



REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

POSITION PAPER TEMPLATE
(Comprehensive Review of MFN Tariff Structure)

Product of Interest	Chilled and Frozen Pork
AHTN 2022 Code/s	0203 pork: 020311, 020312, 020319, 020321, 020322, 020329
Investigation No.	TCI (TM) No. MFN-2023-All Products

A. General Information

Name of Company	U.S. Meat Export Federation
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B. Position

Thank you for the opportunity to comment on the comprehensive review of the most favored nation (MFN) tariff schedule. The recent temporary reductions in the MFN tariff rates for chilled and frozen pork imports smoothed supply constraints and minimized consumption impacts from African swine fever (ASF) in the Philippines. Longer-term reduced rates would help facilitate future pork consumption growth in the Philippines and ease the impacts of meat inflation on consumers: • The Philippines has some of the highest MFN tariff rates on chilled and frozen imported pork in the world at 30% in quota and 40% out of quota. Even with the current reduced tariff rates of 15% in quota and 25% out of quota, tariffs in the Philippines remain higher than most countries. China, Vietnam, South Korea, and Japan are some of the largest pork producers in the world along with the Philippines. However most favored nation (MFN) rates for frozen pork are notably lower at 12% for China and 10% for Vietnam (reduced from 15% effective July 1, 2022), while Japan and Korea have significantly reduced their rates for all main suppliers through free trade agreements. Most frozen imported pork enters Korea at zero duty, and duties on frozen pork imports to Japan are minimal at 1.2% over the gate price. Vietnam also provides duty free access for frozen pork from Russia and is phasing duties to zero for other suppliers through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement. • Through its free trade agreements, Korea phased down tariffs on pork imports, and tariffs were reduced to zero by 2016 or earlier for most frozen pork from the U.S., the EU, and Chile, while duties on Canadian frozen pork imports were reduced to zero by 2019. Even with the drastic reduction of pork import duties, Korea's production grew by 30% from 2012 to 2022, reaching a record level of 1.415 million metric tons (mt) in 2022 (Source: USDA Foreign Agricultural Service). Korea's imports grew by 45% to 725,000 mt (carcass weight equivalent), and consumption grew by 35% during the same time to a record 2.082 million mt, as growth from both domestic production and imports facilitated overall larger consumption.



- As the Korea example shows, imported pork fills the needs for processors and consumers but does not displace fresh domestic pork. Instead, pork trade allows consumers to benefit from better access to preferred products and a wider variety of products in the market while smoothing out production cycles. Long-term reduced rates would facilitate higher consumption of processed red meat products that play an important role for consumers in the Philippines. Euromonitor International estimates that processed red meat sales totaled \$1.681 billion in 2022, for a per capita value of \$14.50 in the Philippines, below the world average of \$16.70 and below \$35.80 for South Korea.
- Reducing import duties is also an important tool to ease inflation for consumers. Euromonitor International estimates that 31% of total consumer expenditure in the Philippines is spent on food, above the Asia Pacific average of 22% and more than double the world average of 15%. Meat accounts for 19% of total food expenditure in the Philippines.
- Additionally, the dynamics of global pork production are shifting due to structural change in the EU, the largest global exporter of pork, and the largest supplier of pork to the Philippines. After reaching a record production level in 2021, EU pork production dropped sharply in 2022, decreasing by 5% year-over-year. In December 2022, the EU swine herd experienced a record decline of 5.2% from the previous year, and thus, 2023 production is expected to also drop significantly to the lowest level in more than 10 years. This is likely to drive a decline in total global pork production, and the European Commission expects a long-term decline for the industry, with production decreasing by 12% from the 2021 record by 2032. In 2022, the EU had 47% market share of chilled and frozen pork imports in the Philippines.

Dan V. Halstrom, *Dan V. Halstrom*

Signature over Printed Name

President and CEO

Designation/Position

March 16, 2023

Date

Notes:

1. Please submit one position paper per product.
2. Position papers with supporting documentary evidence, if any, should be submitted not later than 17 March 2023 (*end of business hours*), unless otherwise extended. For proposals for tariff modification, TC Form 3 (*accessible on the Commission's website*) should be submitted as an addendum to the position paper.
3. Online submissions are encouraged. Submit to these email addresses: TC.Assist@mail.tariffcommission.gov.ph and/or Records@tariffcommission.gov.ph.

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