, which runs from April 1, 2017 to March 31, 2018. In JFY 2016, Japan imported 17,000 MT of butter and 4,000 MT of NFDM.

Keywords: Japan, Butter, NFDM, Current Access, ALIC

**General Information:**

On January 27, 2017, the Director of the Ministry of Agriculture Forestry and Fisheries (MAFF) Milk and Dairy Division held a press briefing to announce the scheduled importation of butter and non-fat dry milk (NFDM) during Japanese fiscal year (JFY) 2017, which runs from April 1, 2017 to March 31, 2018. To ensure sufficient supplies of both commodities, the Agriculture and Livestock Industries Corporation (ALIC), Japan's state trading enterprise, will import 13,000 MT of butter (160,420 MT milk equivalent) and 13,000 MT of NFDM (84,240 MT milk equivalent) to be delivered in JFY 2017.

On February 1, 2017, ALIC issued current access import tenders for 13,000 MT of NFDM (the full amount announced by MAFF on January 27) as well as 3,700 MT of edible whey (25,308 MT milk equivalent), following the schedule listed below. Combining the 13,000 MT of NFDM and Japan's annual commitment to import 4,500 MT of whey (30,780 MT milk equivalent), 80 percent of the JFY 2017 designated dairy commodity current access total has now been allocated.

The decision to allocate more than 60 percent of the JFY 2017 current access volume to NFDM could indicate efforts by MAFF to head off a possible short supply situation of NFDM in 2017. Japanese butter and NFDM production has been declining since September, partly in response to ample supplies of butter (December 2016 month-ending stocks of butter were 32 percent higher year-on-year) following ALIC's commitments to import a record 17,000 MT of butter in JFY 2016. Since NFDM is a co-product of butter production and NFDM demand appears to be steady, on strong ingredient demand from producers of yogurt and other processed dairy products, NFDM supplies are tightening (December 2016 month-ending stocks of NFDM were down eight percent year-on-year).

Though MAFF has significantly increased its annual importation of designated dairy commodities since JFY 2014 (see [GAIN JA6031](#) and the table below), the announcement of such large quantities (nearly double Japan's annual current access commitments) so early in the calendar year represents an evolutionary step in MAFF's approach to managing the supply – demand balance in the market. Rather than announcing current access commitments in January and then announcing additional import volumes later in the calendar year, MAFF's January 27 announcement (inclusive of both current access and additional import volumes) gives producers, processors, traders and end users the opportunity to factor these imported volumes into their decision-making, providing additional stability and predictability in the market.

On January 27, 2017, MAFF indicated that projected butter and NFDM import volume calculations were based on the previous six years of production and consumption data, responding to the lowest likely level of production and greatest likely level of demand scenario. MAFF will review the supply – demand balance again in May and September 2017 in order to assess whether further importation could be required to maintain balance in the market.

**JFY 2017 Designated Dairy Commodity Current Access Tender / Delivery Schedule**  
(as of February 3, 2017)

**Non-Fat Dry Milk: 13,000 MT**

February 14 – 2,000 MT (General Tender)  
To be imported by June 15, 2017

February 21 – 5,000 MT (Simultaneous Buy-Sell Tender)  
To be imported/delivered by June 15, 2017

March 2 – 6,000 MT (Simultaneous Buy-Sell Tender)  
To be imported/delivered by July 14, 2017

**Edible Whey: 3,700 MT**

On Feb. 28 – 3,700 MT (Simultaneous Buy-Sell Tender)  
To be imported/delivered by December 27, 2017

**Table 1. Japan's Current Access and Additional Importation of Designated Dairy Commodities**

Unit: Metric Ton

<b>Dairy Current Access Results</b>										
	JFY 2013	Milk Equivalent Volume	JFY 2014	Milk Equivalent Volume	JFY 2015	Milk Equivalent Volume	JFY 2016	Milk Equivalent Volume	JFY 2017*	Milk Equivalent Volume
Butter	3,500	43,190	3,000	37,020	2,800	34,552	7,000	86,380	-	-
NFDM	8,768	56,817	9,178	59,473	10,000	64,800	2,000	12,960	13,000	84,240
Dairy Spread	225	2,777	500	6,170	330	4,072	330	4,072	-	-
Butter Oil	242	3,666	250	3,788	200	3,030	200	3,030	-	-
Whey/Prepared Whey	4,500	30,780	4,500	30,780	4,500	30,780	4,500	30,780	3,700	25,308
<b>Subtotal</b>		<b>137,229</b>		<b>137,231</b>		<b>137,234</b>		<b>137,222</b>		<b>109,548</b>
<b>Japan's Additional Importation of Designated Dairy Commodities</b>										
	JFY 2013	Milk Equivalent Volume	JFY 2014	Milk Equivalent Volume	JFY 2015	Milk Equivalent Volume	JFY 2016	Milk Equivalent Volume	JFY 2017*	Milk Equivalent Volume
Butter	0	0	10,000	123,400	10,000	123,400	10,000	123,400	-	-
NFDM	0	0	10,000	64,800	5,000	32,400	2,000	12,960	-	-
<b>Subtotal</b>	0	0	20,000	188,200	15,000	155,800	12,000	136,360	-	-
<b>Ground Total</b>		<b>137,229</b>		<b>325,431</b>		<b>293,034</b>		<b>273,582</b>		-

Source: Agriculture and Livestock Industry Corporation (ALIC)

\* JFY 2017 volumes in the table correspond ALIC-announced tender volumes, as of February 3, 2017.

**Milk Equivalent Conversion Coefficient:**

<b>Butter</b>	<b>12.34</b>
<b>NFDM</b>	<b>6.48</b>
<b>Dairy Spread</b>	<b>12.34</b>
<b>Butter Oil</b>	<b>15.15</b>
<b>Whey Powder</b>	<b>6.84</b>