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Japan Trade Agreements to Present Challenges for U.S.

Vegetables

Report Categories:

Agricultural Situation

Vegetables

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Report Highlights:

Japan's free trade agreement with the European Union (EU) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will reduce tariffs for a wide range of products including vegetables from suppliers that compete with U.S. exports of vegetable products to Japan. Both agreements could enter into force in 2019. Japan will reduce or eliminate duties on fresh vegetables under various schedules for CPTPP and EU countries. In 2017, Japan imported \$2.5 billion of fresh horticultural products, 9.8 percent of which was from the United States.

Key words: JA8056, horticulture, vegetable, Japan, EU, EPA, CPTPP, tariff

General Information:

On July 17, 2018, Japan and the European Union (EU) signed the Japan-EU Economic Partnership Agreement (EPA). Japan's Ministry of Foreign Affairs (MOFA) published on its [website](#) a summary of the tariff reductions for several agricultural products which largely resemble the concessions that Japan made in the Trans-Pacific Partnership (TPP) Agreement negotiation. Meanwhile, Japan and other TPP-11 countries officially signed the new TPP accord on March 8, 2018. The accord, now known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP¹), will enter into effect without the United States. For the purpose of this report, it is assumed that Japan's TPP concessions² will remain largely unchanged in a CPTPP agreement.

MAFF has reported that Japan's food self-sufficiency in vegetables in Japan fiscal year 2016 (April to March) was 80 percent. This rate is high compared to other food categories, such as meat (53 percent) and fruit (41 percent). However, Japan imported approximately \$2.5 billion of vegetable products (defined in this report as vegetable products under Chapter 07 of the harmonized code) in 2017, of which the United States had 9.1 percent of imports valued at \$226 million. This report reviews the top five U.S. exports of vegetable products to Japan by value (based on data from the Global Trade Atlas).

I. Broccoli (HS 0704.90.010)

A) Broccoli Market in Japan

Japan produced 127,900 metric tons (MT) of broccoli in 2016 (latest information available), accounting for 83.1 percent of national consumption. The remaining 16.9 percent (26,010 MT) was imported at a value of \$54.1 million.

The United States is the leading supplier of broccoli to Japan with \$49.8 million in broccoli exports in 2016, accounting for 92.0 percent of Japan's broccoli imports. Competitors are CPTPP members (Mexico and Australia), and China, with market shares of 6.4 and 1.6 percent in 2016, respectively. Trade records indicate that the EU did not export broccoli to Japan in 2016.

Table 1 – Japan's Broccoli Imports

Fresh Broccolis (HS 0704.90.010) in 2016
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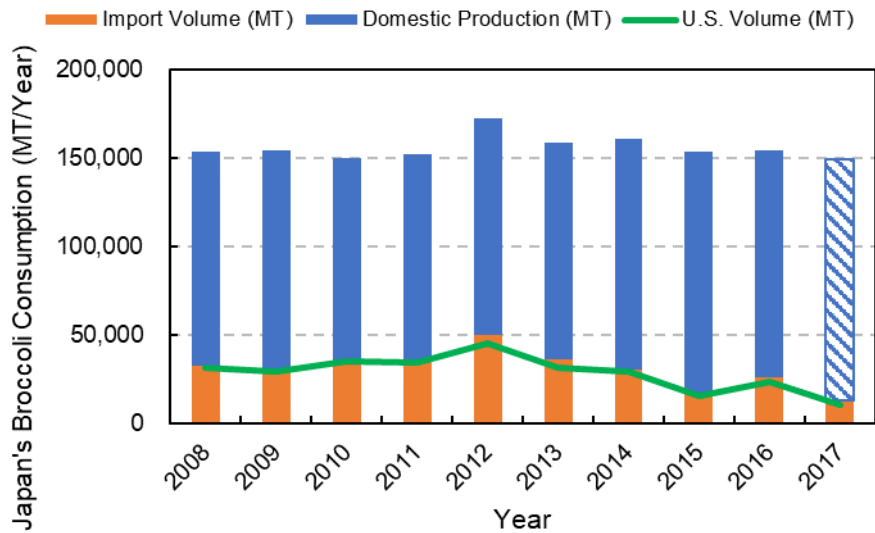
¹ The CPTPP countries are: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

² Any concessions made to the United States under the TPP have been removed from data included in this report.

	Value	Share	Volume (MT)
World	\$54,188,952		26,010
United States	\$49,836,763	92.0%	23,611
CPTPP	\$3,481,103	6.4%	1,870
Mexico	\$2,401,813		1,235
Australia	\$1,079,290		634
Others	\$ 1,112,453	1.6%	530
China	\$1,112,453		530

Source: Global Trade Atlas

Chart 1 - Japan's Broccoli Consumption



Source: MAFF and Global Trade Atlas

Note: Domestic production in 2017 (shaded) is FAS/Tokyo's estimate.

B) Duty Treatment for Broccoli

Under the World Trade Organization (WTO) most-favored nation (MFN) treatment, Japan applies a 3 percent ad valorem tariff on broccoli. Under the Japan-EU EPA and the TPP agreement, the tariff on broccoli will be eliminated immediately after effectuation.

Table 2 – Japan's Duty for Broccoli (fresh or chilled)

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
070490010	Broccoli, Fresh Or Chilled	3 %	Immediate elimination	Immediate elimination

Source: Japan's Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries

II. Sweet Corn

A) Sweet Corn Market in Japan

Japan produced 150,700 MT of sweet corn in 2016 (latest year information is available), accounting for 59 percent of national consumption. The remaining 41 percent (49,026 MT) was imported either in the form of frozen (49,026 MT; HS 071010) or processed (56,117 MT; HS 200580) at a value of \$72.3 million and \$ 87.1 million in 2016, respectively. The amount of fresh sweet corn imports is negligible. *(Note: In this section, we only consider frozen sweet corn. Processed sweet corn is described in a separate report focused on processed horticultural products, JA8053.)*

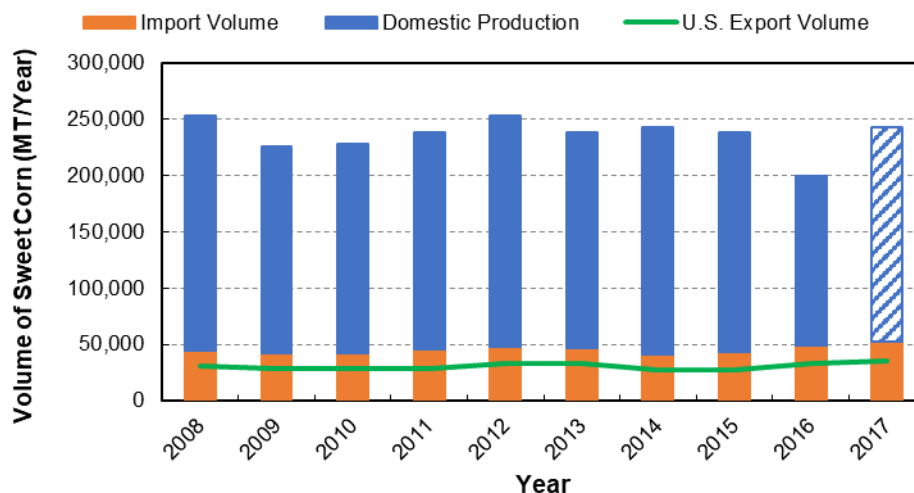
The United States was the leading frozen sweet corn supplier to Japan in 2016 at \$49.7 million, accounting for 68.8 percent of Japan's imports. Thailand is the second largest supplier with a value of \$13.9 million (19.2 percent), followed by other TPP members with \$5.7 million (7.9 percent) in 2016. The EU share of sweet corn imports is 0.5 percent, valued at \$0.3 million in 2016.

Table 3 – Japan's Frozen Sweet Corn Imports

Frozen Sweet Corn (HS 0710.40) in 2016			
	Value	Share	Volume (MT)
World	\$72,344,518		49,026
United States	\$49,738,946	68.8%	33,426
CPTPP	\$5,699,886	7.9%	3,761
New Zealand	\$5,354,683		3,515
EU-28	\$348,070	0.5%	290
Hungary	\$332,781		282
Others	\$ 16,557,616	22.8%	11,549
Thailand	\$13,890,854		9,488

Source: Global Trade Atlas

Chart 2 - Japan's Fresh Sweet Corn Consumption



Source: MAFF and Global Trade Atlas
 Note: Domestic production in 2017 (shaded) is FAS/Tokyo's estimate.

B) Duty Treatment for Sweet Corn

Under WTO MFN treatment, Japan applies a 6 and a 10.6 percent ad valorem tariff to fresh and frozen sweet corn imports, respectively. Under the Japan-EU EPA and the TPP agreements, the tariff on sweet corn will be eliminated immediately after effectuation.

Table 4 – Japan's Duty for Sweet Corn

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
07099100	Sweet Corn, Fresh or Chilled	6.0 %	N/A	N/A
07104000	Sweet Corn, Uncooked or Cooked by Steaming or Boiling in Water, Frozen	10.6 %	Immediate elimination	Immediate elimination

Source: Japan's Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries

III. Potato

A) Potato Market in Japan

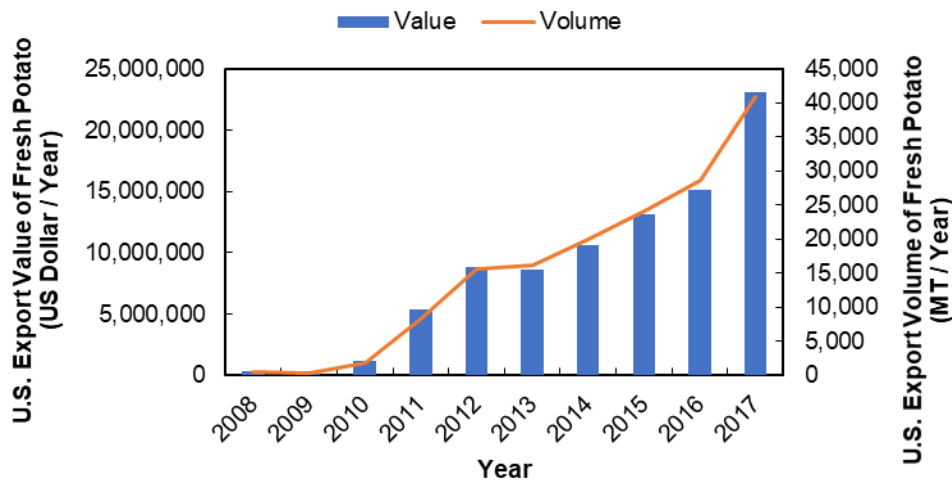
(Note: This section describes only fresh potatoes. For processed potato products such as french fries, see GAIN report ([JA 8011](#)).)

Due to import regulations, Japan supplies all fresh table potatoes for domestic consumption. Japan produced 2.35 million MT of fresh table potatoes in 2017, accounting for 98.0 percent of the national consumption of fresh potatoes.

The United States is the only country permitted to export fresh (chipping) potatoes to Japan, and accounts for the remaining 2.0 percent of domestic consumption. In 2017, the United States exported approximately \$23 million of fresh chipping potatoes to Japan.

Additionally, Japan imported \$40.2 million of frozen potatoes (excluding frozen processed potato products such as french fries) in 2017. The United States was also the leading supplier for frozen potatoes, accounting 54.1 percent of imports at a value of \$21.8 million. China followed with 40.2 percent, and CPTPP and EU members held 1.7 and 1.6 percent, respectively, in 2017.

Chart 3 - U.S. Fresh Potato Exports to Japan



Source: Global Trade Atlas

B) Duty Treatment for Potatoes

Under WTO MFN treatment, Japan applies a 4.3 percent ad valorem tariff to fresh potato imports, and an 8.5 percent ad valorem tariff to frozen potatoes (excluding processed frozen potato products such as french fries). The Japan-EU EPA and the TPP agreements will eliminate the tariff on fresh potatoes immediately upon effectuation. The duty for frozen potatoes will decrease annually and become zero from the 8th year.

Table 5 – Japan’s Duty for Potato (Fresh and Frozen)

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
07019000	Potatoes, excluding seed potatoes, Fresh or Chilled	4.3 %	Immediate elimination	Immediate elimination
07101000	Potatoes, Uncooked or Cooked by Steaming or Boiling in Water, Frozen	8.5 %	Decrease Annually ↓ Year 6: 0%	Decrease Annually ↓ Year 6: 0%

Source: Japan’s Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries

IV. Lettuce

A) Lettuce Market in Japan

Japan produced 555,200 MT of lettuce in 2016 (latest year for available data), accounting for 97.5 percent of national consumption. The remaining 2.5 percent (14,804 MT) was imported, at a value of \$20.3 million.

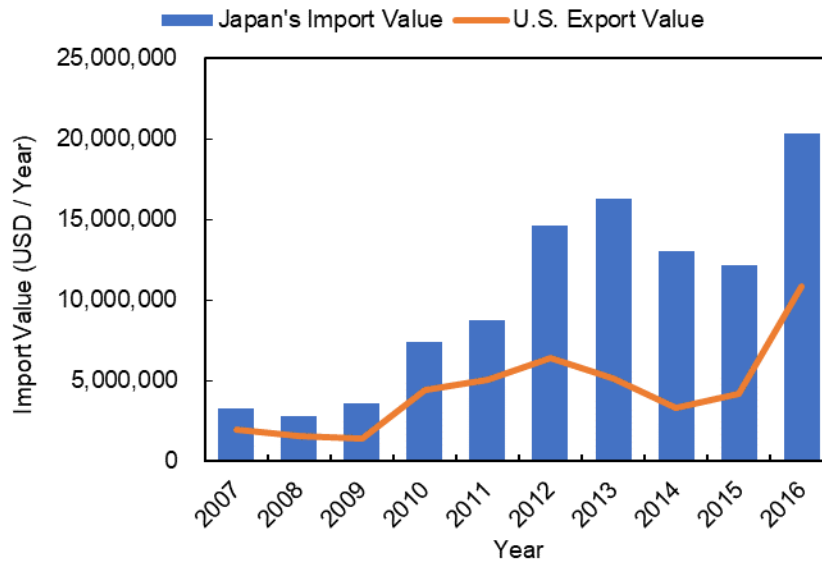
The United States was the leading supplier of lettuce in 2016 at a value of \$10.8 million, and accounting for 53.2 percent of Japan’s imports. The second largest supplier was Taiwan with 42.5 percent of imports in 2016. Contributions from the CPTPP and EU members are negligible, with less than 0.1 percent of trade.

Table 6 – Japan’s Lettuce Imports

Fresh Lettuce (HS 0705.11.000 + 0705.19.000) in 2016			
	Value	Share	Volume (MT)
World	\$20,340,256		14,804
United States	\$10,826,626	92.0%	5,560
CPTPP	\$1,798	6.4%	2
Mexico	\$1,798		2
EU-28	\$12,425	6.4%	1
Netherlands	\$12,425		1
Others	\$9,499,407	1.6%	9,241
Taiwan	\$8,649,885		8,746

Source: Global Trade Atlas

Chart 4 - Japan's Import Value of Lettuce



Source: MAFF and Global Trade Atlas

B) Duty Treatment for Lettuce

Under WTO MFN treatment, Japan applies a 3.0 percent ad-valorem tariff to lettuce imports. Under both the Japan-EU EPA and the TPP agreements, the tariff on lettuce will be eliminated immediately upon effectuation.

Table 7 – Japan’s Duty for Fresh Lettuce

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
070511000	Cabbage Lettuce (Head Lettuce), Fresh or Chilled	3 %	Immediate elimination	Immediate elimination
070519000	Lettuce, Excluding Cabbage Lettuce, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination

Source: Japan’s Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries

V. Chicory

A) Chicory Market in Japan

Japan produces a negligible amount of chicory for salad. Japan imported \$12.3 million in chicory in 2017.

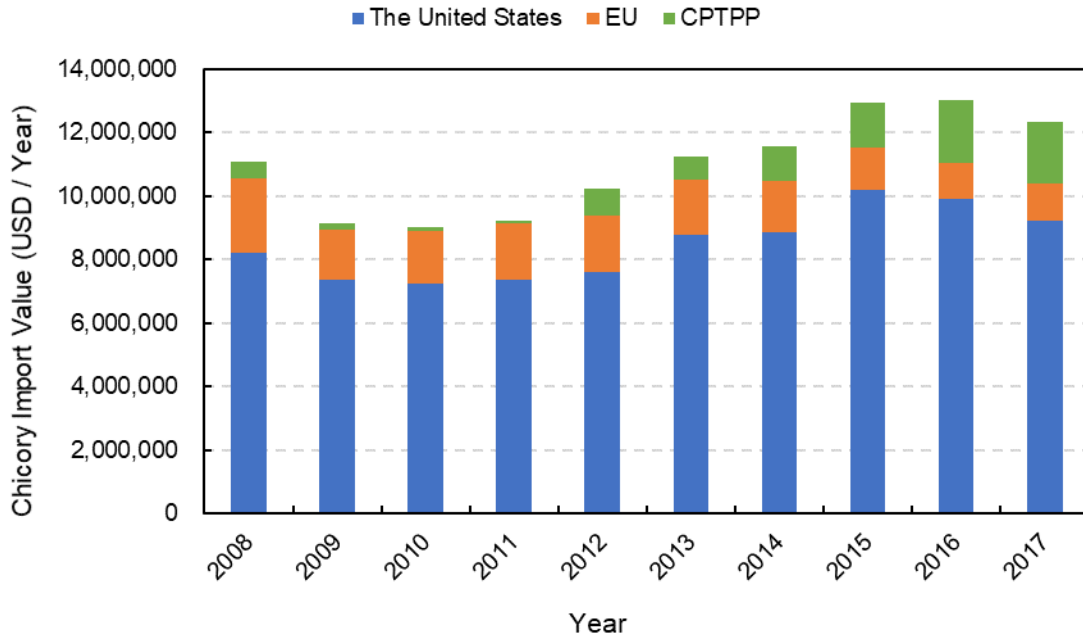
The United States was the leading supplier of chicory in 2017 valued at \$9.2 million that accounted for 74.9 percent of imports. CPTPP members (Mexico) and the EU (mainly Belgium) supplied 15.7 and 9.4 percent, respectively.

Table 8 – Japan’s Chicory Imports

Fresh Chicory (HS 0705.21.000 + 0705.29.000) in 2017			
	Value	Share	Volume (MT)
World	\$12,349,988		3,624
United States	\$9,243,751	74.9%	2,866
CPTPP	\$1,941,725	15.7%	563
Mexico	\$1,941,725		563
EU-28	\$1,164,512	9.4%	195
Belgium	\$753,051		141

Source: Global Trade Atlas

Chart 5 - Japan's Chicory Import



Source: Global Trade Atlas

B) Chicory Tariffs

Under WTO MFN treatment, Japan applies a 3 percent ad valorem tariff to the import of chicory. Under both the Japan-EU EPA and the TPP agreements, the tariff on chicory will be eliminated immediately upon effectuation.

Table 9 – Japan’s Duty for Fresh Chicory

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
070521000	Witloof Chicory (Cichorium Intybus Var. Foliosum)	3 %	Immediate elimination	Immediate elimination
070529000	Other Chicory, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination

Source: Japan’s Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries

VI. Other Vegetables

The following table outlines the WTO MFN tariff and concessional rates under the Japan-EU EPA and CPTPP agreements for other vegetable items in which the United States exported to Japan between 2014 and 2016.

Table 10 – Japan’s Duty for Other Vegetables (excluding those for planting purposes)

HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
070200000	Tomatoes, Fresh Or Chilled	3 %	Immediate elimination	Immediate elimination
070310011	Onions, Fresh or Chilled, Not More Than 67 Yen/Kg in Value for Customs Duty	8.5 %	Decreases Annually ↓ Year 6: 0%	Decreases Annually ↓ Year 6: 0%
070310012	Onions, Fresh or Chilled, More Than 67 Yen/Kg But Not More Than 73.70 Yen/Kg in Value for Customs Duty	73.70 JPY/kg - taxable value/kg	Decreases Annually ↓ Year 6: 0%	Decreases Annually ↓ Year 6: 0%
070310013	Onions, Fresh or Chilled, More Than 73.70 Yen/Kg in Value for Customs Duty	0 %	N/A	N/A
HS Code	Product	WTO MFN Duty	Japan-EU EPA	TPP
070310020	Shallots, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination
070320000	Garlic, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination
070390090	Leeks and Other Alliaceous Vegetables, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination
070410000	Cauliflowers and Headed Broccoli, Fresh or Chilled	3 %	Immediate elimination	Immediate elimination

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0704 2000 0	Brussels Sprouts, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0704 9002 0	Head Cabbage, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0704 9009 0	Cabbages, excluding Brussels Sprouts, Kohlrabi, Kale and Similar Edible Brassicac, excluding Broccoli, Head Cabbage and Chinese Cabbage, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0706 1001 0	Carrots, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0707 0000 0	Cucumbers and Gherkins, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0708 1000 0	Peas (Pisum Sativum), Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0708 2000 0	Beans (Vigna Spp., Phaseolus Spp.), Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 2000 0	Asparagus, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 4000 0	Celery Other Than Celeriac, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 5100 0	Mushrooms of the Genus Agaricus, Fresh or Chilled	4.3 %	Immediate elimination	Immediate eli mi nat

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0709 7000 0	Spinach, New Zealand Spinach and Orache Spinach (Garden Spinach), Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 9100 0	Globe Artichokes, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 9300 0	Pumpkins, Squash and Gourds (Cucurbita Spp.), Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
0709 9920 0	Other Vegetables, Fresh or Chilled	3 %	Immediate elimination	Immediate eli mi nat io n
HS Code	Product	WT O MFN Duty	Japan-EU EPA	TPP
0710 2100 0	Peas (Pisum Sativum), Uncooked or Cooked by Steaming or Boiling in Water, Frozen	8.5 %	Immediate elimination	Immediate eli mi nat io n
0710 2200 0	Beans (Vigna Spp., Phaseolus Spp.), Uncooked or Cooked by Steaming or Boiling in Water, Frozen	8.5 %	Immediate elimination	Immediate eli mi nat io n
0710 8009 0	Other Vegetables, Uncooked or Cooked by Steaming or Boiling in Water, Frozen	6 %	Immediate elimination	Immediate eli mi nat io n
0710 9010 0	Mixtures of Vegetables, Chiefly Consisting of Sweet Corn, Uncooked or Cooked by Steaming or Boiling in Water, Frozen	10.6 %	Decrease Annually ↓ Year 6: 0%	Decrease Annually ↓ Year 6: 0%

0710 9020 0	Mixtures of Vegetables, excluding Chiefly Consisting of Sweet Corn, Uncooked or Cooked by Steaming or Boiling in Water, Frozen	6 %	Immediate elimination	Immediate elimination
0711 9009 9	Other Vegetables; Mixtures of Vegetables, Provisionally Preserved	9 %	Immediate elimination	Immediate elimination
0712 2000 0	Onions, Whole, Cut, Sliced, Broken or in Powder, Dried	9 %	Decrease Annually ↓ Year 6: 0%	Decrease Annually ↓ Year 6: 0%
0712 9003 1 or 0712 9003 9	Sweet Corn, Rendered Suitable Solely for Sowing by Chemical Treatment, Dried	9 JPY/ kg	Immediate elimination	Immediate elimination
0712 9005 0	Potatoes, Whether or Not Cut or Sliced but Not Further Prepared, Dried	12.8 %	Decrease Annually ↓ Year 6: 0%	Decrease Annually ↓ Year 6: 0%
0712 9009 0	Other Vegetables; Mixtures Of Vegetables, Whole, Cut, Sliced, Broken or in Powder, Dried	9 %	Immediate elimination	Immediate elimination
0713 2002 0	Chickpeas (Garbanzos), excluding those for Sowing, Shelled, Dried	8.5 %	Immediate elimination	Immediate elimination
0713 3201 0	Small Red (Adzuki) Beans (Phaseolus or Vigna Angularis), Shelled, Dried, for "The Pooled Quota"	10 %	Immediate elimination	Immediate elimination
HS Code	Product	WT O MFN Duty	Japan-EU EPA	TPP
0713 3322 1	Kidney Beans, including White Pea Beans (Phaseolus Vulgaris), excluding those for Sowing, Shelled, Dried, For "The Pooled Quota"	10 %	Immediate elimination	Immediate elimination
0713 3529 1	Cow Peas (Vigna Unguiculata) for "The Pooled Quota"	10 %	Immediate elimination	Immediate elimination

0713 3922 6	Other Beans (Vigna Spp., Phaseolus Spp.), Excluding Pegin Beans (Phaseculus Calcaratus), excluding those for Sowing, Shelled, Dried, For "The Pooled Quota"	10 %	Immediate elimination	Immediate eli mi nat io n
0713 4002 0	Lentils, excluding those for Sowing, Shelled, Dried	8.5 %	Immediate elimination	Immediate eli mi nat io n

Source: Japan's Ministry of Finance and Ministry of Agriculture, Forestry and Fisheries