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## New Zealand frozen beef exports to Japan slump after tariff hike

By Tina Morrison



From August 1, Japan increased its tariff on frozen beef to 50 per cent from 38.5 per cent. Photo / 123RF

New Zealand exports of frozen beef to Japan have plummeted since the country lifted tariff rates, according to AgriHQ.

From August 1, Japan increased its tariff on frozen beef to 50 per cent from 38.5 per cent under a World Trade Organisation safeguard following high sales of imported beef.

Following the tariff hike, just 729 tonne of frozen beef was exported from New Zealand to Japan in August and September, down from 1,709 tonne last year and the five-year average of 1,840 tonne, according to AgriHQ's monthly Sheep & Beef report for October.

Japan is New Zealand's fifth largest market for red meat and co-products, with exports worth more than \$302 million in the 2016 calendar year, and it's also the market in which the country's sheep and beef sector faces its single highest tariff burden, with \$73 million of tariff payments last year.

"NZ frozen beef exports to Japan have fallen away as expected since the introduction of the temporary tariff," AgriHQ analyst Reece Brick said in his report.

"Little frozen product will be traded into Japan from NZ until the temporary tariff is lifted in April next year."

New Zealand chilled beef exports to Japan, which aren't currently subject to the increase, matched last year's volumes as well as the five-year average, AgriHQ said. Japan is New Zealand's largest chilled beef market with exports worth \$63 million last year.

AgriHQ's Brick said that contrary to earlier beliefs, Australian beef exports to Japan hadn't jumped higher despite Australia holding a major tariff advantage for frozen beef.

Australia, one of New Zealand's biggest rivals in the Japanese market, is exempted from the WTO safeguard under its bilateral trade agreement with Japan with its frozen beef tariff sitting at 27.2 per cent.

Only 23,572 tonne of beef was exported from Australia to Japan through September, smaller than August in both total volume exported and market share, and the same trend applied when broken down to just frozen beef exports, Brick said.

US exporters appear not to have been deterred by the tariff hike, with data for August showing only a minor change in frozen beef exports to Japan, although the portion of chilled beef entering Japan did increase 62 per cent, Brick noted.

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