

INDUSTRY FACT SHEET – BEEF

2022/23 SUMMARY



NEW ZEALAND
EXPORTED BEEF TO
77 COUNTRIES

AROUND 90%
OF PRODUCTION
IS EXPORTED

NEW ZEALAND
EXPORTED 497,511
TONNES OF BEEF
3% MORE THAN IN
2021/22

BEEF EXPORTS
VALUE \$4.6 BILLION
1% HIGHER THAN IN
2021/22



HIGHLIGHTS

Beef remained the sector's largest export category in 2022/23. Despite the tougher economic conditions during the second half of the year, the value of beef exports increased by 1% to \$4.6 billion.

There was also a three percent increase in export volume with a new record for a June year of 497,511 tonnes.

China continued to be the sector's major beef market, with exports of 224,072 tonnes worth \$2.0 billion.

This is an increase of 7% by volume and 5% by value on 2021/22. However, this growth was more subdued than last year reflecting the impact of challenging economic conditions on consumer confidence and spending.

The United States (US) is the sector's other major beef market. The volume of exports in 2022/23 was up by 6% to 149,249 tonnes, but value was down by 2% to \$1.4 billion. The US has been experiencing a significant drought over the last few years, which has increased domestic production and reduced the demand for imported meat through much of 2022/23.

However, in recent months the drought has been easing, and exports to the US therefore recovered significantly in the second quarter of 2023.

Economic conditions during the year had an impact on beef exports to two of the sector's other important North Asian markets, Japan and Korea. Beef exports to Japan declined 20% by value to \$259 million. Exports to Korea dropped 13% by value to be worth \$175 million.

Exports to these two markets have been growing in recent years under the respective FTAs with 2021/22 setting a record for both markets. Despite the drop in 2022/23, exports were still historically very good.

TOP 10 BEEF MARKETS BY VALUE, 12 MONTHS ENDED 30 JUNE 2023

Country	Value (NZ\$m)	Change from year ended June 2022
China	\$1,973m	↑ 5%
United States	\$1,351m	↓ -2%
Japan	\$259m	↓ -20%
Taiwan	\$180m	↑ 4%
Korea	\$175m	↓ -13%
Canada	\$102m	↑ 4%
Australia	\$49m	↑ 3%
Netherlands	\$47m	↑ 62%
Hong Kong	\$45m	↑ 11%
French Polynesia	\$39m	↑ 2%

CHILLED EXPORTS

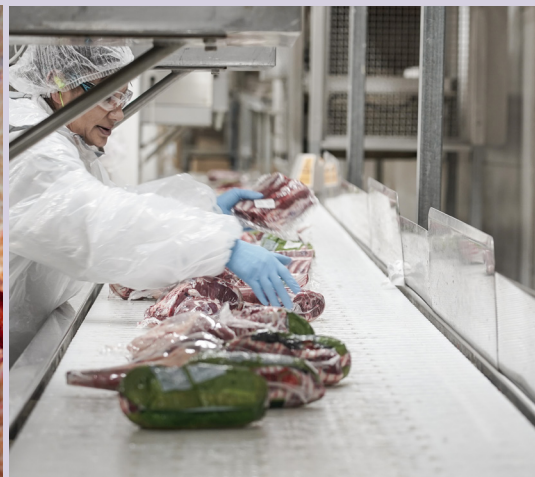
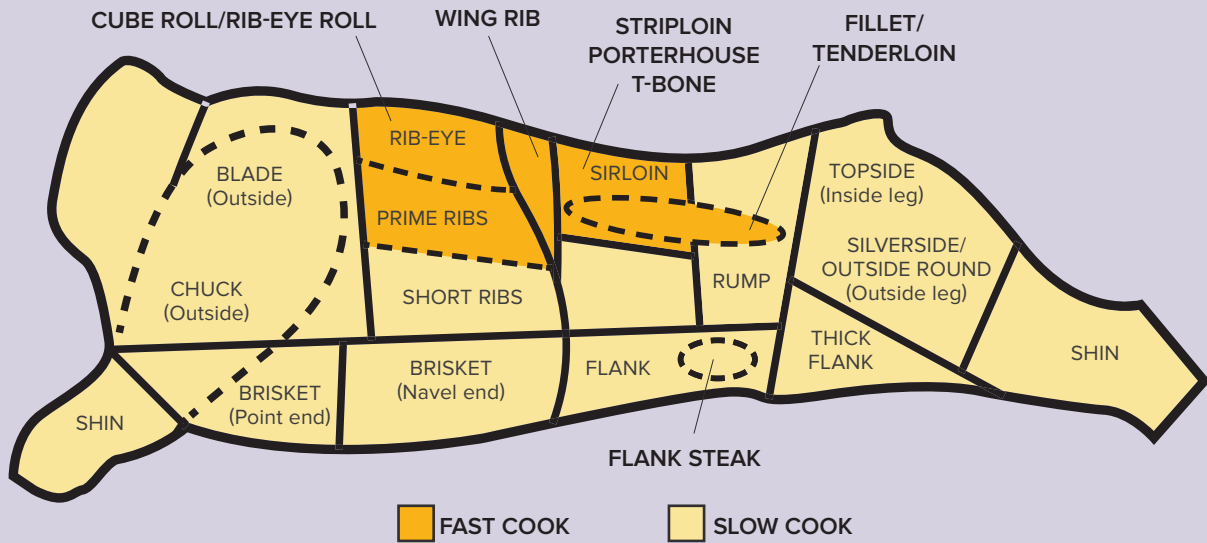
In 2022/23 exporters companies still faced challenges in getting shipments of chilled meat to key markets.

New Zealand exported 32,716 tonnes of chilled beef in 2022/23, a decrease of 14% from the previous year. These chilled exports were worth \$534 million, down by 9% from the previous year.

China was the largest market for chilled beef, taking 9,726 tonnes worth \$113 million, followed by the US (5,349 tonnes worth \$113m), and Japan (5,150 tonnes worth \$80 million).



PRODUCT AND MARKET DIVERSIFICATION



Less than 1% of beef exports are in carcass form – and 99% of beef exports are in the form of value add cuts.



The United States has traditionally been New Zealand's largest market, where lean 'manufacturing' beef from New Zealand is mixed with trimmings from US cattle to produce hamburger patties.



New Zealand has developed important markets for chilled beef in North Asia, such as Japan and Taiwan. Other significant chilled beef markets are the UAE, French Polynesia and Singapore.



China's demand for beef has grown rapidly – and it now takes more New Zealand beef than any other country.



TARIFFS AND QUOTAS

TARIFFS

In 2022, New Zealand beef exports incurred tariff costs of around \$163 million. Most of these tariff costs were on exports to Japan (\$85 million) and Korea (\$42 million).

New Zealand is benefiting from decreasing beef tariffs under the Korea FTA, which are now at 18.6% bring our exports more in line with exports from the United States and Australia.

Following the entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) at the beginning of 2019, tariffs on New Zealand's beef exports to Japan have been decreasing steadily. They are now at 24.1% (compared to 38.5% prior to the CPTPP), and the tariff savings on New Zealand beef exports to Japan were worth around \$49 million in 2022.

QUOTAS

United States

New Zealand has an annual quota of 213,402 tonnes into the United States. The in-quota tariff rate is US4.4c/kg. Exports outside the quota incur a tariff of 26.4%.

This is a valuable quota for New Zealand, and if beef exports had been subject to the full out-of-quota tariff rate in 2022, the additional tariff cost would have been around \$325 million.

Europe

New Zealand currently has an annual 1,102 tonne beef quota, with an in-quota tariff rate of 20%. When the EU FTA commences, this tariff will fall to 7.5%. Under the FTA, New Zealand also has a new quota of 3,333 tonnes on commencement of the FTA, growing to 10,000 tonnes after seven years. This also has an in-quota tariff of 7.5%.

The EU imposes high out-of-quota tariffs and the new access under the FTA is welcome. However, the size of the quota in the FTA is disappointing, representing only around 0.2% of European beef production and consumption.

United Kingdom

The UK FTA commenced at the beginning of June 2023, and provides New Zealand with a 12,000 tonne tariff free quota for beef in the first year after the agreement. This will rise to 38,820 tonnes in year 10, after which New Zealand tariff and quota free access for beef into the United Kingdom.

The UK FTA is already providing benefits. New Zealand exported just over 240 tonnes of beef worth \$3.3 million to the UK in June. Previously, beef exports would have been subject to a tariff rate of 20 percent, so we have already seen tariff savings of approximately \$650,000 in the first month of the FTA.

