U.S.-Japan Trade Deal a Step toward Leveling Playing Field and Increasing Opportunities for SUSTA Companies

The U.S. and Japan have completed and signed a new two-way trade agreement that will go into effect on January 1, 2020. This is an important development for SUSTA companies. Last year companies participating in SUSTA-supported activities booked $2.9 million in sales in Japan. We are looking forward to working with your company in 2020 to take advantage of new opportunities in the Japanese market.

The deal includes broader market access to Japan for U.S. food and agricultural products by reducing or eliminating tariffs on products ranging from bulk commodities all the way up to packaged specialty food products. Processed products, fruits and vegetables, spirits and snack foods will all see lower tariffs moving forward.

Most importantly, however, this new agreement allows U.S. exports to catch up to the preferential treatment of other nation’s exporters provided by Japan’s Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Japan-EU Economic Partnership Agreement (EPA). Both of those agreements have put most U.S. food products at a tariff disadvantage in Japan.

Not surprisingly with more open market access, Japan’s global imports of ag commodities and food products during the April to July 2019 period increased 8 percent compared to the three-year 2016-2018 average for those four months. According to the American Farm Bureau Federation, imports from the EU grew 15.9 percent, and among the six CPTPP countries, imports from five have outstripped the growth from the U.S. over the same period of time, including Mexico at an increase of 27.6 percent and 12.5 percent growth from Canada. Exports were up as well from New Zealand, Australia, and Singapore. Only Vietnam trailed the U.S.

But the new trade agreement levels the playing field once again in the fourth largest market for U.S. ag and food exports. When the new U.S.-Japan agreement goes into effect, tariff rates on U.S. products like baked snacks, sauces and mixes, and wine will see tariffs reduced to match those implemented under the other agreements which are already in year two of their phase-down. Some U.S. products, including various types of fresh produce, will see tariffs eliminated immediately.

In anticipation of the trade agreement, SUSTA is planning a new event in Japan for 2020. In addition to hosting a pavilion at FoodEx Japan, which SUSTA has done for over 10 years, a trade mission to Japan organized in conjunction with the other State Regional Trade Groups (SRTGs) and the Agricultural Trade Offices in Osaka and Tokyo is also in the works. This new event will give our exporters even more exposure in this important market. Stay tuned for more details. Japan is known as the Land of the Rising Sun; we’re looking forward to working with you to secure a very sunny outlook for 2020.