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US meat exports gaining access to North Asia markets

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***US meat exports are making inroads to the North Asia markets but the TPP pullout could dampen prospects.***

United States pork and beef exports recorded excellent performance to Japan in 2016 and is the number one North Asia market. U.S. meat exporters are also increasing shipments to Korea and Taiwan while making progress on Hong Kong and China with assistance from the United States Department of Agriculture (USDA) and the U.S. Meat Export Federation (USMEF). Meat products are growing as a source of protein in a region accustomed to a diet of fish and seafood.

In 2016, the U.S. exported worldwide a record 2.31 million metric tons (1 metric ton equals 2,204.622 pounds) of pork, an 8% increase from 2015 and total value exported was up 7% from 2015 to $5.94 billion. Pork exports accounted for 25.8% of total 2016 U.S. production up from 24.2%. Japan was the leading value destination for U.S. pork by $1.56 billion dropping 2% from 2015 and a 5% drop in volume to 387,712 metric tons (mt). However, “chilled meats exported to Japan increased by a record volume of pork and 50% more beef in 2016,” according to recent correspondence and reports from the USMEF.

**Tastes Changing**

Japan prefers fish and seafood and a low protein diet, but this cultural norm is changing because of price increases and the fears from the 2011 Fukishima disaster. “Japan is unique in that U.S. chilled pork is widely sold in retail as well as food service and some for processing with top items exported of loins, tenderloins, single-ribbed bellies, CT butts and picnic cushion meat,” explained Joe Schuele, Vice President, Communications, USMEF to the *AJOT*.

Chilled U.S. beef is in demand as well because of supply problems from Australia, high prices and limited production of domestic beef. In fact, total U.S. beef exports worldwide increased 11% in volume to 1.19 million mt and one percent in value from 2015 to $6.34 billion. In total, beef exports accounted for 13.7 percent of total U.S. beef production in 2016 up from 13.1% in 2015.

The USDA and USMEF instituted programs to gain greater access to North Asia markets since the Bovine Spongiform Encephalopathy (BSE) issue with U.S. beef first detected in 2003. Beef exported to Japan, Korea and Taiwan all must be produced under an export verification program. This requires beef to be sourced from cattle under 30 months of age and verified by the USDA without any additional shipping requirements.

The procedure for shipments are specific, but not burdensome. Beef and pork shipments for export are inspected and certified at the original plant or at a USDA-FSIS (Food Safety and Inspection Service) inspected cold storage facility on the West Coast. If at the original plant, then after inspection the meat is loaded onto a refrigerated container, sealed with a USDA seal, then transported by train or truck to the West Coast port, then loaded onto vessels to North Asia customers. “Packaging does not differ by country and largely depends upon the customer requirements,” said Schuele. Frozen beef and pork is bulk packed in a box which has a poly-lined wrapping or the product is in a vacuum-sealed bag inside a box. Chilled product is shipped boxed and in vacuum-sealed bags.

**Chinese and Korean Markets**

China is an opportunity for U.S. meat exports as the government policies focus on moving large populations from rural to urban development areas, a consumer led economy with higher disposable incomes and interest in western-style diet of more meat proteins, especially pork. For example, Taiwan (island nation of 23.52 million population in 2016) is the sixth highest U.S. meat export market and in 2016 full year beef exports increased 25% in volume to 44,053 mt and 14% in value to $362.8 million. In September 2016, the People’s Republic of China lifted its 13-year ban on U.S. beef. “However, shipments to China cannot begin until the two countries agree on specific export requirements. That process is ongoing and there is no projected time line for resumption of shipments,” said Schuele. At present, China requires special labeling of a bilingual label on the outside of the box and each packaged piece inside the box. In 2016, Hong Kong and China (together in the statistical reporting) imported more pork from the U.S. and hit a new volume record of 544,943 mt, a 61% increase and broke $1 billion for the first time of $1.07 billion, up 53% over 2015, according to the USMEF. Hong Kong was the number five market for U.S. beef in 2016 and imported 101,141 mt, down 7% and $645.8 million in value, down 15% from 2015.

The South Korea market is also bright for U.S. meat exports benefiting from changing consumer preferences for U.S. beef, acceptance again of high-quality and safe U.S. beef and from the Korea-U.S. Free Trade Agreement (FTA) of March 15, 2012. Korea is the number two market for U.S. beef exports (Mexico is number three and Canada is number four) shipping a total of 179,280 mt in 2016, an increase of 42% and valued at $1.06 billion up 31% from 2015. “Korean restaurants featured more U.S. beef such as American-style steaks, barbeque, and gourmet burgers,” said Schuele. In fact, Korea per capita consumption set a new record in 2016 of 34 pounds (carcass weight). Tariff reductions are also improving for U.S. meat exports which are already eliminated on nearly all U.S. pork exports (chilled pork tariffs are still being phased out) and tariffs on beef are being reduced every year which are now at 24% down from 40%, according to the USMEF.

**Post-TPP Duties**

Some obstacles remain to capture more market share in North Asia markets by U.S. meat exports. The main competitor is Australia and the canceling of the Trans-Pacific Partnership (TPP) would have phased out high import duties down to 9%. “The duty differential on U.S. beef versus Australian beef in Japan is the largest tariff barrier we face in which Australia enjoys a 10 percentage point advantage and will widen further in April with the beginning of the Japanese fiscal year,” said Schuele. However, U.S. consumer tastes for organic and grass-fed beef is not translating well in North Asia markets. Demand for U.S. grain-fed (choice and prime) beef continues to increase and is displacing some Australian grass-fed product.

“The Asia markets have a strong preference for marbled beef and the U.S. is by far the largest grain-fed beef exporter in the world,” said Schuele.

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