



Red Meat Market Report

South-East Asia



South-East Asia beef market update

Key findings

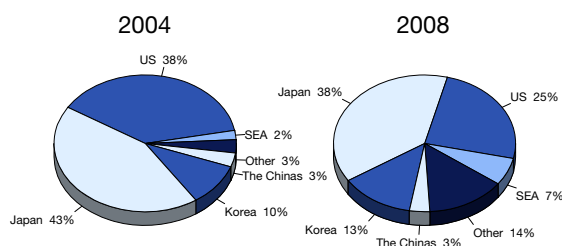
- Beef exports to South-East Asia during 2008 reached their highest annual level in 11 years, at 62,832 tonnes swt.
- The global economic and financial crisis during the second half of 2008 reduced economic activity throughout South-East Asia, and is expected to continue impacting consumer confidence throughout 2009.
- Despite higher beef prices during 2008, per capita beef consumption in South-East Asia remains on a long-term upward trend.
- Australian beef continued to face strong competition in South-East Asia from a range of countries during 2008. However, the sharp decline in the A\$ during the second half of 2008 assisted the price competitiveness of Australian product.
- Looking ahead, Australia is expected to capitalise on the continued (but slower) growth in beef demand throughout South-East Asia, assisted by the lower A\$ in 2009.

South-East Asia's importance to Australian trade

The South-East Asian region includes Indonesia, Malaysia, Philippines, Singapore and Thailand. Australian beef exports to the region accounted for an increasing proportion of Australian shipments over the past five years, reaching 7% in 2008 (from 2% in 2004). In value terms, the beef trade with South-East Asia has increased for the fourth consecutive year, representing 5% of Australia's total beef export returns for 2008.

During 2008, the majority of Australian beef exports to South-East Asia were sent to Indonesia and the Philippines, with an increasing volume sent to Malaysia and Singapore. Driving exports to these markets was strong demand from growing populations, expanding foodservice sectors and easing competition from Brazilian product.

Figure 1
Australian beef exports



Source: DAFF

Australian beef exports to South-East Asia

General trends

Australian beef exports to South-East Asian markets increased during 2008 for both chilled and frozen product. Increased demand for Australian beef, reduced competition from South American product and the lower A\$ during the second half of 2008 all contributed to the increase for the year.

During 2008, Australian beef exports to South-East Asia jumped 55% compared with 2007, to 62,832 tonnes swt – the highest annual volume since 1997. The value of beef exports to the region increased 49% over the same period, to A\$268 million FOB.

Volume increases were registered across all markets, except for Thailand, where exports fell 7%, to 1,426 tonnes swt – partly a result of high tariff rates on over-the-quota imports. Australian beef exports to Indonesia and Singapore, on the other hand, both set new calendar year records, jumping 23% and 46%, respectively, year-on-year, to 33,018 tonnes swt and 8,061 tonnes swt.

Shipments to the Philippines and Malaysia experienced a strong recovery, rising for the second consecutive year, to 14,143 tonnes swt and 6,183 tonnes swt, respectively. Assisting the high volume sent to Malaysia was an increase in the number of Australian processing plants accredited for export to this market.

Table 1

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

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	7,127	-45%	4,795	-26%	2,071	-76%	2,089	-44%	1,013	62%	17,096	-47%
2005	8,762	23%	2,348	-51%	2,951	42%	1,893	-9%	984	-3%	16,938	-1%
2006	12,153	39%	2,031	-13%	1,937	-34%	3,205	69%	1,391	41%	20,717	22%
2007	26,788	120%	3,303	63%	3,416	76%	5,534	73%	1,541	11%	40,582	96%
2008	33,018	23%	6,183	87%	14,143	314%	8,061	46%	1,426	-7%	62,832	55%

Source: Department of Agriculture, Fisheries and Forestry

Australia's share of the total beef import market during 2008 generally increased across South-East Asian markets. Meanwhile, Australia continued to dominate the chilled beef import sector for the region.

Table 2

Imported beef market share in South-East Asia

	Imported chilled/fresh beef market shares																								
	Australia					US					NZ					India					South America				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Indonesia*	96%	86%	93%	85%	77%	1%	1%	0%	0%	0%	2%	4%	6%	14%	14%	-	-	-	-	-	-	-	-	-	-
Malaysia*	58%	67%	86%	34%	83%	0%	0%	3%	0%	0%	34%	26%	0%	1%	14%	8%	2%	7%	65%	0%	0%	4%	1%	0%	0%
Philippines	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Singapore	57%	60%	58%	58%	54%	1%	0%	7%	9%	9%	42%	39%	34%	31%	36%	-	-	-	-	-	0%	1%	1%	2%	1%
Thailand	96%	89%	82%	90%	97%	0%	0%	3%	2%	1%	0%	3%	12%	2%	2%	-	-	-	-	-	4%	9%	2%	4%	0%

*2008 data are up to September for Indonesia, September for Malaysia, November for the Philippines, October for Singapore, November for Thailand

	Imported beef market shares																								
	Australia					US					NZ					India					South America				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Indonesia*	33%	40%	43%	58%	52%	3%	2%	0%	0%	1%	64%	57%	57%	41%	46%	-	-	-	-	-	-	-	-	-	-
Malaysia*	7%	4%	3%	5%	7%	0%	0%	0%	0%	0%	9%	9%	0%	0%	2%	82%	82%	89%	83%	78%	0%	4%	5%	7%	9%
Philippines*	9%	11%	8%	8%	17%	1%	2%	2%	3%	6%	6%	5%	6%	6%	9%	52%	60%	58%	52%	49%	30%	22%	26%	30%	11%
Singapore*	13%	13%	15%	26%	36%	0%	0%	1%	1%	1%	13%	11%	11%	12%	19%	-	-	-	-	-	74%	75%	71%	61%	43%
Thailand	69%	70%	67%	73%	70%	1%	0%	2%	2%	3%	26%	20%	27%	21%	25%	-	-	-	-	-	3%	9%	4%	4%	1%

*2008 data are up to September for Indonesia, September for Malaysia, November for the Philippines, October for Singapore, November for Thailand

Source: Indonesian Central Bureau Statistics, Malaysian Customs Bureau, Philippines Customs Bureau, Statlink Singapore and global Trade Atlas

Chilled trade

Exports of Australian chilled beef to South-East Asia also increased in 2008, with Australia's long term positioning and strong retail presence continuing to assist demand.

Australian chilled beef exports to South-East Asia expanded during 2008, reaching record levels to all markets.

Table 3

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

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	934	-2%	718	-27%	58	-31%	1,148	0%	313	32%	3,170	-7%
2005	788	-16%	763	6%	34	-42%	1,238	8%	306	-2%	3,128	-1%
2006	822	4%	663	-13%	28	-18%	1,344	9%	500	63%	3,356	7%
2007	1,851	125%	971	47%	183	559%	1,609	20%	573	15%	5,187	55%
2008	2,610	41%	1,104	14%	516	183%	1,788	11%	628	10%	6,647	28%

Source: Department of Agriculture, Fisheries and Forestry

Chilled beef exports by cut

The popularity of chilled beef cuts across South-East Asia vary from market to market, although the most common items are typically loin cuts, including striploin, cube roll and tenderloin. These cuts are mainly used in high-end retail stores and fine dining outlets.

Table 4

Most popular Australian chilled beef cut exports in 2008

Indonesia	% share	Malaysia	% share	Philippines	% share	Singapore	% share	Thailand	% share
Striploin	16%	Striploin	28%	Manf	61%	Striploin	17%	Tenderloin	31%
Blade	14%	Topside	14%	Fullset	24%	Cube Roll	14%	Striploin	29%
Manf	13%	Cube Roll	10%	Cube Roll	4%	Tenderloin	11%	Cube Roll	13%

Source: Department of Agriculture, Fisheries and Forestry

Frozen beef exports - manufacturing

The frozen beef trade accounted for the majority (89%) of Australia's beef exports to South-East Asia in 2008. Of the total increase in exports to the region throughout 2008, 93% was attributed to the frozen beef trade.

Table 5

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

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	6,193	-49%	4,077	-26%	2,014	-76%	941	-63%	700	80%	13,926	-52%
2005	7,974	29%	1,585	-61%	2,918	45%	655	-30%	678	-3%	13,809	-1%
2006	11,331	42%	1,368	-14%	1,910	-35%	1,861	184%	891	31%	17,362	26%
2007	24,937	120%	2,332	70%	3,234	69%	3,925	111%	968	9%	35,395	104%
2008	30,407	22%	5,079	118%	13,628	321%	6,273	60%	798	-18%	56,185	59%

Source: Department of Agriculture, Fisheries and Forestry

Manufacturing beef made up 58% of all Australia's frozen beef shipments to South-East Asia during 2008, with volumes up 83% year-on-year, to 32,380 tonnes swt. Driving the surge in exports was stronger demand, particularly in Indonesia. The manufacturing beef trade also experienced a revival in the Philippines, Malaysia and Singapore, where increased orders were placed for Australian products, following a rise in Brazilian beef prices and tighter carabeef supplies from India.

During 2008, Australian manufacturing beef accounted for 52% of total exports to Indonesia, 30% to Malaysia, 91% to the Philippines and 27% to Thailand. In Singapore, manufacturing beef made up only 13% of total exports from Australia.

Manufacturing exports - by chemical lean

The composition of CL (chemical lean) exports to South-East Asian markets vary between countries, although the most common CL product exported to these markets during 2008 was 85CL beef trimmings.

Table 6

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

	Indonesia		Malaysia		Philippines		Singapore		Thailand	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
50	3,077	2,774	8	177	1,053	1,318	0	8	0	0
60	35	13	0	0	0	0	0	0	0	0
65	1,067	1,431	33	591	223	1,164	36	13	0	0
70	0	16	0	0	492	594	0	2	76	76
75	183	104	20	133	297	3,674	0	0	0	0
80	4,466	4,652	0	0	95	1,692	18	55	0	0
85	3,889	4,384	188	978	109	3,869	619	533	442	306
90	370	1,981	0	0	42	524	146	105	0	0
95+	260	639	0	0	0	19	14	38	0	0
98+	0	0	0	0	0	0	0	0	0	0
other CL	709	1,017	0	1	0	50	450	335	5	5
Total manufacturing	14,058	17,012	249	1,881	2,310	12,904	1,283	1,088	523	387
non CL	12,730	16,006	3,055	4,303	1,106	1,240	4,250	6,973	1,018	1,039
Total exports	26,788	33,018	3,303	6,183	3,416	14,143	5,534	8,061	1,541	1,426

Source: Department of Agriculture, Fisheries and Forestry

Manufacturing beef exports to Indonesia during 2008 mainly consisted of 80CL and 85CL beef, which are primarily used in the production of meat balls. An increasing proportion of 90CL was also shipped to Indonesia during 2008, with subdued demand for higher CL beef from other markets (mainly the US) during 2008 resulting in more product being available.

For Australian manufacturing beef exports to the Philippines, 75CL and 85CL beef accounted for 28% and 30% of shipments, respectively. These products are mainly used in the production of hamburger patties in fast food outlets.

85CL product also accounted for the majority of manufacturing beef shipments to Malaysia (52%), Singapore (49%) and Thailand (79%).

ASEAN-Australia-New Zealand Free Trade Agreement

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) was signed in Thailand on Friday 27 February 2009, concluding a negotiating process that commenced in March 2005.

The AANZFTA parties comprise of the ten ASEAN members (Burma, Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, The Philippines, Singapore, Thailand and Vietnam) together with Australia and New Zealand.

AANZFTA will cover an area with a combined population of 600 million and gross domestic product in 2008 estimated at A\$3.2 trillion.

It is the largest and first multi-country FTA that Australia has signed.

ASEAN is a significant trading partner for Australian livestock and red meat. In 2008, Australia exported 686,029 live cattle, 79,355 live goats, 63,862 tonnes swt of beef, 6,685 tonnes of lamb, 14,646 tonnes of mutton, 266 tonnes of goat meat and 27,913 tonnes of offal to ASEAN member countries.

Details of the tariff reductions applicable to red meat and livestock in each country is available on www.dfat.gov.au

The Agreement is expected to enter into force in late 2009 or no later than 1 January 2010.

Table 7

ASEAN-Australia-New Zealand FTA – tariff outcomes applicable to Australian livestock and red meat

Live cattle						
HS code	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
0102.10 pure bred	0%	0%	0% (2010)	0%	0%	0%
0102.90 oxen	0%	0%	0% (2010)	0%	0%	0% (2016)
0102.90 other	2.5% (2025)	0%	0% (2010)	0%	0% (EIF)	0% (2016)

Beef						
HS code	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
0201 Chilled	0% (2010); (boneless in 2020)	0%	0% (2012)	0%	0% (2020); NB: phased under TAFTA	0% (2018)
0202 Frozen	0% (2010); boneless in 2020; 5% for other cuts bone-in	0%	0% (2012)	0%	0% (2020); NB: phased under TAFTA	0% (2018)

Offal						
HS code	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
0206 Chilled/ Frozen	0% (2010); livers, 'other' (2020)	0%	0% (2010-2011); 'other' (2019)	0%	0% (2020); NB: phased under TAFTA	0% (2018); tongues, livers (2019)

EIF = entry into force of Agreement TAFTA = Thailand-Australia FTA
(NB: Final tariffs reached by phased reduction to year indicated in brackets)

Factors influencing Australia's trade in 2008

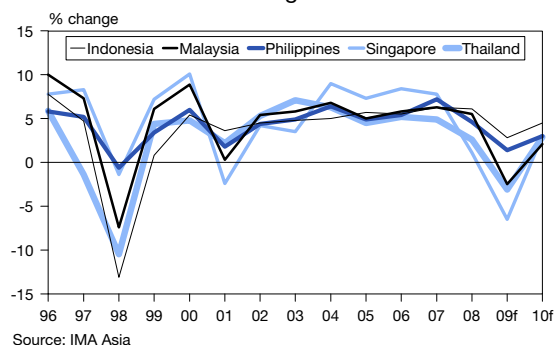
Economy

Indonesia

Despite a strong domestic economic rebound from mid-2006, the global economic slowdown during 2008 and 2009 is expected to leave an impact on the Indonesia economy, with rising unemployment weakening consumer expenditure. Indonesia in 2009 is expected to register economic growth of between 2% and 3% (very good in comparison to most advanced countries), underpinned by sustained domestic demand. Following the inflation peak of 12.1% in September 2008, falling local fuel prices in recent months is also expected to see Indonesia's inflation rate drop to 6.5% in 2009.

Figure 2

South-East Asia real GDP growth



Source: IMA Asia

Malaysia

Unable to escape the global economic downturn, Malaysia's consumer spending in 2009 is anticipated to drop sharply from the 9.2% growth in 2008, as unemployment rises and wage growth halts. Malaysia's economy faces negative growth in 2009, as commodities

such as oil and gas and export manufacturing are hit by the global recession. Following a jump in inflation in 2008, and anticipated deflation in 2009, interest rate cuts are expected throughout 2009.

Philippines

The global economic crisis is expected to see a reduction in remittances from US-based workers during 2009. Remittances play a key role in the Philippines' economic growth, with consumer spending anticipated to slow in 2009. Philippines' inflation in November 2008 dropped to 9.9% year-on-year, its first time in single digits in six months.

Singapore

Singapore entered a recession in the third quarter of 2008 and its economic growth is expected to continue contracting until at least the September quarter of 2009. This is largely due to the downturn in external trade, which resulted in a fall in net export surplus. Domestic demand is expected to also cool, with a prominent drop in consumer spending, with downturns for the finance, manufacturing and tourism sectors. Singapore's inflation is also expected to decline throughout 2009, following a fall in import costs.

Thailand

The global downturn has sharply impacted Thailand's large manufacturing sector, and combined with political uncertainty, is expected to place downward pressure on the Thai economy during 2009. Weak consumer sentiment, due to spiralling food and oil prices, along with rising political unrest, kept consumer spending growth below 2% during 2007-08. Consumer spending is also expected to be impacted by a rise in unemployment in 2009.

Exchange rate

The Indonesian rupiah started weakening against the US\$ in late 2008 and is forecast to remain weak until the global financial crisis eases.

The Malaysian ringgit started edging up on a weakening US\$ towards the end of 2008, and is predicted to continuing rising if the US\$ falls further in 2009.

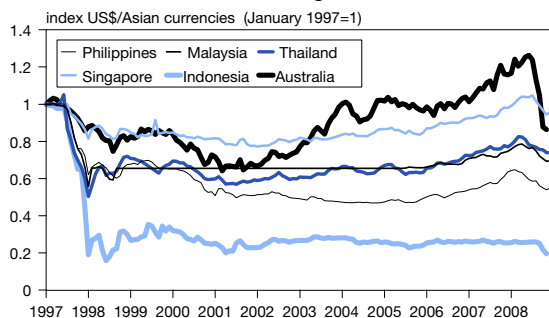
During January to December 2008, the Filipino peso depreciated 14% against the US\$, a comparatively small fall compared with currencies from other emerging markets. It is forecast to recover on a weaker US\$ by late 2009.

The Singapore dollar also strengthened against the US\$ towards the end of 2008, and is forecast to be one of Asia's strongest performing currencies in 2009.

In Thailand, political uncertainty and concerns over the current account deficit is expected to keep the Thai baht weak throughout 2009.

With the A\$ depreciating faster against the US\$ during the second half of 2008 than the South-East Asian currencies, exports of Australian red meat have gained price competitiveness against US beef.

Figure 3
Asian currencies weakened against US\$



Source: Infoscian/RBA

Local production

Indonesia

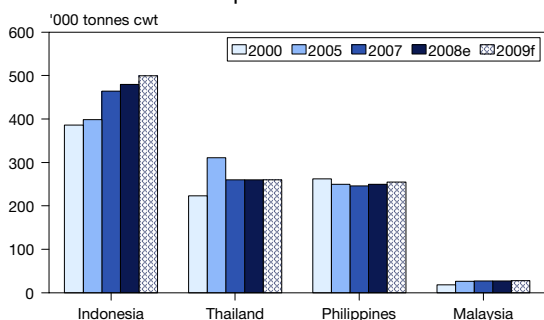
Indonesian cattle inventories have gradually expanded over the last decade, although the growth is slowing in recent years, to 11.4 million head in 2007. According to Food and Agriculture Organisation statistics, Indonesia has the largest cattle herd in South-East Asia. Assisted by growth in the live cattle trade from Australia, beef production in Indonesia during 2007 grew 20% compared with 2000, to 464,000 tonnes cwt.

Philippines

The Philippines' cattle herd has also increased steadily over the last ten years. Currently the Philippines cattle herd stands at around 2.7 million head, compared with 1.6 million head in 1990.

Despite a 7% increase in the cattle herd during 2007 compared with 2000, beef production in the Philippines fell 6% over the same period, with a fall in the number of cattle slaughtered, particularly in central Luzon, central Visayas, northern Mindanao and Davao region. Also contributing to the fall in beef production in the Philippines was lower cattle prices, according to the Philippines Department of Agriculture.

Figure 4
South-East Asia beef production



Source: FAO

Thailand

Thailand cattle herd totaled around 6.5 million head in 2007, up significantly from 4.6 million in 2000. During 2007, Thailand produced 260,000 tonnes cwt of beef, an increase of 17% compared with 2000, although this was down 16% from 2005's production.

Malaysia

Malaysia has a small cattle herd and approximated 830,000 head in 2007. This has increased steadily from the 730,000 head registered in 2000, and 670,000 head in 1990.

The main types of animal bred in Malaysia are Brahman crossbred, Kedah-Kelantan – the dominant native breed, and local Indian dairy cattle. The majority of cattle are reared in the states of Pahang, Kelantan, Kedah, Johor and Terengganu.

Supported by the live cattle trade from Australia and the Malaysian government's effort to develop their cattle industry, Malaysia's beef production during 2007 surged 50% compared with 2000 – more than double the volume in 1990, at 27,000 tonnes cwt.

Meat prices

Meat prices in South-East Asia during 2008 failed to escape the inflationary pressure that gripped most commodities during the first half of 2008, underpinned by high global oil and grain prices.

Indonesia

Higher food prices in Indonesia were first fueled from the growing global food price spike. In May 2008, the Indonesian government slashed fuel subsidies to avoid budget overspending amid the soaring cost of oil in the global market, adding to the country's inflationary food price pressure. Inflation eased in January 2009, as the government cut fuel prices, as oil price plummeted from its 2008 highs.

Philippines

In the Philippines, food price inflation started to become an issue in early 2008 and peaked in July 2008, with surging cereal values and higher prices for products that use grain as the main ingredient. Meat prices registered an 11% rise year-on-year, while prices for dairy products also experienced double digit growth.

Food price inflation started falling over the second half of 2008 and into 2009, although meat price rises continued to be as high as 9.6% year-on-year in January 2009. Increased demand for pork and beef with the celebration of the Chinese New Year and fiestas in metropolis areas reportedly attributed to the continuing high prices.

Malaysia

Malaysian consumers also experienced rising meat price during 2008, particularly for pork and poultry, as farmers faced higher costs of animal feed and the surging cost of transportation. Local and imported beef prices, to a smaller extent, also climbed along with other food items.

Higher prices for fuel and goods have reportedly changed Malaysian consumers' shopping habits, with consumers becoming more price-sensitive and preferring products that deliver value for money. Most consumers in Malaysia also prefer to shop at outlets closer to their homes or offices in order to save on fuel.

The hike in prices for goods also resulted in more people cooking meat, poultry, seafood and vegetables at home, instead of dining out. According to the Department of Statistics Malaysia, food prices during May 2008 climbed 8.2% year-on-year, including a 9.2% jump in prices of food consumed at home and a 6.4% rise in the value of food eaten away from home.

During the same period, price increases were also observed for meat (6.9%), fish and seafood (5.2%), dairy products (12.8%), grain (18.8%) and vegetables (8.1%).

Singapore

The food inflation rate in Singapore increased to 7.7% year-on-year during 2008, higher than the overall inflation rate of 6.6% – the highest inflation rate in 26 years.

The Consumer Price Index for meat and poultry peaked in December 2008, resulting in an 11.1% jump in prices for meat and poultry. Prices for cooking oils surged the most, up 36% year-on-year, followed by a 15.8% jump in rice and other cereal prices.

According to Singapore Official Statistics, of all the meat types, chicken prices increased the most in 2008, jumping 15.3% year-on-year, to average S\$5.72/kg (A\$4.72/kg). Chilled lean pork prices climbed 6.5% compared with 2007, averaging S\$11.20/kg (A\$9.24/kg) in 2008. While chilled beef prices rose 7% compared with 2007, to S\$15/kg (A\$12.37/kg), prices for chilled mutton were firm, at S\$13.26/kg (A\$10.94/kg).

Average imported Singaporean meat prices surged 15.5% during 2008, attributed to high oil prices, the strengthening of the S\$ against the US\$ during the first half of 2008, and higher prices of imported beef.

Thailand

Similar to other countries in South-East Asia, Thailand also faced the highest inflation rate in 10 years during 2008, peaking at 9.2% during the middle of the year. In July 2008, fuel prices in Thailand surged 46.9% compared with 12 months earlier, while food prices jumped 11.8%, largely due to the rising cost of rice and flour (up 35% year-on-year). As oil and food prices eased towards the second half of 2008, Thailand's annual inflation declined to its lowest level in 14 months.

Beef consumption

Although South-East Asian countries are not big consumers of red meat, total consumption and consumption per capita has increased gradually over the past four years, supported by the expanding population and increased consumer wealth.

Total beef consumption in South-East Asia has generally been on an upward trend since 2005, except for Thailand. In Thailand, where the majority of the population are

Buddhists, beef consumption has been on a slight downward trend.

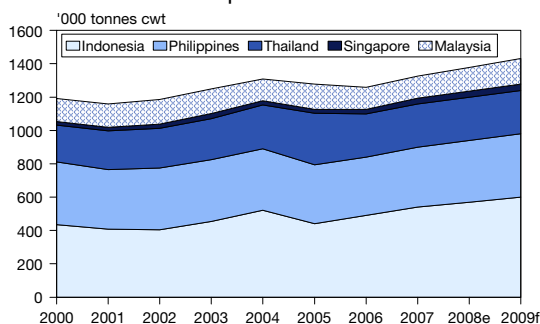
Despite having the highest total consumption in South-East Asia, Indonesia's large population means the average consumption per capita is relatively low, at 2.3kg cwt in 2007. Steady increases in per capita beef consumption over the medium term will continue to provide opportunities for imported beef.

In the Philippines, per capita consumption remained steady during 2007. Beef consumption in the Philippines is expected to have improved in 2008, with increased imports and domestic supplies remaining steady into 2009.

Supported by increased production and higher imports, Malaysian beef consumption has increased since 2007. Per capital consumption registered 5.1kg cwt in 2007, and is estimated to have increased to 5.4kg cwt in 2008.

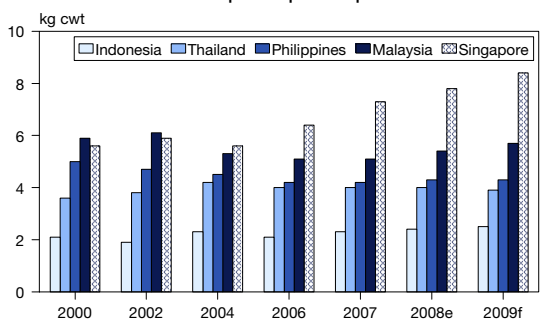
Singapore has the highest per capita consumption of beef in the region, together with consistent growth in total consumption over the past three years. Singaporeans consumed about 7.3kg of beef in 2007, with this expected to rise to 7.8kg in 2008.

Figure 5
SE Asia beef consumption



Source: FAO

Figure 6
SE Asia beef consumption per capita



Source: FAO

Despite the long-term growth forecast beef consumption, the global economic downturn during 2008 and 2009 has impacted consumers' lifestyle and spending patterns across South-East Asia. Most consumers have reduced spending and increased savings, including cutting down on out-of-home entertainment and switching to cheaper grocery brands.

Competitor watch

New Zealand

New Zealand competes with Australia across all South-East Asia countries, with a strong presence in the foodservice sector. There is chilled retail trade from New Zealand through Singapore, along with a moderate frozen manufacturing presence in Indonesia and the Philippines.

Exports of New Zealand beef to South-East Asia reached a new record in 2008, at 37,837 tonnes swt. Record volumes in 2008 were registered to Indonesia and the Philippines, while trade with Malaysia and Singapore improved 503% and 48%, respectively.

Table 8

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

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	12,183	39%	7,368	0%	3,793	52%	1,995	2%	448	40%	25,787	23%
2005	13,845	14%	5,378	-27%	2,339	-38%	1,842	-8%	344	-23%	23,748	-8%
2006	17,617	27%	0	-100%	1,560	-33%	1,886	2%	572	66%	21,635	-9%
2007	23,728	35%	287	-	2,857	83%	2,805	49%	450	-21%	30,127	39%
2008	24,442	3%	1,731	503%	7,039	146%	4,162	48%	463	3%	37,837	26%

Source: Meat and Wool New Zealand

With competitive prices on offer, New Zealand's market share in South-East Asian countries increased during 2008. Chilled New Zealand beef also accounted for an increasing proportion of total Malaysian chilled beef imports, rising to 14% during January to September 2008, compared with only 1% in 2007.

United States

The US's presence in the South-East Asian market remained relatively small in 2008, even after the return of US beef to the region in 2006. Limited market access to these markets (US beef must be boneless and be derived from cattle under 30 months of age) and high prices continue to constrain volumes.

The US exported 5,236 tonnes swt of beef to South-East Asia during 2008, with the majority being frozen shipments sent to the Philippines. This product was primarily used in the fast food sector, while chilled beef sent to Singapore was mainly used in high-end foodservice outlets.

Table 9

US beef exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	1,492	-5%	25	-90%	637	7%	0	-100%	0	-100%	2,154	-41%
2005	2,895	94%	2	-91%	599	-6%	0	-100%	0	-	3,496	62%
2006	0	-100%	33	1317%	1,544	158%	532	-	163	-	2,272	-35%
2007	0	-	73	123%	2,671	73%	744	40%	286	75%	3,775	66%
2008	302	-	55	-25%	3,785	42%	919	23%	175	-39%	5,236	39%

Source: United States Department of Agriculture

Of the total beef imports to the Philippines, about 6% was US beef. The US also represented 9% of the Singapore chilled imported beef market in 2008 (January to October), while volumes in Indonesia, Malaysia and Thailand were minor.

Canada

Since bovine spongiform encephalopathy (BSE) was discovered in Canada in 2005, Canadian beef has been absent from most South-East Asian countries, except for the Philippines.

Last year saw Canadian beef exports to the Philippines jump to a record high, as reduced volumes from South America resulted in strong demand for frozen beef from Canada. Philippines' imports of Canadian beef surged by more than five-fold during January to November 2008, to 8,312 tonnes swt – accounting for 7% of the Philippines imported beef market.

Brazil

Brazilian beef is exported to most South-East Asian markets, except in Indonesia and Thailand. At the time of writing, Brazil is currently banned from exporting beef to Indonesia, due to its foot-and-mouth disease (FMD) status.

The majority of Brazilian beef exports to Malaysia, Philippines and Singapore in 2008 were in frozen form, with a vast majority used in wet markets, or in the production of meat balls, sausages and hamburger patties in fast food outlets. Meanwhile, Brazilian beef represented only a small portion of the chilled trade in South-East Asia.

Following higher cattle prices in Brazil, supply shortages, and the appreciation of the Brazilian Real against the US\$ during 2008, Brazilian beef became less price competitive in South-East Asia. Demand for lean beef from Brazil in the Philippines and Singapore decreased, replaced with increased orders for Australian and New Zealand product.

Table 10

Brazil beef exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	290	1080%	1,952	1365%	34,625	59%	11,510	4%	0	-	48,377	47%
2005	0	-	3,671	88%	19,820	-43%	11,632	1%	0	-	35,124	-27%
2006	0	-	2,758	-25%	27,883	41%	11,398	-2%	0	-	42,040	20%
2007	0	-	2,610	-5%	35,713	28%	12,210	7%	0	-	50,533	20%
2008	0	-	1,952	-25%	14,083	-61%	8,642	-29%	0	-	24,676	-51%

Source: SECEX

An announcement by the Indonesian government that the import regulations pertaining to beef imports were to be altered from country based FMD policy to a zone based one poses a threat to Australia's majority imported beef market share. At the time of writing, the details of any entry were unknown as to whether imports would be limited to FMD-free without vaccination regions or FMD-free with vaccination ones. However, if imports are limited to FMD-free without vaccination regions, supplies from Brazil for Indonesia would be significantly limited.

India

Indian carabeef is mainly used in the manufacturing sector in the Philippines and the wet markets and low-end foodservice outlets in Malaysia. Although Indian carabeef represents the majority of Malaysian and Filipino beef imports, its market share is contracting. This is attributed to reduced supplies and higher prices of Indian product.

During January to September 2008, India exported 35,143 tonnes swt of carabeef to Malaysia, up 2% compared with the same period in 2007. Interestingly, the average FOB value per tonne of Indian carabeef exports to Malaysia jumped 20% on a year ago, to A\$2,360/tonne FOB. At the same time, India's market share in the Malaysian beef import market fell 5 percentage points, to 78%.

Exports of Indian carabeef to the Philippines also increased over the same period, by 24%, to 43,832 tonnes swt, despite a 34% year-on-year surge in the average FOB value per tonne. During the first nine months of 2008, Indian carabeef represented 49% of the Filipino import market, a decline from 52% in 2007.

Table 11

Indian beef exports to South-East Asia – calendar year (tonnes swt)

	Indonesia	% ch	Malaysia	% ch	Philippines	% ch	Singapore	% ch	Thailand	% ch	SEA	% ch
2004	710	-	75,262	-7%	44,410	-4%	2,502	-9%	28	-90%	122,912	-6%
2005	0	-100%	83,550	11%	47,080	6%	136	-95%	55	95%	130,820	6%
2006	0	-	75,376	-10%	46,407	-1%	1,547	1041%	109	100%	123,439	-6%
2007	0	-	52,325	-31%	51,365	11%	0	-100%	99	-10%	103,789	-16%
2008 Sep	0	-	35,143	-33%	43,832	-15%	0	-	61	-38%	79,037	-24%

Source: Global Trade Atlas

Local

In South-East Asian markets, Indonesian beef has a presence in both retail and foodservice sectors. Domestic Malaysian beef is sold through retail and low end foodservice sectors. Meanwhile beef produced in the Philippines is used across all sectors of the market.

Outlook

Australia is expected to capitalise on continued (but slower) growth in beef demand in South-East Asia and the lower A\$ in 2009, with exports forecast to increase 13% year-on-year, to 70,000 tonnes swt.

Indonesia should remain Australia's largest beef export market in South-East Asia during 2009, with the volume forecast to increase 12%, to 37,000 tonnes swt.

Shipments to Malaysia in 2009 are forecast to increase 5%, to 6,500 tonnes swt. Beef exports to Singapore in 2009 are forecast to jump 24% on the 2008 volume, to 10,000 tonnes swt.

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