Pork, beef companies wary of tariffs

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The possibility that the Chinese government might impose 25 percent tariffs on US pork exported to China is definitely bad news for North Carolina-based Prestage Farms.  
The family-owned turkey and pork company broke ground in spring 2017 in Eagle Grove, Iowa, to construct a pork processing plant in anticipation of exporting product to China.  
The project is expected to be completed in the fall of this year with the hiring of 900 employees. The company is currently taking applications to prepare for the plant's operation in about six months.  
"We are building that plant with the intent to be eligible to export to China. We certainly are prioritizing the design of the plant to be able to meet the requirements of China," Ron Prestage, president of Prestage Farms, told China Daily.  
Prestage said the company's CEO was in China last week talking to various distributors in China.   
"The [Chinese] distributors were very interested because they know we are building the most modern plant in the US with interest to sell in China. They were very positive and hope to buy US pork from Prestage," he said.   
"This is not an issue between US pork producers-processors and importers-retailers in China. The problem is among the politicians. We are delivering a very clear message to our government that they resolve the issues and keep the market open," Prestage added.  
Prestage is hopeful that the issue will be resolved. "I think President Trump is the kind of leader who makes bold statements to get everybody's attention but makes practical decisions down the road. I hope our governments get those issues resolved," Prestage said.  
In response to Trump's signing a memorandum in March that would impose tariffs on up to $60 billion of imported Chinese goods, China's Ministry of Commerce released a list of 128 US goods that it would impose duties on if the two countries fail to reach some agreement.  
The announcement by the Chinese government that pork and pork products are on the list for potential 25 percent tariffs has caused great concern in the pork industry due to China's importance in the sector.  
According to the US Meat Export Federation, China is a key market for US pork and especially for pork variety meat. In 2017, the US exported 309,284 metric tons of pork and pork variety meat to China, valued at $663.1 million. China accounted for more than one third of US pork variety meat exports last year.  
The potential pork tariffs also have the beef industry worried.  
China lifted a ban on beef exports last year, and beef exports to China have been growing steadily since last fall. By the end of last year, the US exported almost 3,000 metric tons of beef to China with a value of over $30 million.  
In January, US beef exports to China reached a monthly high of 803 metric tons, valued at $7.44 million.  
Pete Bonds, a rancher in Saginaw, Texas, runs several thousand calves in a China program on his ranch.   
"My concern is that if China puts a tariff on pork, it may decrease our ability to export pork to China. If that happens, we got more pork in the States we have to eat. That will compete with beef. That will lower the price of beef," said Bonds.  
"Right now beef is a luxury item in China," said Bonds. "If you add 10 or 20 percent to the price of the pork that goes to the common people, we will be affected."

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