Red Meat Market Report

South-East Asia

South-East Asia sheepmeat market update

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Key findings

- South-East Asia was an important growth market for Australian lamb in 2008. Growth was recorded despite supply constraints, the higher A$ during the first half of the year, and the global economic and financial slowdown during the second half of 2008.
- Sheepmeat consumption in the region was on an upward trend, although remained limited by price and consumer perceptions towards the meat.
- New Zealand was Australia's main competitor in South-East Asia during 2008. However, a forecast decline in New Zealand's supplies for 2009 should result in stronger demand for Australian lamb from the region.

South-East Asia's importance to Australian trade

Australia exported 4% of total lamb shipments to South-East Asia during 2008, at 6,066 tonnes swt, up from 3% in 2007. In A$ terms, the value of lamb exports to the region also increased, to A$38.9 million FOB, up from 4% in 2007, to 5% in 2008.

Malaysia and Singapore were the main buyers of Australian lamb in South-East Asia during 2008, accounting for 52% and 23%, respectively, of total shipments to the region. Export demand in other markets in the region registered an improvement throughout the year – with the exception of Thailand and Singapore.

Australian sheepmeat exports to South-East Asia

Australia exported 20,561 tonnes swt of lamb and mutton to South-East Asia during 2008. Of the total sheepmeat trade, mutton accounted for 70% of the volume, although lamb exports to the region increased on previous years.

Table 1

Australian sheepmeat exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	517	18%	8,139	23%	270	-25%	7,225	4%	425	128%	16,577	14%
2005	707	37%	8,508	5%	418	55%	6,712	-7%	549	29%	16,895	2%
2006	594	-16%	9,397	10%	402	-4%	7,506	12%	524	-4%	18,425	9%
2007	663	12%	9,030	-4%	342	-15%	7,711	3%	567	8%	18,313	-1%
2008	996	50%	10,181	13%	378	10%	8,460	10%	545	-4%	20,561	12%

Source: Department of Agriculture, Fisheries and Forestry

Lamb

Lamb exports to South-East Asia during 2008 set a new calendar year record of 6,066 tonnes swt. Lamb exports to Indonesia, Malaysia and Philippines all increased for the past year, despite the dampening effect of the strong A$ in early 2008, along with reduced lamb supplies and higher saleyard prices. Meanwhile, shipments to Singapore and Thailand declined 6% and 5%, respectively, contrasting the increased shipments recorded for mutton.

Table 2

Australian lamb exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	462	11%	1,500	11%	270	-25%	1,045	17%	408	131%	3,687	15%
2005	546	18%	2,591	73%	418	55%	1,227	17%	539	32%	5,322	44%
2006	513	-6%	1,692	-35%	377	-10%	1,366	11%	508	-6%	4,455	-16%
2007	532	4%	2,528	49%	342	-9%	1,504	10%	561	11%	5,467	23%
2008	579	9%	3,177	26%	369	8%	1,407	-6%	535	-5%	6,066	11%

Source: Department of Agriculture, Fisheries and Forestry

Exports of Australian lamb to South-East Asia during 2008 outperformed New Zealand shipments, with significant gains in trade to Indonesia and Malaysia, assisted by strong demand from both the retail and foodservice sectors.

Table 3

Australian versus NZ lamb exports to South Asia – apparent % shares*

	Lamb															
	Australia								New Zealand							
	2001	2002	2003	2004	2005	2006	2007	2008	2001	2002	2003	2004	2005	2006	2007	2008
Malaysia	31%	35%	34%	40%	51%	45%	49%	58%	69%	65%	66%	60%	49%	55%	51%	42%
Singapore	56%	60%	51%	54%	58%	61%	61%	62%	44%	40%	49%	46%	42%	39%	39%	38%
Philippines	90%	93%	87%	88%	97%	93%	86%	83%	10%	7%	13%	12%	3%	7%	14%	17%
Indonesia	94%	91%	91%	91%	98%	97%	90%	97%	6%	9%	9%	9%	2%	3%	10%	3%
Thailand	40%	36%	40%	61%	66%	69%	71%	62%	60%	64%	60%	39%	34%	31%	29%	38%

Source: DAFF and Meat and Wool New Zealand

Note: These calculations are based on Australian and NZ exports on Calendar Year basis.
Therefore these are the apparent import shares based on this information. This may differ from the actual import data from each country.

The most popular lamb cuts exported to the region during 2008 varied between countries, although the predominant cuts were lamb shoulder, leg and carcases. Shoulders accounted for the majority (55%) of lamb exports to Malaysia – with a large proportion displayed at retail outlets.

Lamb legs were the dominant cut to Singapore, making up 34% of the total trade for the year.

Table 4

Most popular Australian lamb cut exports in 2008

Indonesia	% share	Malaysia	% share	Philippines	% share	Singapore	% share	Thailand	% share
Leg	38%	Shoulder	55%	Shoulder	48%	Leg	34%	Rack	36%
Rack	21%	Carcase	19%	Leg	19%	Carcase	15%	Leg	27%
Carcase	16%	Leg	12%	Rack	16%	Rack	14%	Shoulder	10%

Source: Department of Agriculture, Fisheries and Forestry

Mutton

In 2008, Australian mutton exports to South-East Asia jumped 13% compared with 2007, to 14,494 tonnes swt, with increased shipments to all markets, particularly Malaysia and Singapore.

Table 5

Australian mutton exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	55	131%	6,639	26%	0	-100%	6,179	2%	17	85%	12,890	14%
2005	161	193%	5,917	-11%	0	-	5,485	-11%	10	-43%	11,573	-10%
2006	81	-49%	7,705	30%	26	-	6,141	12%	16	69%	13,969	21%
2007	131	61%	6,503	-16%	0	-100%	6,207	1%	5	-67%	12,846	-8%
2008	418	219%	7,004	8%	9	-	7,053	14%	10	87%	14,494	13%

Source: Department of Agriculture, Fisheries and Forestry

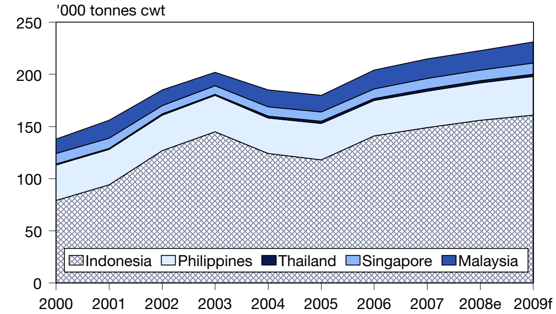
The majority of mutton exported to the region in 2008 was in frozen form, with volumes typically dominated by mutton carcase (43%), trunks (33%) and legs (22%). While mutton carcase was the most popular product exported to Singapore, making up 55% of the total shipments in 2008, mutton trunk was the number one item sent to Malaysia, representing 60% of the total trade with the market. These mutton cuts are mainly used in slow cook dishes, such as curries.

Sheepmeat consumption

Sheepmeat consumption in South-East Asia largely depends upon the price relative to other meats and consumers' income. Sheepmeat consumption in South-East Asia has risen steadily since 2005, assisted by improved economic growth and increased demand from an expanding foodservice sector.

Figure 1

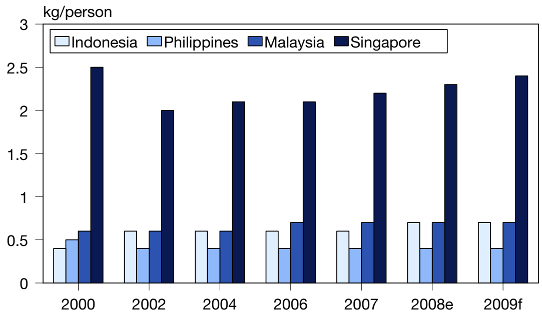
South-East Asia sheepmeat consumption



Source: FAO

Figure 2

South-East Asia per capita sheepmeat consumption



Source: FAO

Despite this, sheepmeat per capita consumption remains limited, with consumers in Indonesia, Thailand, Philippines and Malaysia eating less than 1kg per person in 2007. Consumption per capita in Singapore was the highest in South-East Asia, at 2.2kg in 2007. The multicultural background of Singapore, with migrated Indians representing a large proportion of the population, provides a good market for sheepmeat. The consumption of sheepmeat in Singapore is expected to continue its steady growth over the long term.

Competitor watch

New Zealand

New Zealand is Australia's main competitor for lamb in the South-East Asian market, with its product mainly used in the foodservice sectors of Indonesia, the Philippines and Thailand. It also has a moderate presence in retail outlets in Singapore and Malaysia.

New Zealand lamb exports to the region have fluctuated over the last five years. The price premium received from trading with the EU results in New Zealand placing a much higher priority on supplying the EU quota and market, before supplying other markets.

Table 6

New Zealand lamb exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	43	8%	2,241	-15%	36	-35%	902	4%	258	-2%	3,480	-10%
2005	12	-72%	2,512	12%	12	-67%	895	-1%	275	7%	3,706	6%
2006	16	33%	2,084	-17%	29	142%	871	-3%	229	-17%	3,229	-13%
2007	59	269%	2,666	28%	57	97%	978	12%	234	2%	3,994	24%
2008	18	-69%	2,320	-13%	78	37%	857	-12%	321	37%	3,594	-10%

Source: Meat and Wool New Zealand

Outlook

Lamb exports to South-East Asia are forecast to lift further in 2009, increasing 7%, to 6,500 tonnes swt. This rise will be supported by population growth, higher average incomes, expanding foodservice sectors and the price competitiveness of lamb relative to mutton.

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