

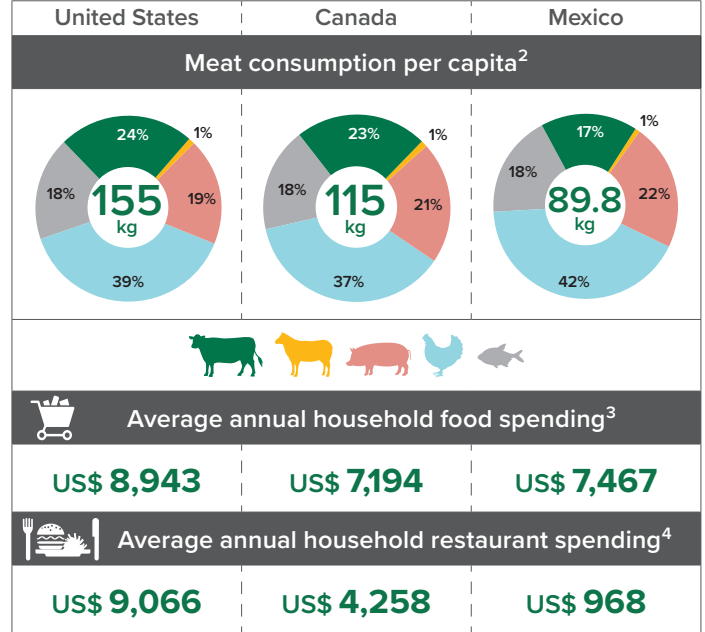
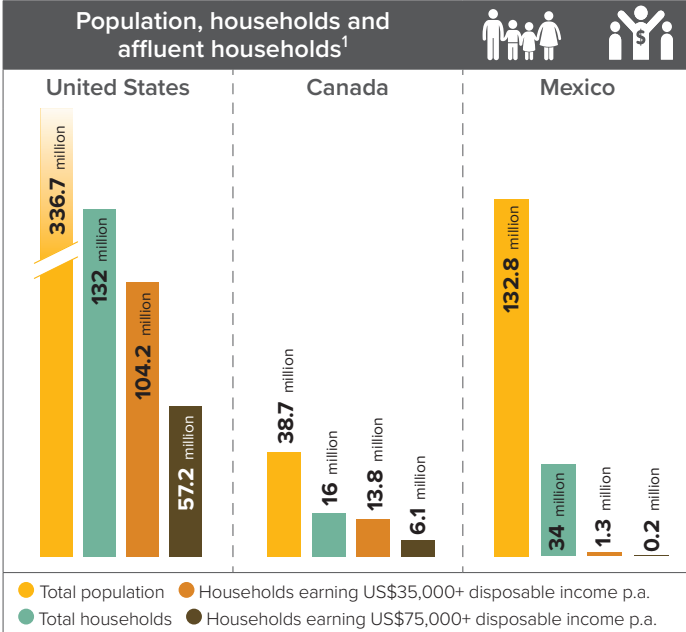


MARKET SNAPSHOT | BEEF & SHEEPMEAT

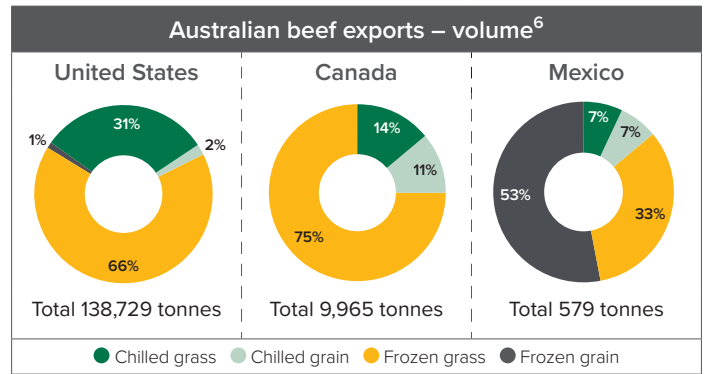
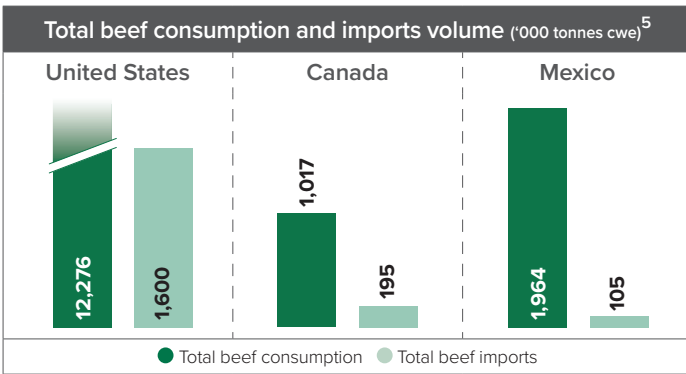
North America (United States, Canada and Mexico)

highly attractive and influential in the global protein trade landscape. Pandemic recovery and inflationary pressures continue to cast a shadow on the US economy and foodservice sector but the growing demand from consumers for natural, healthy, and environmentally sustainable products remains strong presenting opportunities for Australian red meat to enhance its profile in the US market.

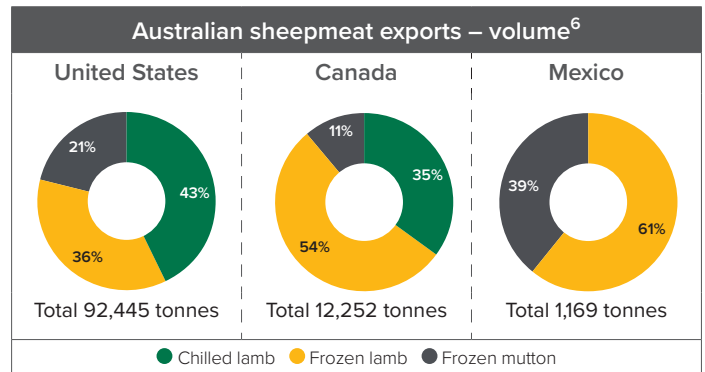
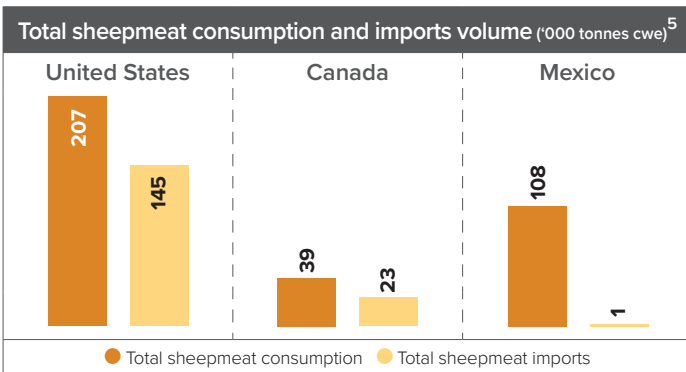
Globally, the United States (US) has the highest number of households earning disposable incomes over US\$35,000 and US\$75,000 per year. This affluent consumer base, combined with large and increasing meat consumption, means the country remains



North America Beef



North America Sheepmeat



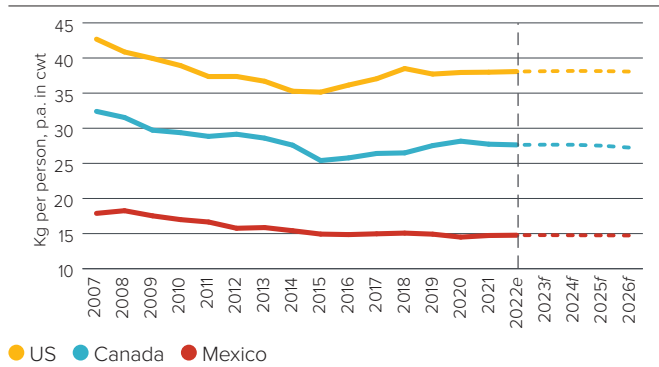
Data source for charts: ¹Fitch Solutions 2023f (disposable income = earnings after taxes and social security charges), ²GIRA GMC20, 2023f (per person per year in cwt), ³Fitch Solutions 2023f (Food spending is based on average household spending on food purchased via all channels but consumed in the home), ⁴Fitch Solutions 2023f (Restaurant spending is based on household spending on restaurants, catering and accommodation services), ⁵GIRA GMC21, 2022f, ⁶DAFF, (2021–22)



CONSUMERS

- The US is one of the largest global consumers of animal protein, with stable levels of meat consumption. Going forward, the growth opportunity within the beef category will be to increase value through premium products like chilled grassfed beef, rather than growing the volume of more conventional beef.
- Beef consumption has increased since 2015, in line with higher US beef production and a return to a more favourable price point for US consumers. This is especially true for health-conscious consumers who eat beef that is 'better for me' such as grassfed beef, organic beef and beef with no added hormones or antibiotics.

North American beef consumption



Source: Fitch Solutions

- Although 'buy local' further cemented as a trend during COVID-19, the majority of US consumers would still consider buying imported beef and are aware of grassfed beef (88%) (Source: Voice of Shopper 2022).

- 64% of US shoppers are focused on choosing 'better for me/my family', nutritious and healthy meat/poultry (Source: Power of Meat 2022). While this trend has been evident throughout the COVID-19 pandemic, with sales of grassfed beef growing three times faster than conventional beef (Source: IRI 52 weeks to June 2022) there is also increasing interest in products which have sustainability credentials, with around one third of US shoppers seeking 'better for the farmer, planet or animal' options (Source: Power of Meat 2022).
- There is high interest (64%) in Australian grassfed beef, with US shoppers rating the Aussie offering as highly versatile, being a good source of energy, good flavour/taste, known country of origin and being high in quality. Sustainability has promising associations among US shoppers but there are opportunities to further share our sustainability story and efforts to raise awareness among consumers (Source: Voice of Shopper 2022).
- Australian grassfed beef is well positioned to meet the market demands for quality and animal welfare with superior food safety, traceability protocols and a unique quality grading system (Source: MLA Global Consumer Tracker 2022).

Factors linked to protein volume and premiumness

Top 3 factors in justifying volume of protein purchase	Top 3 factors in justifying premiumness of protein
Is my/my family's favourite meat	Is the most superior meat
Is easy and convenient to prepare	Is my/my family's favourite meat
Is the most superior meat	Consistent quality standards

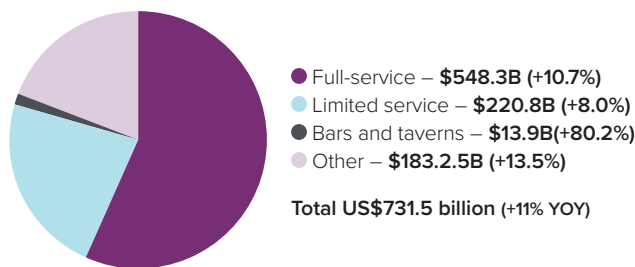
Source: MLA Global Consumer Tracker, 2022

FOODSERVICE



- Pre-COVID-19 saw stable foodservice growth in the US, especially for full-service restaurants. Retail foodservice has seen strong expansion. However, the COVID-19 outbreak had a significant impact on the sector, with around 10% of locations (~90,000) closing, particularly affecting high-end independent restaurants.

Foodservice sales value and year-on-year change – 2020–2021



Source: National Restaurant Association State of the Industry 2021, 2020–2021 YOY % Change

- Although lockdowns have been lifted across the country in the return to 'normal', more than half of restaurant operators don't expect business conditions to normalise until 2023 (Source: National Restaurant Association) with a slew of challenges around

labour shortages, supply chain disruptions and inflationary pressures on both the operator and restaurant patrons (Source: Datassential One Table 2022).

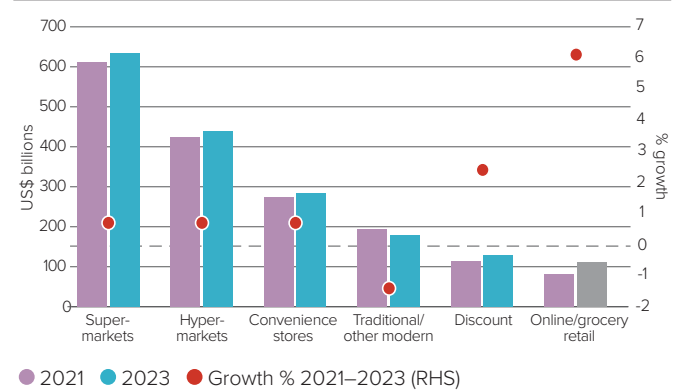
- Since the beginning of the year, the US foodservice sector has seen a slow uptick of restaurant spending (potentially at the expense of the retail channel); however, in recent months this upward trend has slowed as menu prices continue to rise. One key reason consumers have been able to sustain elevated levels of spending against the inflationary backdrop is due to significant household savings as well as increased usage of credit cards (Source: National Restaurant Association).
- Quick service restaurants (QSR) and fast food outlets are expected to recover from post COVID impacts more quickly due to lower cost to consumers. Although inflation pressures are weighing on fine-dining demand, the fine-dining segment is estimated to be somewhat more resilient than the QSR segment. While 24% of QSR patrons say they will increase their QSR spend in the next year, 30% of fine dining patrons plan to increase their fine dining spend (Source: Datassential 2023 Foodservice Forecast).
- Manufacturing beef used for burgers and other processed beef products makes up a large proportion of Australian beef sold into the foodservice sector in the US, while chilled grassfed beef is largely destined for retail.



- Although sales of grassfed beef through the US retail channel accounts for a relatively small proportion (~2% of total beef sales), it has seen some of the strongest growth in the meat case. This has been especially true over the last year with growth of grassfed beef outstripping growth of conventional beef (Source: IRI 52 weeks to June 2022). Ground grassfed beef is now more commonly seen in store, and demand for higher value chilled grassfed beef continues to increase. Some of the most popular cuts include tenderloin, striploin and ribeye.
- There is a gap between grassfed beef awareness (88%) and consumer perception of retail availability (68%), though this gap is shrinking with perceived availability 8 percentage points higher in 2022 than in 2018. At the same time, Australian awareness and availability has had a more substantial increase. Some 49% of respondents are aware of Aussie Beef vs. 36% in 2018; and those who indicate their stores carry Aussie Beef have increased from 9% to 23% in 2022 (Source: Voice of Shopper 2022).
- The lack of requirement for 'country of origin' labelling at point of purchase is a challenge for Australian product in differentiating against competitors in the meat case. There are competing interests between suppliers, retailers, and consumers. Retailers prefer supply flexibility within their private label product offer and believe in 'local' callouts in their meat case. In contrast, research indicates US consumers consider Australia as aspirational and able to deliver ethical production claims on their grassfed beef purchases.
- Supermarkets are the main purchase channel for Australian grassfed beef, followed by independent and regional butchers, online retailers and warehouse club stores, reflecting the retail environment in the US.
- Grassfed beef is perceived as healthy and natural and matches emerging US consumer needs, post pandemic. While

Australian grassfed beef is perceived to provide higher quality beef than most other imported products (Source: MLA Global Consumer Tracker 2022), the trend of localism may continue to grow in the wake of COVID-19, which could act as a barrier to Australian beef. Hence, communicating strong value propositions with customers remains critical.

Grocery retail sales by channel



Source: IGD, Growth % = Compound annual growth rate (CAGR) 2021-2023, IGD forecast

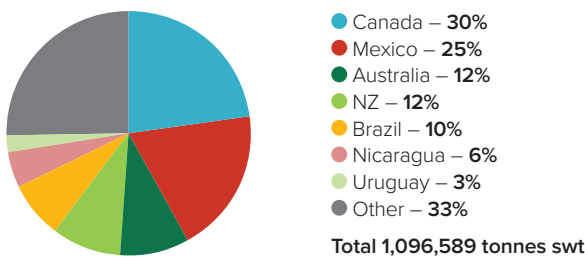
- Beef shoppers prefer to purchase their beef in-store at grocery retailers (77%), however they are shopping multiple channels (Source: Voice of Shopper 2022). Due to the pandemic driving online adoption, 39% of US shoppers order at least some meat online. As online shoppers tend to be more focused on health and sustainability, having this information easily accessible for them on the online channel will maximise the opportunity to appeal to these shoppers (Source: Power of Meat 2022).

COMPETITIVE LANDSCAPE



- The main competitors in the US market are US domestic beef and imported beef from Canada and Mexico.

US beef imports by market share – year ending October 2022

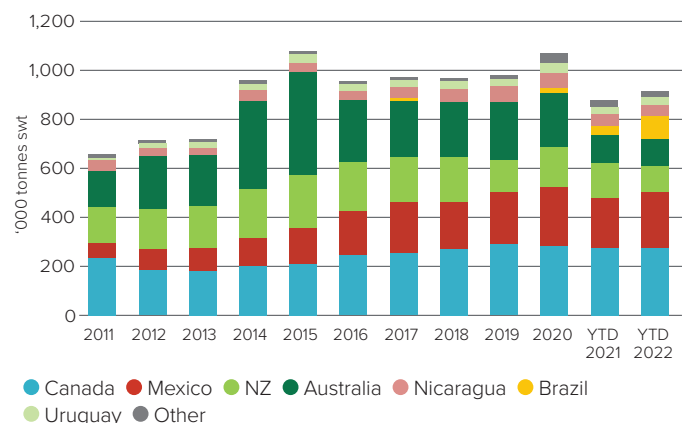


Source: IHS Markit

- As most of the Australian beef entering the market is grassfed beef, the key competitors are New Zealand, and increasingly the growing mobilisation of local US grassfed beef production. Other smaller suppliers include Brazil, Uruguay and Nicaragua, which have access to smaller quotas.
- US imports of Australian grassfed beef are growing faster than imports of beef from our largest competitor, New Zealand. In addition, 99% of New Zealand imports to the US are manufacturing beef, whereas 26% of Australian imports are chilled cuts. In recent years, US imports from South American countries have continued to grow in volume, although they are still coming from a smaller base.

- Australia maintains its preferred access status to the US, only behind United States-Mexico-Canada Agreement (USMCA) partners (Canada and Mexico – with no quota restrictions). New Zealand has an annual quota of 213,402 tonnes shipped weight (swt), with an out-of-quota tariff of 26.4% (within quota 4.4¢/kg).

US beef imports by major supplier



Source: IHS Markit, Data to October 2022



US – Market access overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Australia-United States Free Trade Agreement (AUSFTA)	Under AUSFTA, 0% from 1 January 2023	<p>Canada and Mexico: USMCA, no quota;</p> <p>New Zealand: 213,402 tonnes quota, with an in-quota tariff of 4.4¢/kg</p> <p>Nicaragua, Honduras and Costa Rica: CAFTA-CAFTADR with US, shares the same 65,005 tonnes with other countries, in quota 4.4¢/kg, 26.4% out of quota tariff</p> <p>Uruguay and Argentina: no FTA, quota of 20,000 tonnes each, tariff 4.4¢/kg in quota</p> <p>Brazil: no FTA, shares the same quota access as CAFTA-CAFTADR countries</p>	Under AUSFTA, no volume restrictions from 1 January 2023	E. coli and salmonella sampling programs, label approvals and port mark compliance

Best access Major challenges

Source: Trade agreements DFAT, MLA

Australian beef exports to North America – summary table



Volume – in tonnes swt		2021–22		2020–21		five-year average (2016–17 to 2020–21)		change 2021–22 vs five-year average	
			% out of total		% out of total		% out of total	%	in tonnes swt
Total		149,273		171,952		234,645		-36%	-85,373
Storage	Chilled	47,743	32%	61,825	36%	64,522	27%	-26%	-16,779
	Frozen	101,530	68%	110,127	64%	170,124	73%	-40%	-68,594
Meat type	Grassfed	143,738	96%	166,483	97%	228,146	97%	-37%	-84,409
	Grainfed	5,535	4%	5,468	3%	6,499	3%	-15%	-964
Storage/meat type	Chilled grassfed	44,085	30%	58,057	34%	59,874	26%	-26%	-15,789
	Chilled grainfed	3,658	2%	3,768	2%	4,648	2%	-21%	-990
	Frozen grassfed	99,653	67%	108,427	63%	168,272	72%	-41%	-68,620
	Frozen grainfed	1,877	1%	1,700	1%	1,851	1%	1%	26

Source: DAFF, figures are rounded

Value – in A\$ 000

		2021–22		2020–21		five-year average (2016–17 to 2020–21)		change 2021–22 vs five-year average	
			%		%		%	%	in A\$ 000
Total		1,869,344		1,698,867		1,928,822		-3%	-59,478
Storage	Chilled	879,726	47%	867,777	51%	754,574	39%	17%	125,153
	Frozen	989,617	53%	831,089	49%	1,174,248	61%	-16%	-184,631

Source: ABS/IHS Markit

Australian beef exports to US – by major cut

Volume – in tonnes swt	2021–22		2020–21		five-year average (2016–17 to 2020–21)		change 2021–22 vs five-year average	
		%		%		%	%	in tonnes swt
Manufacturing	69,335	50%	84,967	52%	130,399	60%	-47%	-61,064
Fullset	26,822	19%	30,169	19%	26,889	12%	0%	-68
Thin flank	14,137	10%	14,528	9%	15,568	7%	-9%	-1,431
Topside/inside	6,551	5%	6,783	4%	13,469	6%	-51%	-6,919
Striploin	3,597	3%	4,118	3%	4,582	2%	-21%	-984
Other	18,287	13%	21,905	13%	27,204	12%	-33%	-8,917
Total	138,729		162,469		218,111		-36%	-79,382

Source: DAFF

Australian beef exports to Canada – by major cut

Volume – in tonnes swt	2021–22		2020–21		five-year average (2016–17 to 2020–21)		change 2021–22 vs five-year average	
		%		%		%	%	in tonnes swt
Manufacturing	6,403	64%	6,153	66%	11,126	69%	-42%	-4,723
Cube roll/ribeye roll	1,101	11%	794	8%	1,209	7%	-9%	-108
Striploin	752	8%	797	8%	1,012	6%	-26%	-260
Other	1,709	17%	1,646	18%	2,779	17%	-39%	-1,070
Total	9,965		9,390		16,126		-38%	-6,161

Source: DAFF

Australian beef exports to Mexico – by major cut

Volume – in tonnes swt	2021–22		2020–21		five-year average (2016–17 to 2020–21)		change 2021–22 vs five-year average	
		%		%		%	%	in tonnes swt
Thin flank	482	83%	57	61%	377	92%	28%	105
Other	97	17%	36	39%	31	8%	207%	65
Total	579		93		409		42%	170

Source: DAFF

CONSUMERS



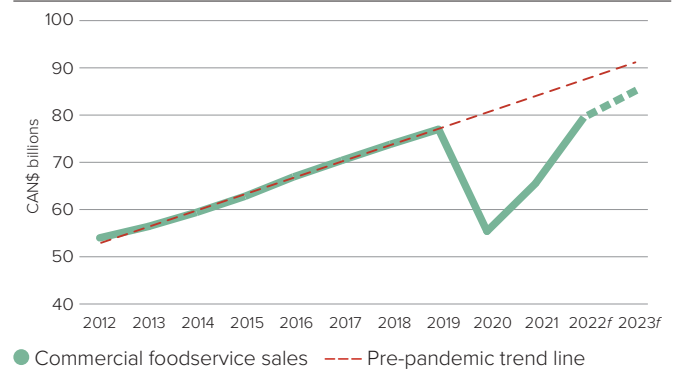
- Canadians' expenditure on food and non-alcoholic drinks accounts for around 10% of their total expenditure, amounting to CAN\$132 million in 2021 (Source: Fitch Solutions).
- Domestic beef consumption is estimated around 943 thousand tonnes in 2022 (Source: OECD).
- Most Canadian consumers already buy imported beef. The growing majority of grassfed beef buyers are aware of the 'country of origin' (around 60%), and most would consider buying imported beef (77%) (Source: MLA Global Consumer Tracker 2022).
- Compared to global consumers, Canadian beef buyers are more concerned about price, leanness of meat and no added hormones (Source: MLA Global Consumer Tracker 2022).
- When purchasing beef, 'naturalness' is something buyers look for, and grassfed is seen as an authentic differentiator. However, the appeal of grassfed beef has plateaued. At the same time, newer descriptors have become more prevalent like 'organic', 'hormone-free', 'non-GMO' and 'antibiotic-free'. It appears consumers are not fully aware of the differences between these types of beef.

FOODSERVICE & RETAIL



- Restaurants account for approximately half of the 172,660 foodservice venues in Canada, with approximately 85,500 units (Source: Datassential Firefly Database, Data to May 2021).
- Limited-service restaurants (including fast casual and quick service) accounts for around 60% of all restaurants while full service (including casual dining, fine dining, and midscale dining) accounts for another 40% (Source: Datassential Firefly Database, Data to May 2021).
- Beef is the most valuable meat category for commercial foodservice operators (such as restaurants, cafés, hotels and leisure venues etc) (Source: GlobalData).
- Emerging from the COVID-19 lockdowns in 2022, Canada's foodservice industry began the year with promising, higher-than-expected sales and although forecast to return back to pre-pandemic levels in 2022, once adjusted for menu inflation, annual sales in 2022 are forecast to remain 8% below 2019 levels. This suggests the post pandemic recovery may stretch out to 2023 (Source: Restaurants Canada Q2 2022).
- The majority of imported Australian grassfed beef is manufacturing grade and is used in quick service restaurants.
- At the retail level, Australian beef is mainly purchased from supermarkets, with consumers focusing more on healthy and cost-effective products after COVID-19.

Canada commercial foodservice sales forecast



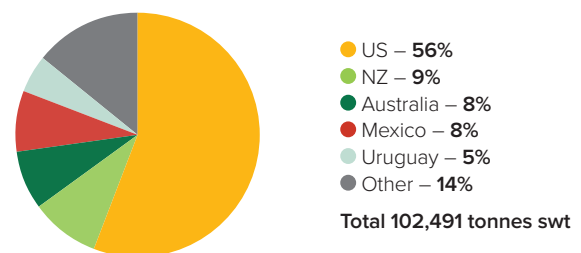
Source: Restaurants Canada and Statistics Canada, 2022

COMPETITIVE LANDSCAPE



- The Comprehensive and Progressive Agreement for TransPacific Partnership (CPTPP) is a free trade agreement (FTA) between Australia and 11 other countries, including Canada and Mexico, signed in 2018.
- Under the trade agreement, Australia has favourable market access into Canada and a good trading environment, with no tariff from 2023. Most Australian beef exports to Canada are grassfed and follow a similar trend to the US.
- The main competitors are US beef and product from New Zealand. Australia is a modest supplier of beef to Canada.

Canada beef imports by market share – year ending October 2022



Source: IHS Markit

Canada – Market access overview



Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	Under CPTPP, 0% from 1 January 2023	US and Mexico: USMCA, no quota; New Zealand: 29,600 tonnes quota, in quota 0% tariff, out 13.2%	Zero	E. coli and salmonella sampling programs, label approvals and port mark compliance

Best access Major challenges

Source: Trade agreements DFAT, MLA

Mexico – Beef

CONSUMERS



- Mexican consumers are expected to consume approximately 1.95 million tonnes carcass weight equivalent (cwe) of beef in 2022. Despite inflationary headwinds, demand is projected to rise, as the Mexican peso strengthens, and the middle class grows. With the almost fully recovered hospitality and restaurant sector, consumers will still demand beef and drive increased consumption through these channels (Source: USDA).
- Beef is the second largest animal protein in Mexico, in terms of value, following poultry (Source: Fitch Solutions 2022). Young, wealthy consumers are driving beef consumption growth in Mexico.
- The number of households with a higher income (over US\$75,000/year) is expected to grow 34.4% from 2022 to 2026. After an estimated 11.25% increase in 2022, from 2021, hotel and restaurant expenditure is forecast to continue steady increase (5.94% growth in 2023), creating new opportunities for high-value products such as Australian beef and lamb (Source: Fitch Solutions).

FOODSERVICE & RETAIL



- Mexico's spend in the foodservice sector is expected to grow by around 11.3% each year from 2021 to 2026, with the growing working-age population and urbanisation lifting demand for more convenience among foodservice customers (Source: GlobalData).
 - Full-service and quick service restaurants dominate the foodservice channel. Full-service restaurants are set to be the main beneficiary of Mexico's positive economic scenario, with rising disposable incomes allowing families to trade up from quick service restaurants and become more receptive to higher value imported beef (Source: GlobalData).
 - Pre-COVID-19, the foodservice sector was growing, with younger consumers willing to eat out more and try new things. Top steakhouses are dominated by USDA-graded prime steaks, as grainfed product is more preferred than grassfed.
- However, there is high potential for Australian grassfed beef to enter the market, underpinned by growing needs for health and well-being.
- Uniquely in this market, the most common cut used in foodservice is arrachera, or hanger steak, normally marinated in spices. Total grocery retail sales in Mexico were worth AUD301 billion in 2020 and is forecast to see CAGR growth of 3% 2020–2022 (Source: IGD).
 - The main channel for beef in Mexico is the local butcher shops, with more than 50% of market share. The main products are steak (chuck and round) and ground beef, representing 59% of purchases. Retail stores have surpassed wet markets as the next largest channel, with 19% and 16% market share, respectively (Source: USDA).

COMPETITIVE LANDSCAPE



- Mexico is a member of the CPTPP (The Comprehensive and Progressive Agreement for Trans-Pacific Partnership).
- There is still restricted market access and a mixed trading environment.
- Main competitors are the US, Japan and Canada. Australia is a very small part of the beef market and competing at the top end. The future is bright for premium beef (mostly grainfed) as Mexico navigates the post pandemic landscape but current inflationary pressures have damped economic growth, potentially impacting the full realisation or timings of market being reached.

Mexico – Market access overview



Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	Under CPTPP, 8% in 2023. Will be 0% from 1 January 2027	US and Canada: USMCA, no quota New Zealand: no quota and tariff 14%	No quota	Labelling, restriction on ports of entry, health certificates extra information required compared with other markets

Best access Major challenges

Source: Trade agreements DFAT, MLA



United States – Sheepmeat

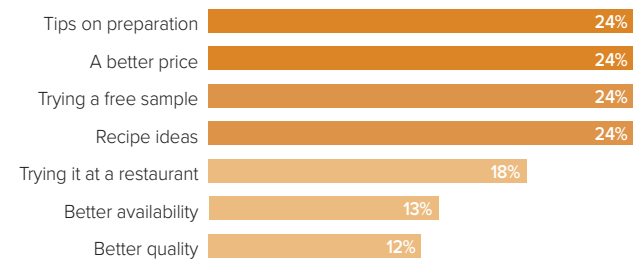


CONSUMERS

- Lamb remains a niche and unfamiliar protein for around 40% of US consumers, challenged by concerns around taste, familiarity and limited knowledge on how to prepare it. However, US consumers are progressively increasing their willingness to try lamb, particularly the millennial generation (Source: MLA Global Tracker 2022).
- Lamb is traditionally regarded as a seasonal food for specific holidays with large retail sales spikes during Easter and Christmas.
- The importance of variety to consumers in the wake of COVID-19 has seen consumers buying 42 different types or kinds of meat in 2021 compared to around 20 pre-COVID), which provides a good ongoing opportunity for lamb to be on consumer dining tables (Source: IRI).
- The pandemic drove consumers to try a greater variety of proteins and, as such, there has been a huge increase in home consumption of lamb with 74% of US shoppers (versus only 43% in 2018). Within these home eating occasions, not only has special occasions meals risen to 52% (vs 34% in 2018) but those wanting to elevate an everyday meal has almost doubled (51% in 2022 vs 23% in 2018). There has also been an increase in those using lamb as part of their every day meal rotation (40% in 2022 vs 31% in 2018) (Source: Voice of Shopper 2022).
- With limited knowledge of lamb, Americans are much more likely to consider source of protein, 'naturalness', sustainability and ease of preparation ahead of 'country of origin' when purchasing lamb (Source: Voice of Shopper 2022).

- Consumers who purchase lamb frequently are generally premium shoppers, spend more in store and prefer healthier, home cooked items. They also use the online channel more to purchase a greater variety of cuts (Source: Midan). The most popular lamb cuts are loin and leg, accounting for 45% of volume share followed by lamb shoulder accounting for 19% volume share. Rack (ribeye) also increased in popularity in recent years, now at 16% share of retail volume (Source: IRI Scan, 52 wks to July 2022).
- Lamb consumption patterns vary by region in the US, with Houston, the South Central, Mid West, Mid South Southeast and Plains areas seeing strongest growth ahead of the national rate (Source: IRI Scan, 52 wks to July 2022).
- The Top 4 opportunities to encourage trial of lamb are by offering tips on preparation or how to cook, a better price, trying a free sample and recipe ideas (Source: MLA Global Consumer Tracker 2021).

Opportunities to encourage lamb trial



Source: MLA Global Consumer Tracker, 2021

RETAIL



- While supermarkets are still the main purchase channel for Australian lamb, sales are also highly skewed to online retailers and club store warehouses.
- Stores such as Costco attract a younger, more affluent consumer, who seeks more ethnically diverse cuisine and more exciting 'non-traditional' flavours, with lamb recognised as a viable option.
- There were significant barriers to purchasing meat online pre-COVID-19, with only 39% of shoppers purchasing meat online regularly (Source: Menu Matters). However, recent research from GlobalData states that 29% of shoppers are doing more online grocery shopping. It is a growth area and Australian lamb is well placed in this space.
- While inflation had an impact on lamb sales, retailers were still able to sell more lamb with dollar sales outpacing average price increase for lamb (Source: IRI). Opportunity for continued lamb sales looks promising, with some of the increase stemming from the need for variety, increased 'cook at home' time, and renewed consumer interest in lamb (Source: Midan).
- Online shoppers tend to be more engaged with lamb, with 42% shopping several times per week compared to 30% of average in store shoppers. They also serve lamb more often for all types of occasions but particularly special occasions which is 59% (+4% higher than in store shoppers). In order to engage these shoppers more, there are opportunities to influence via advertising, online reviews, reward programs and mobile phone apps (Source: Voice of Shopper 2022).

Factors associated with lamb purchase by volume and premium

Top 5 factors in justifying volume of lamb purchase

- Offers a variety of cuts
- Is my/my family's favourite
- Fresh
- The meat is usually tender
- Consistent quality standards

Top 5 factors in justifying premiumness of lamb

- Offers a variety of cuts
- Is my/my family's favourite
- Fresh
- Is the most superior lamb
- The meat is usually tender

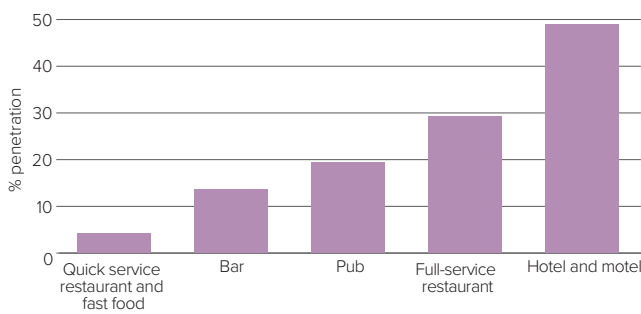
Source: MLA Global Consumer Tracker, 2022





- Prior to COVID-19, lamb had steady growth across foodservice operations with 20% penetration of menus. However, the disruptions caused by the pandemic generally saw lamb removed from menus in an effort to consolidate ingredients and stock, and focus on higher performing, lower cost items. It is expected that lamb will experience a steady recovery back to 2019 menu penetration by the end of 2022 (Source: GlobalData).
- The penetration of lamb on US restaurant menus has grown steadily in the last decade before COVID-19 and is forecast to grow 15.6% in the next 4 years (Source Menu Matters 2021). In 2021, overall penetration of lamb on menus in US foodservice is 20% of the penetration pre-COVID (Source: Datassential 2020).

Lamb menu penetration by channel

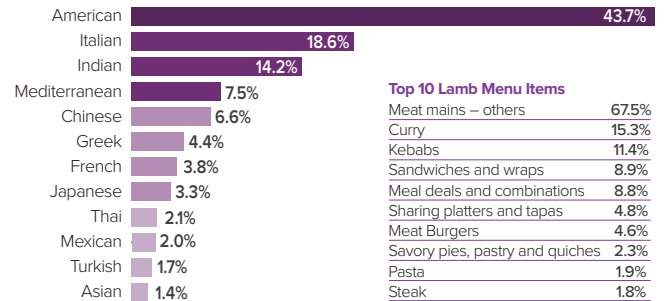


Source: GlobalData, 2022

- As the foodservice industry recovers from the impacts of COVID-19, there is an opportunity for Australian lamb to bring diversity and unique flavour to menus, as well as deliver premium perceptions amongst diners for operators (Source: Menu Matters).

- The foodservice sector, driven by changing demographics with a more culturally diverse population, and a shift toward more convenient and affordable meals, means there are opportunities to diversify beyond the lamb rack and bring alternative cuts and more casual applications that utilise lamb.

US lamb menu penetration by cuisine type



Top 10 Lamb Menu Items

Meat mains – others	67.5%
Curry	15.3%
Kebabs	11.4%
Sandwiches and wraps	8.9%
Meal deals and combinations	8.8%
Sharing platters and tapas	4.8%
Meat Burgers	4.6%
Savory pies, pastry and quiches	2.3%
Pasta	1.9%
Steak	1.8%

Source: GlobalData Menu Intelligence, 2021

Lamb popularity increases



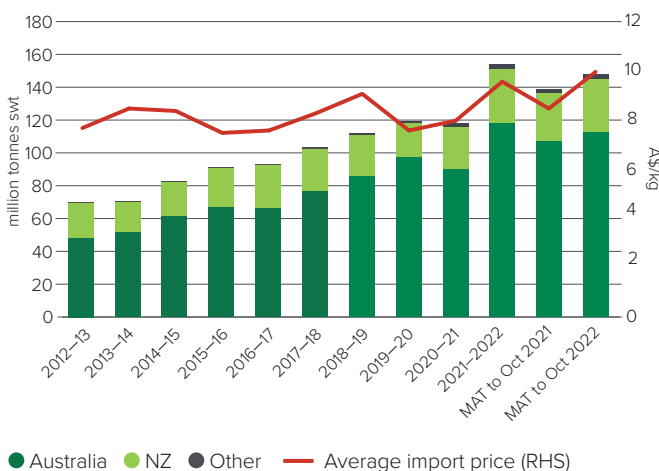
Lamb menu placement has largely been driven by international cuisines and upscaling traditional American fare. The growing popularity of casual ethnic cuisines (particularly Middle Eastern, Mediterranean and North African) are likely to be a key tool in driving lamb usage over the next few years. Lamb has also gained ground through more familiar and approachable applications such as burgers and flatbreads, although this 'swapping' technique is currently underleveraged in foodservice (Source: Datassential, Menu Matters).

COMPETITIVE LANDSCAPE



- Imports make a significant contribution to the lamb and mutton supply in the US. In 2021, imports accounted for approximately 70% of total sheepmeat consumed in the US (Source: GIRA).

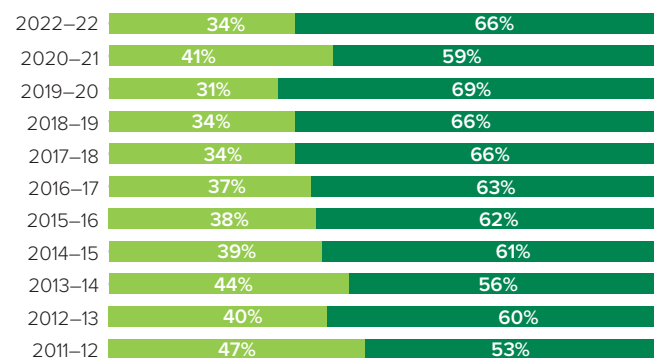
Sheepmeat imports into US by major supplier



Source: IHS Markit, MAT: Moving Annual Total

- Australia is the major supplier of lamb in the US (just under 80% of imported lamb in 2021), and among fastest growing major importer (20% growth compared to 2021). The second largest supplier is New Zealand, accounting for around 20% of total imports, and growing by 10% compared to 2021 (Source: IHS Markit).

Percentage of imported chilled and frozen sheepmeat volume to the US (from all origins)



Source: IHS Markit



Market access overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Australia-United States Free Trade Agreement (AUSFTA)	Zero	NZ, Uruguay and Chile: has a tariff of US 0.7¢/kg for lamb and US 2.8¢/kg for mutton	Zero	Point of entry inspection, label approvals and port mark compliance

Best access Major challenges

Source: Trade agreements, DFAT, MLA

Australian sheepmeat exports to US – summary table



Volume – in tonnes swt

		2021–22	% out of total	2020–21	% out of total	five-year average (2016–17 to 2020–21)	% out of total	change 2021–22 vs five-year average	
								%	in tonnes swt
Total		92,445		80,554		74,401		24%	18,044
Storage	Chilled	39,421	43%	39,763	49%	30,964	42%	27%	8,457
	Frozen	53,023	57%	40,792	51%	43,436	58%	22%	9,587
Meat type	Lamb	72,964	79%	65,740	82%	58,480	79%	25%	14,484
	Mutton	19,481	21%	14,815	18%	15,921	21%	22%	3,560
Storage/meat type	Chilled lamb	39,421	42.6%	39,752	49%	30,962	42%	27%	8,459
	Chilled mutton	0	0%	11	0%	4	0%	-100%	-4
	Frozen lamb	33,543	36%	25,988	32%	27,518	37%	22%	6,025
	Frozen mutton	19,481	21%	14,803	18%	15,918	21%	22%	3,562

Source: DAFF, figures are rounded

Value – in A\$ 000

								%	in A\$ 000
Total		1,340,236		913,699		840,385		59%	499,851
Meat type	Lamb	1,163,529	87%	802,776	88%	720,823	86%	61%	442,705
	Mutton	176,708	13%	110,922	12%	119,562	14%	48%	57,146

Source: ABS/IHS Markit

Australian lamb exports to US – by major cut (in tonnes swt)

								%	in tonnes swt
Leg		22,431	31%	18,742	29%	15,750	27%	42%	6,682
Carcase		18,972	26%	19,667	30%	17,820	30%	6%	1,152
Rack		7,639	10%	6,581	10%	5,877	10%	30%	1,761
Shoulder		7,248	10%	7,029	11%	6,158	11%	18%	1,090
Shortloin		7,218	10%	6,968	11%	5,497	9%	31%	1,721
Other		9,456	13%	6,754	10%	7,378	13%	28%	2,078
Total		72,964		65,740		58,480		25%	14,484

Source: DAFF

Australian sheepmeat exports to Canada

Volume – in tonnes swt

								%	in tonnes swt
Total		12,252		9,707		9,084		35%	3,168
Storage/meat type	Chilled lamb	4,267	35%	4,752	49%	4,015	44%	6%	252
	Chilled mutton	0	0%	0	0%	0	0%	0%	0
	Frozen lamb	6,627	54%	4,450	46%	4,169	46%	59%	2,458
	Frozen mutton	1,359	11%	506	5%	899	10%	51%	459

Source: DAFF, figures are rounded

Australian sheepmeat exports to Mexico

Volume – in tonnes swt

								%	in tonnes swt
Total		1,169		760		2,148		-46%	-979
Storage/meat type	Chilled lamb	0	0%	0	0%	0.3	0%	-100%	0
	Chilled mutton	0	0%	0	0%	0	0%	0%	0
	Frozen lamb	717	61%	435	57%	705	33%	2%	12
	Frozen mutton	451	39%	325	43%	1,443	67%	-69%	-991

Source: DAFF, figures are rounded