



TRANS-PACIFIC partnership MEAT PRODUCTS: KEY OUTCOMES



FACT SHEET

New Zealand exported meat products worth over NZ\$2.8 billion to the TPP region in 2015.

The US, Japan, Canada, Mexico and Peru (New Zealand's five new FTA partners in TPP) imported a combined average of NZ\$1.92 billion of meat products from New Zealand per year from 2012-2014.

Under TPP, the United States (New Zealand's largest beef export market) will eliminate all tariffs on New Zealand beef over five years.

When TPP enters into force, estimated tariff savings on meat exports will be approximately NZ\$43 million. This will grow to NZ\$84 million when TPP is fully implemented.

 NZ\$84m

→ Estimated annual tariff savings when TPP is fully implemented.

→ Key outcomes

- Nearly all tariffs on sheepmeat will be eliminated at entry into force, with some tariffs in Mexico removed over eight years or less.
- Beef tariffs will be eliminated in the US within five years, Canada within six years, and Mexico and Peru within 10 and 11 years respectively.
- The beef tariff in Japan will be reduced from 38.5% to 9% over 16 years, with a sharp cut to at least 27.5% at entry into force.



Sheepmeat

- In 2015, New Zealand exported NZ\$458 million of sheepmeat to the five TPP parties with which New Zealand does not currently have an FTA (15% of New Zealand's total sheepmeat exports).
- All tariffs will be eliminated in eight years, with nearly all tariffs eliminated at entry into force. Existing zero duty access will be locked in.

Country	Tariff	Treatment
Japan	0%	Already zero
United States	2.8 cents/kg for sheepmeat 0.7 cents/kg for lamb	Entry into Force (EIF)
Canada	0% (New Zealand has existing preference)	Already zero
Mexico	10%	Boneless: EIF Bone-in and Carcasses: 8 years
Peru	9%	EIF



Beef (HS0201 & 0202)

- In 2015, New Zealand exported NZ\$1.9 billion of beef to the five TPP parties with which New Zealand does not currently have an FTA (58% of New Zealand's total beef exports). Through TPP, New Zealand will have unrestricted, duty-free access to the US (New Zealand's largest beef export market), Canada (New Zealand's fourth-largest beef export market), Mexico and Peru.
- Beef tariffs will be eliminated in the US within five years (at entry into force for WTO in-quota trade), in Canada within six years (New Zealand's WTO in-quota trade will remain duty-free), and in Mexico and Peru within 10 and 11 years respectively.
- Japan's beef tariff will be reduced from 38.5% to 9% over 16 years, with a sharp cut to at least 27.5% at entry into force. Trade will be subject to a growing volume-based TPP-wide safeguard initially set 13% above 2014 trade levels. If the safeguard is triggered, the applicable duty above the volume trigger will reduce to 30% in year 4, to 20% in year 11, and to 18% in year 15, then further reduce by one percentage point for each subsequent year that the safeguard is not applied. If the safeguard is not applied for four consecutive years following year 15 it will be terminated – i.e. as early as year 20. For full details, see final section of this document.
- Japan's beef tariff in TPP is the lowest rate it has committed to in any previous FTA. The same tariffs and safeguard will apply to all TPP Parties exporting to Japan.

Country	Current tariff (before TPP enters into force)	TPP outcome
Japan	38.5% (snap-back to 50% if volume safeguard is exceeded)	Reduced to at least 27.5% at EIF, and to 9% over 16 years, with safeguard ¹
United States	<u>Quota</u> In-quota tariff: 4.4 cents/kg Out-of-quota tariff: 26.4%	In-quota tariff: 0% at EIF Out-of-quota tariff: Eliminated over 5 years
Canada	<u>Quota</u> In-quota tariff: 0% Out-of-quota tariff: 26.5%	In-quota tariff: 0% (no change) Out-of-quota tariff: Eliminated over 6 years
Mexico	25%	Eliminated over 10 years
Peru	17%	Eliminated over 11 years

➔ Other meat products of significant trade interest to New Zealand in specific markets

Japan: Offal and prepared meats

Product	Tariff	Treatment
0206.21, Tongues of bovine animals, edible, frozen	12.8%	11 years (50% cut at EIF, then linear)
0206.29, Offal of bovine animals, edible, nesoi, frozen	12.8%–50% ²	13 years (50% cut at EIF, then linear)
0206.10, Offal of bovine animals, edible, fresh or chilled	12.8%–50% ³	13 years (50% cut at EIF, then linear)
1601.00.000, Sausages and similar products, of meat, meat offal or blood, food preparations based on these products	10%	6 years
1602.50, Meat or meat offal of bovine animals, prepared or preserved, nesoi	10–21.3%	11 to 16 years

1. Volume safeguard set at 590,000 MT in year one with growth rate of 1% to 2% per year. New Zealand's total beef 2014 exports to Japan were 29,433 MT and Japan's total imports from TPP Parties were 518,871 MT. Duty savings assume that the safeguard is not triggered.

2. New Zealand trade is concentrated on HS 0206.29.010 with a 12.8% tariff.

3. New Zealand trade is concentrated on tariff lines with a 12.8% tariff.

United States: Prepared meats

Product	Tariff	Treatment
1602.50, Meat or meat offal of bovine animals, prepared or preserved, nesoi	0–4.5%	EIF
1602.90.90, Prepared or preserved meat, meat offal or blood, nesi	6.4%	EIF
1602.20, Animal livers, prepared or preserved	3.2%	EIF

Canada: Prepared meats

Product	Tariff	Treatment
1602.50, Meat or meat offal of bovine animals, prepared or preserved, nesoi	0–11%	EIF
1602.90, Meat or meat offal prepared or preserved, nesoi, including preparations of blood of any animal	0–12.5%	EIF

Mexico

Product	Tariff	Treatment
0206.29, offal of bovine animals, edible, nesoi, frozen	20%	EIF (except for arracherra, inside skirt and outside skirt: 15 Years)

Japan beef tariff details⁴

Year	Safeguard volume (MT)	Below safeguard rate (from year 16, remains at 9%) ⁵	Above safeguard rate (from year 16 reduces by 1% p.a. unless triggered) ⁶
Year 1	590,000	27.5	38.5
Year 2	601,800	26.6	38.5
Year 3	613,600	25.8	38.5
Year 4	625,400	25.0	30.0
Year 5	637,200	24.1	30.0
Year 6	649,000	23.3	30.0
Year 7	660,800	22.5	30.0
Year 8	672,600	21.6	30.0
Year 9	684,400	20.8	30.0

4. Japan's beef safeguard applies to HS0201 & HS0202 (SG 1*), and HS0206.10.020 & HS0206.29.020 (SG1**). For full details, see Section B of Japan's Appendix B-1 to Annex 2-D of the TPP text.

Year	Safeguard volume (MT)	Below safeguard rate (from year 16, remains at 9%)% ⁵	Above safeguard rate (from year 16 reduces by 1% p.a. unless triggered)% ⁶
Year 10	696,200	20.0	30.0
Year 11	702,100	18.1	20.0
Year 12	708,000	16.3	20.0
Year 13	713,900	14.5	20.0
Year 14	719,800	12.6	20.0
Year 15	725,700	10.8	18.0
Year 16	737,500	9.0	17.0 (if not triggered)
Year 17	749,300	9.0	16.0 (if not triggered)
Year 18	761,100	9.0	15.0 (if not triggered)
Year 19	772,900	9.0	14.0 (if not triggered)
Year 20	784,700	9.0	Safeguard abolished, if not triggered in Years 16-19 inclusive
Year 21	796,500	9.0	N/A, or 13% if triggered once in Year 20
Year 22	808,300	9.0	N/A, or 12% if triggered once in Year 20
Year 23	820,100	9.0	N/A, or 11% if triggered once in Year 20
Year 24	831,900 [If safeguard remains in effect, trigger volume will increase by 11,800 MT per year thereafter]	9.0	N/A, or 10% if triggered once in Year 20

→ Tariff finder

Look up tariffs under TPP and compare them to other free trade agreements at: tariff-finder.fta.govt.nz

5. Japan's Appendix B-1 (Agricultural Safeguards) includes a provision providing that the TPP tariff rate will never be higher than that applying under the Japan-Australia Economic Partnership Agreement (JAEPA)

6. From year 16, the safeguard tariff drops by one percentage point per year unless it is triggered. If the safeguard is triggered the safeguard tariff remains unchanged from the previous per year.

→ Notes

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