



Australian Government

Australian Trade and Investment Commission



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The Peruvian beef market

Insights and prospects for Australia



Image supplied by Austrade



Key findings

- Peru's growing demand for high quality beef and offals, combined with improved market access conditions for Australian product, presents opportunities for Australian exporters to capitalise on a new export market
- Peru has a rapidly developing tourism industry, supported by a reputation for being a gastronomic tourist destination - which sees an increased demand for high quality food
- Australian beef would likely be positioned alongside US and Argentinian beef, supplying the top end of the market in both foodservice and retail

Potential opportunities and challenges for Australian red meat in the Peruvian market

Opportunities	Challenges
<ul style="list-style-type: none"> • Strong economic growth and a large population of increasingly affluent people • Established meat eating culture, with preference for meat cuts suitable for BBQ • Relatively large offal market, with preference for heart, tripe and thin skirt • Improved market access for Australia via CPTPP and PAFTA 	<ul style="list-style-type: none"> • Strong existing market share held by US and South American beef • Chicken is the most consumed meat by a significant margin • No knowledge of Australian red meat products (cut terminology, specifications) • The need to establish commercial relationships from scratch

Insights

- Peru has a population of 32.6 million people (2018), which is forecast to grow to 34.1 million by 2022
- The country has experienced strong economic growth – propelling it to be one of the top performing economies in Latin America over the past two decades
- This strong economic growth has helped close some of the income gap with the largest regional economies. Whilst not the strongest economy in the region (GDP per capita of US\$7,361 compared to Uruguay of US\$17,875), Peru's economic growth has significantly reduced poverty and led to an expanding middle class
- It is forecast that over 245,000 Peruvian households will have income greater than US\$35,000/year by 2022, with 108,000 households having a disposable income greater than US\$50,000
- Despite this encouraging income growth, Peru is a relatively small consumer of red meat
- Chicken dominates meat consumption, with per capita consumption estimated at 43.6kg, above both beef (6.5kg) and pork (4.1kg)
- That said, beef consumption is forecast to grow from 6.5kg in 2018 to 6.8kg in 2022¹ (buoyed by Peru's growing status as a gastronomic tourist destination)

¹ BMI Research, Peru – Agribusiness, Consumer & Retail

Peruvian beef balance

- Peruvian beef production is forecast (USDA) to total 205,000 tonnes (cwe) in 2019, compared to an estimated consumption of 213,000 tonnes. As a result, beef imports will total 8,000 tonnes - if the deficit is to be met
- Peruvian beef production will expand - reaching approximately 216,000 tonnes by 2023, with consumption also forecast to grow to 235,000 – indicating a comparatively larger import requirement of 19,000 tonnes.²
- In 2018, Peru only imported 4,382 tonnes swt of beef. Major suppliers were Brazil (29%), Bolivia (27%), and the US (26%) (refer to Appendix A). While beef imports currently represent only 2% of the total market, demand for imports is projected to increase as the supermarket and restaurant sectors continue to develop
- Peruvian beef is perceived to be lower quality, compared to imported product. Peru does not have a modern beef production system, and is unable to satisfy the growing demand for high quality beef

Imported beef segment

- The demand for beef and specifically for so-called “fine cuts” or high quality beef, has been steadily growing in recent years especially in the high-income segments, where beef is enjoyed at domestic BBQs or at prime steakhouses and high-end restaurants
- The gastronomic boom that has occurred in Peru has contributed significantly to this demand
- The high quality cuts in demand for grilling include tenderloin, rib-eye, striploin, rump, top round (picanha), skirt steak/outside skirt, rump steak/tri-tip, and flank steak/flat meat. These products are predominantly imported from the US, Argentina and Uruguay
- Other cuts in high demand include those that are used in Peruvian cuisine such as whole knuckle (used as steaks or mincemeat) and cuts used for the preparation of stews
- The consumption of bovine offal is also very popular in Peru. Offal imports are more significant in terms of value and volume than beef imports. The most popular offals are tripe, heart, liver, lung, skirt steak and abomasum
- The US and Argentina are well-established suppliers of high quality beef to the market (illustrated in the high \$per kg value of their exports), and will likely represent Australia’s key competitor for high quality beef shipments

Peruvian beef imports by country of origin - 2018

Country	Volume	Value (US\$)	% share
Brazil	1,271	5,534,713	29%
Bolivia	1,199	6,098,171	27%
United States	1,120	12,188,350	26%
Uruguay	400	2,880,807	9%
Paraguay	253	894,966	6%
Argentina	132	1,580,013	3%

Source: Austrade Peru

Competitor analysis

- Peru has preferential trade agreements with a number of established beef exporting countries including Argentina, Bolivia, Brazil, Colombia, Canada, Chile, Paraguay, Uruguay and the United States
- In the case of the Latin American Integration Association (ALADI) countries (including Argentina, Brazil, Paraguay and Uruguay) there is a tariff preference of 90%, meaning beef only pays 90% of the 11% tariff
- As a member of the Andean Community³ imports of beef from member countries enter tariff free
- In the case of the United States-Peru Trade Promotion Agreement (or Peru Trade Promotion Agreement, PTPA), the immediate duty free benefit was applied to cuts of specific quality grades (Prime and Choice). Select grade beef tariffs have been progressively eliminated (now at 0%)
- In addition to the above access conditions, there are a number of examples of the Peruvian market being closed due to disease outbreaks (US beef, BSE 2003 and Colombia, foot-and-mouth disease 2017). Peru has also recently gained status as Foot and Mouth disease free without vaccination. Consequently, Peru’s Agricultural Health Service (SENASA) is considering banning imports from countries without such status
- The potential for future import policy changes based on disease outbreaks means it is also important for Peru to develop relationships with a wide range of suppliers, in order to ensure diversity of supply. Australia is ideally placed in this regard.



² Food and Drink Report 2019, Fitch Solutions

³ Andean Community: free trade area comprising Bolivia, Colombia, Ecuador and Peru

Australia's market access arrangements

- Australia's red meat market access to Peru has seen significant developments over the past eighteen months, signalling a new chapter of economic and trade relations
- Australia and Peru are both signatories to two recent agreements:
 - the Comprehensive and Progressive Trans Pacific Partnership (CPTPP), which entered into force in December 2018 and will eventually deliver (subject to ratification by Peru) improved market access for Australian red meat products; and
 - the Peru-Australia Free Trade Agreement (PAFTA) which further improves on the CPTPP outcome for Australian beef
- Details of the above agreements by tariff line are summarised in Appendix B
- While these trade agreements present the Australian beef industry with the opportunity to access a new export market via tariff elimination, Australia and Peru are yet to finalise protocol arrangements (health certification) to facilitate Australian exports – with this process currently underway

Trade agreements & associated import tariffs	Technical access	Competitor access
<ul style="list-style-type: none"> • CPTPP: 11-17% beef tariff eliminated in 10 years • PAFTA: 11-17% beef tariff eliminated in 5 years • Note beef imports are also subject to 18% value added tax (as are domestically produced goods) 	<ul style="list-style-type: none"> • No agreed health protocol 	<ul style="list-style-type: none"> • US: duty free access for beef and offal under the US-Peru Trade Promotion Agreement (US beef exports have almost doubled since Entry into force (EIF) in 2009) • Preferential access afforded to: Argentina, Bolivia, Brazil, Colombia, Canada, Chile, Paraguay, Uruguay



Consumer trends and preferences

- Peruvian dietary protein is dominated by poultry and seafood, however, per capita beef consumption is growing
- Between 2018 and 2022, per capita beef consumption is anticipated to grow from 6.5kg to 6.8kg, i.e. growth of 5% per capita. Chicken, on the other hand, is forecast to see total growth over this period of only 1%
- Interestingly, beef consumption per capita in middle class areas of Lima is suggested by Austrade to be around 12kg – which may be indicative of future consumption levels as economic growth continues and the middle class continues to expand
- Peruvians have a preference toward beef cuts suitable for BBQ (striploin, rib-eye, rump cap and tri tip), while the most popular cut in home cooking is whole knuckle (cut into thin steaks and also used minced)
- Offal is also a popular Peruvian cuisine, in particular heart, tripe and thin skirt. This is consistent with the high level of offal imports (around 25,700 tonnes in 2018) from countries such as the US, Argentina and Brazil

Consumer observations

- Attributes considered favourable by Peruvian beef consumers include:
 - *Marbling*: visible marbling is an important attribute, more important than whether beef has been finished on grain
 - Thus there is no clear preference for grassfed vs grainfed beef – with more emphasis on tenderness. There is some evidence of a health trend – which may increase demand for less marbled product
 - *Cut size*: there is some preference by some market segments for smaller cut sizes due to their saleability. For example there is preference for a standard 1-inch cut of Argentine/Uruguayan beef at 300-400 grams from smaller animals, compared to the same thickness of American beef cut that can weigh an average of 800 grams
 - *Chilled vs frozen*: chilled product is in demand in the top tier foodservice market segment and by supermarket chains. Frozen product is preferred by other market segments (i.e. restaurant chains and low end foodservice)
 - *Shelf life*: foodservice customers are seeking chilled product with no greater than 30-60 days maturity. Date of production and shelf life considerations do not affect frozen product.

Chilled or frozen beef?

- While in value terms, frozen and chilled beef imports are not significantly different (47% and 53% respectively in 2018) in terms of volume, frozen beef has a significantly larger share than chilled beef (61% vs 39% in 2018)
- High-end restaurants or premium steakhouses purchase predominantly chilled product up to 60 days maturity. While in some cases they may accept more mature product, the price they are willing to pay will be lower
- Some importers (refer to Appendix C) age chilled imported product until it reaches about 21 days maturity to improve eating quality prior to sale. In the event that product cannot be sold before exceeding 60 days maturity, the product is generally frozen by down importers, which can result in a loss for the importer

Beef cut specification

- Beef imported for high-end restaurants or steakhouses is generally whole cuts (pieces) although there is a growing trend for processing some of these products prior to sale
- Chilled beef imported for supermarket chains is generally pre-portioned in pieces of 1–1.5 kg, suitable for purchase by the final customer. Importing vacuum packed chilled pre-portioned pieces provides an extended shelf life (2–4 months) compared to vacuum packed chilled product (0.5–1 month) that is repacked locally to obtain such weights

Offal

- The consumption of bovine offal is very popular as it is a key ingredient in a great variety of traditional dishes in Peru
- The supply of locally produced offal is not enough to meet demand, so imports fill this deficit
- Additionally, local product is not considered the highest quality by the Peruvian foodservice sector
- Most popularly consumed offal (or fancy beef) includes heart, stomachs, tripe, livers, and lungs
- In 2018 imports of offal almost reached CIF US\$48 million and just over 25,700 tonnes – a volume significantly higher than beef imports during the same period, evidencing their popularity and eating habits amongst Peruvians
- Offal is imported by a large number of companies, both those specialising in offal imports and those who combine shipments of beef



Peruvian foodservice sector

- The Peruvian National Statistics Institute (INEI) reports that currently 33% of consumer's food expenditure go towards restaurant meals
- It is estimated that Peru has 200,000 full service restaurants, 66,000 of which are in Lima
- Growth in the restaurant sector was estimated at 2.7% in the first eight months of 2018 by INEI
- The Peruvian foodservice industry has experienced strong growth in recent years, driven by recognition of Peru as the 'World's Leading Culinary Destination' by the World Travel Awards five years in a row and presence of three Peruvian restaurants on the list of 'Latin America's 50 Best Restaurants in 2017'
- This has contributed to growing tourist numbers to Peru, with 4.4m tourists visiting the country in 2018
- Foodservice soaked up an estimated 18% of total foreign tourist revenue.
- Peru is reported to have over 20,000 hotels with almost half a million beds. International hotel brands appear to be betting on growth in the Peruvian market, with Hilton and J.W Marriot announcing that they will open between 10 and 15 new hotels as a result of the influx of foreign tourists
- The US Global Agricultural Information Network (GAIN) identifies the best prospects for US origin food products resides in supplying these high-end restaurants and hotels. Casual dining and family style restaurants, along with fast food chains (averaging 8% annual growth over the past five years), are also identified by GAIN as offering good opportunities
- Given the US is a large supplier of imported beef to the food service sector in Peru (GAIN estimated market share of 44%), these avenues are likely to also present the Australian beef industry with the best opportunity in coming years

Peruvian foodservice segmentation

The following summarises the characteristics of each segment within the Peruvian foodservice sector:

Premium (hotels, restaurants) Segment A (FS-A)	<ul style="list-style-type: none"> • Top beef restaurants (steakhouses) or top end restaurants that source high quality chilled beef and in rare cases frozen beef (predominantly US and Argentinian) • US Prime is limited to a small number of restaurants; with the majority US High Choice or equivalent • Supplied directly by specialised beef importing companies e.g. Oregon Foods, Inpelsa, Supemsa (refer to Appendix C) • Local beef purchases are limited to tenderloin for preparation of local dishes 	<ul style="list-style-type: none"> • Confidence in consistent supply and quality are key purchase determinants • Due to supply chain constraints, the responsibility for handling product lies with the importers, which also supports the need for chilled product to have a high turnover rate • According to importers, the market for US beef is exclusive and very demanding in terms of quality • Examples: (a) Top-end restaurants such as Astrid & Gaston, Central, and (b) Steakhouses such as El Hornero, Carnal, La Cuadra de Salvado
Restaurant chains Segment B (FS-B):	<ul style="list-style-type: none"> • This segment purchases the largest volumes of imported high quality frozen beef and cheaper good quality steaks from Argentina and Uruguay • Also purchase some chilled local and imported beef (e.g. tenderloin) in smaller quantities • Quality is US Choice or equivalent or the best local beef for specific cuts (tenderloin or beef for stews) 	<ul style="list-style-type: none"> • Some importers sell frozen beef that has been thawed and further processed in importer processing facilities (or outsourced) for ageing and portioning for vacuum packaging. Portioning also applies to frozen product • Examples: steakhouses, foodservice chains and other restaurants that serve beef as part of their menu such as: Pardos Chicken, Waka, Long Horn
Segment C	<ul style="list-style-type: none"> • Large markets serviced mainly by beef from local creole cattle 	<ul style="list-style-type: none"> • These markets exist in the main cities and the interior of the country
Catering A	<ul style="list-style-type: none"> • This segment is supplied by companies specialised in catering services e.g. SODEXO • Chilled local zebu or imported beef are favoured 	<ul style="list-style-type: none"> • Examples include restaurants or cafeterias in top class colleges or universities
Catering B	<ul style="list-style-type: none"> • This is the larger volume catering sub-segment • It services the mining or oil operations in remote areas where there are camps or small cities of between 2000–6000 people 	<ul style="list-style-type: none"> • This segment is oriented to the purchase of frozen beef imported at very competitive prices • Not willing to pay the price difference for the portioning service
Further processing	<ul style="list-style-type: none"> • Local beef production is not enough to supply this segment • Serviced by imports from Brazil, Bolivia, Paraguay and the US • Mainly requires trimmings and other grinding cuts for processing (hamburgers, hot dogs etc) 	<ul style="list-style-type: none"> • Imports of this type of beef are made directly by large processors of meat products and by importers specialised in the distribution of products for this segment

Peruvian retail sector

- Peru continues to develop retail channels via a shift from traditional retail (open markets and owner operator) to modern retail (supermarkets, convenience and discount stores)
- Despite growth in the modern retail channel, which has reportedly been strong over the past decade as the economy modernises, it is estimated that the traditional channel still holds approximately 80% market share – and continues to cater to Peru’s lower-middle class
- Supermarkets account for 30% of retail food spend, with a forecast⁴ that retail food sales would grow 4.3% in 2018, with sales reaching US\$23.8bn
- Peru has three main supermarket chains, responsible for 15.4% of beef imports in 2018: Supermercados Peruanos (8.83%), Cencosud (2.64%) and Hipermercados Tottus (3.95%)
- This segment also includes approximately 250 conventional supermarkets and superstores (171 of which are located in Lima), 450 convenience stores (448 in Lima) and 172 discount stores (166 in Lima)

⁴ GAIN, Convenience trend driving opportunities in Peru’s market, 28 June 2018

Profile of major supermarket chains (2018)

Retailer	Ownership	Sales (US\$)	Market share	Outlets	Location
Supermercados Peruanos	Peru	1,410	37%	268	14 provinces including Lima, Cusco, Arequipa and Piura
Cencosud	Chile	1,335	35%	80	10 provinces including: Lima, Arequipa, Piura, Lambayeque and La Libertad
Hipermercados Tottus	Chile	1,070	28%	74	11 provinces including: Lima, Trujillo, Chiclayo, Ica, Piura, Arequipa

Source: GAIN

- One factor limiting the development of supermarkets in Lima is the lack of affordably priced land available for new large store construction. Consequently, food retailers have focussed on convenience and discount stores to increase penetration. Out of 70 new retail food outlets opened in 2017, only four were in large store format, with the rest being convenience and discount stores
- The active and growing supermarket industry presents a good opportunity for Australian beef, as the industry promotes high quality/value food products to an increasingly wealthy population. The perception of modern retail outlets as clean and convenient, and the increasing health consciousness of the population also present opportunity
- Austrade market research (2019) indicated that one of the main supermarket chains has an import requirement of approximately one 40 foot container per month, broken down into the following cuts:

Peruvian terminology	Australian terminology	Handbook of Australian Meat code
Corazon de Cuadril	Rost Biff	2110
Colita de Cuadril	Tri tip	2131
Lomo Fino	Tenderloin	2160
Asado Cuadrado	Outside Flat	2050
Asado Pejerrey (Peceto)	Eye Round	2040
Bola de Lomo	Knuckle	2070
Nalga de Adentro S/tapa	Cap off Inside	2035
Bife Angosto	Sirloin	2140
Bife Ancho	Rib eye (cap on) also known as Spencer Roll	2233
Bisteck Paleta	Bola Blade	2302
Picanha (Tapa de Cuadril)	Rump Cap	2091

Source: Austrade



Fast facts – retail

- The retail segment is mostly supplied by local or imported chilled beef, the latter mainly cuts imported from Bolivia and Brazil (a very small proportion from the US)
- Beef imported from Bolivia is often sold as local product given the low perception of Bolivian beef
- Chilled beef represents 83.6% of total beef imports by the three main supermarket chains
- Supermarkets purchase direct from local and foreign suppliers in order to achieve higher profit margins
- Recently some supermarkets have been establishing contracts directly with plants to which they are transferring the responsibility for the management of their stocks
- Supermarkets also demand so-called “refrigerated pulps” (beef for steaks or stews)
- Supermarkets usually further process the beef they import (cutting or repackaging of some cuts) in third party specialised processing plants
- Some supermarkets have agreements with import companies for the sale of high quality cuts such as Oregon Foods with Supermercados Peruanos (SPSA) and Inpelsa with Cencosud

Next steps

- In order to capitalise on the potential opportunity in Peru for Australian beef, the following business development components require consideration / action. Timing however, will be dependent on the finalisation of health protocols:
 - undertake a facilitated market visit in conjunction with Austrade Peru
 - distribute Handbooks of Australian Meat and associated AUS-MEAT language material in order to familiarise the trade and end-users with Australian beef terminology / specifications
 - explain Australia’s red meat integrity (QA) & grading systems – and how it differs from US & Brazil
 - attend targeted trade shows / seminars (Austrade Peru to identify)
 - establish contact with Asociación de Importadores de Productos Alimenticios Refrigerados (ASIPAR) / Oregon Foods / Inpelsa / Supemsa / Negociaciones Jordi to fully understand product requirements (e.g. webinars)
 - host Peruvian importers / end-users via a trade mission to Australia
 - participate in showcasing events to be organised by Austrade in market (Beef of Australia) aimed at giving importers/supermarkets the opportunity to try Australian beef by sending samples



Appendix A: Competitor snapshot

<p>Brazil (29%⁵ market share)</p>	<ul style="list-style-type: none"> • 75% of product arrives frozen by sea freight (by the port of Callao) • Important producer of beef from Bos Indicus (Zebu) cattle of good quality but not considered to be suitable for BBQ (High Quality) • Targeted at the Catering B segment, retail and supermarket sub-segments • Brazilian beef is exported through 7 companies, including JBS (80% share) • In the opinion of importers, Brazil's production and quality assurance systems are perceived to be much more reliable than those of its competitors in the South American region
<p>Bolivia (27% market share)</p>	<ul style="list-style-type: none"> • Majority arrives refrigerated by land (64.22%) due to close proximity, short transit • Producer of beef from Bos Indicus (Zebu) breeds • Product is well recognised by local importers but not by the local consumer • Bolivian beef is imported mainly for further processing • Despite an improvement in product quality, most Bolivian origin beef is sold in the local market to the consumer as if it were local product given its limited positioning and poor perception
<p>United States (26% market share)</p>	<ul style="list-style-type: none"> • Majority imported by sea freight (mainly frozen) • US beef imports have increased significantly in the past four years as a result of greater economic growth stimulating local demand for more expensive beef, more favourable market access (0% tariff preference), as well as aggressive marketing efforts from the US (FITC) • US beef grading system (Prime, High Choice, Choice and Select) is well recognised among importers • US beef enjoys the quality position in the market, which is why it generally supplies the FS-A and FS-B segments, as well as retail • The US is also an important supplier for the processing sector (trimmings) • Some US brands (e.g. Certified Angus Beef or CAB) are well positioned in the local market, which has generated confidence among importers for the uniformity of its products and continuity of supply • In 2018, American beef exports to Peru were supplied by 13 exporters, including Cargill, Quirch Foods, and Sysco International • The US is perceived to have reliable QA systems compared to other suppliers
<p>Uruguay (9% market share)</p>	<ul style="list-style-type: none"> • The bulk of product enters frozen by sea freight • Mainly exporters of beef from Bos Taurus breeds; product is targeted at the higher segments (FS-A and FS-B) • Grass fed and grain finished – Black Angus and Hereford • In the opinion of some local importers, the size of the cuts of Uruguayan cattle constitutes an advantage since smaller cuts coming from “lighter” animals are more appealing to some market segments
<p>Paraguay (6% market share)</p>	<ul style="list-style-type: none"> • The bulk of product enters frozen by sea freight • Mainly exporters of beef from Bos Taurus breeds; product is targeted at the higher segments (FS-A and FS-B) • Grass fed and grain finished – Black Angus and Hereford
<p>Argentina (3% market share)</p>	<ul style="list-style-type: none"> • Almost 90% of product is refrigerated air freight due to very low priced freight arrangements • Mainly exporters of beef from Bos Taurus breeds; product is targeted at the higher segments (FS-A and FS-B) • Grass fed – grain finished – Black Angus and Hereford • In the opinion of some local importers, the size of the cuts of the Argentine cattle constitutes an advantage since smaller cuts coming from “lighter” animals are more appealing to customers

⁵ By volume

Appendix B

Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP)

Peru-Australia Free Trade Agreement (PAFTA)

Australian Livestock & Red Meat Outcomes

Chapter 1: Live animals

- All tariffs bound at 0% or eliminated on entry into force (EIF): CPTPP + PAFTA

Tariff line	Description	Base Tariff Rate	Staging Category
0102210000	Beef cattle: pure-bred breeding	0%	EIF
0102291000	For Bullfighting	9%	EIF
0102299000	Other	0%	EIF
0104101000	Sheep: pure-bred breeding	0%	EIF
0104109000	Other	0%	EIF
0104201000	Goats: pure-bred breeding	0%	EIF
0104209000	Other	0%	EIF
0104209000	Other	0%	EIF

Chapter 2: Meat and edible offal

Beef

- Tariff elimination on all lines reduced from a phase out over 10 years (B10) under CPTPP, to 5 years (B5) under PAFTA; one tariff line (fine cuts defined as striploin, tenderloin, and rump cuts only but include most high quality beef cuts in practice) will have the tariff eliminated on EIF. In practice, fine cuts are defined by the quality of the beef (US Choice, High Choice or equivalent grade).
- Several tariff lines start from the 2017 applied tariff rate of 11%, others start at the CPTPP rate of 17%. (Note Peru reduced its tariffs from 17% when the CPTPP was being negotiated to the current 11%. However, the PAFTA negotiations used either the 17% or 11% as the starting point – an anomaly)
- Thus for first couple of implementation years for those tariffs starting at the CPTPP rate (17%) the applied rate (11%) will be more favourable than using the PAFTA outcome

Fresh/chilled beef

Tariff line	Description	CPTPP base rate	CPTPP staging category	PAFTA base rate	PAFTA staging category
201100000	Carcasses or half carcasses	17%	B10	17%	B5
201200000	Other cuts (pieces), with bone in	17%	B10	11%	B5
201300010	Fine cuts	17%	EIF	17%	EIF
201300090	Other	17%	B10	11%	B5

Fresh/chilled beef

Tariff line	Description	CPTPP base rate	CPTPP staging category	PAFTA base rate	PAFTA staging category
0202100000	Carcasses or half carcasses	17%	B10	17%	B5
0202200000	Other cuts (pieces), with bone in	17%	B10	11%	B5
0202300010	Fine cuts	17%	B10	11%	B5
0202300090	Other	17%	B10	11%	B5

Edible offal

All tariffs bound at 0% on EIF: CPTPP + PAFTA

Tariff line	Description	Base Rate	Staging Category
0206100000	Of bovine animals, fresh or chilled	0%	EIF
0206210000	- Tongues	0%	EIF
0206220000	- Livers	0%	EIF
0206290000	Other	0%	EIF
0206800000	- Other, fresh or chilled	0%	EIF
0206900000	- Other, frozen	0%	EIF

Chapter 5: Products of animal origin (not elsewhere specified)

- All tariffs bound at 0% or eliminated on EIF: CPTPP + PAFTA

Tariff line	Description	Base Rate	Staging Category
0504001000	Stomachs of animals	0%	EIF
0504002000	Guts	9%	EIF
0504003000	Bladders	9%	EIF
0511100000	Bovine semen	0%	EIF

Chapter 15: Animal or vegetable fats and oils

- All tariffs bound at 0% or eliminated on EIF: CPTPP + PAFTA

Tariff line	Description	Base Rate	Staging Category
1502101010	Tallow	9%	EIF
1502101090	- Other	9%	EIF
1502109010	- Denatured	9%	EIF
1502109090	- Others	9%	EIF
1502901010	Denatured	0%	EIF
1502901090	- Other	0%	EIF
1502909010	- Denatured	0%	EIF
1502909090	- Others	0%	EIF
1503000000	Lard stearin, lard oil, oleostearin, oleo-oil and tallow oil, not emulsified or mixed or otherwise prepared	0%	EIF
1506001000	Neat's foot oil	0%	EIF
1506009000	Other	0%	EIF



Chapter 16: Preparations of meat

- Elimination of tariffs on livers on EIF under PAFTA compared to a 5 year phasing (B5) under CPTPP
- Line 160290 under PAFTA starts from the actual 2017 applied tariff rate of 11%, rather than the CPTPP rate of 17%

Tariff line	Description	CPTPP base rate	CPTPP staging category	PAFTA base rate	PAFTA staging category
1601000000	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products.	9%	EIF	9%	EIF
1602100000	Homogenized preparations	9%	EIF	9%	EIF
1602200000	- Of liver of any animal	9%	B5	9%	EIF
1602500000	- Of bovine animals	17%	B5	17%	B5
1602900000	Other, including preparations of the blood of any animal	17%	B5	11%	B5
1603000000	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	0%	EIF	0%	EIF



Appendix C: Peruvian beef importer segment

- There are approximately 30 companies, including specialised meat importers, supermarkets and some foodservice operators, currently importing beef into Peru
- The market is relatively consolidated, with 5 importing companies being responsible for over 80% of total beef imports in terms of volume
- Companies may specialise in the importation of frozen or chilled beef, although it is common to import both categories of products (27 companies import frozen beef, while only 12 import chilled beef, mainly due to the greater complexity of handling the latter)
- In 2018, the 3 major supermarket chains were responsible for 15% of beef imports
- Importers indicate that their preference is to deal directly with processing plants due to the existence of what they say “better direct communication” (although there are still a significant number of trading companies)
- Importers tend to source from various countries and suppliers to secure required volumes – and they value the establishment of long term relationships
- The majority of importers use the complementary services of specialised processing plants (e.g. Esmeralda) which also offers services for the slaughtering of local livestock and cold storage of beef
- Some importing companies have their own processing plants in which they undertake repacking services (at sizes more suitable for the segments they serve) as well as portioning services and to supply the retail channels, foodservice and catering
- It is not common practice to fill a 40-foot container with high quality beef only. It is common for local importers to fill containers with consumer beef or offal. Some importers of frozen beef have an import mix consisting of 16,000 kg of beef as whole knuckle which is complemented with various fine cuts of high quality beef

END



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