Thailand

MARKET SNAPSHOT | BEEF & SHEEPMEAT

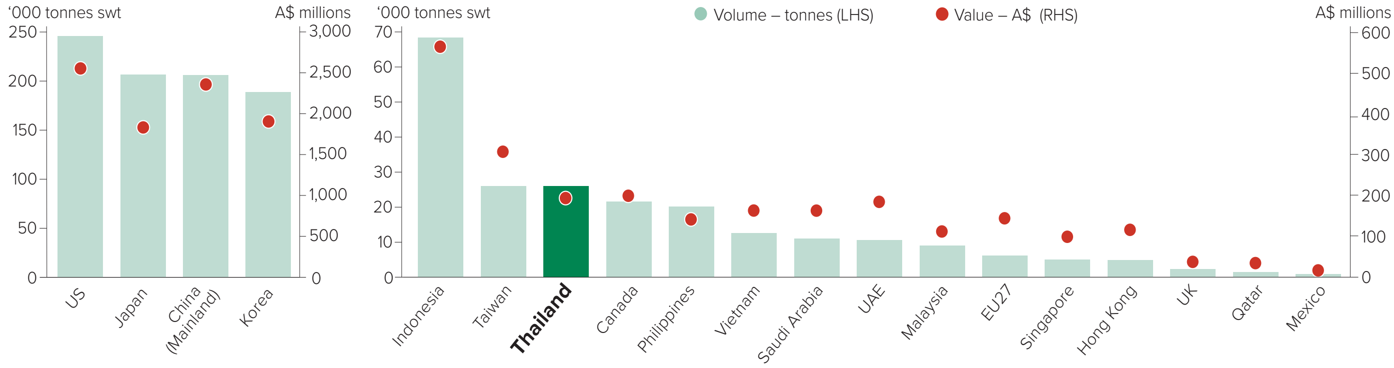
MEAT & LIVESTOCK AUSTRALIA

EXPORTS
Growing demand for high value chilled beef

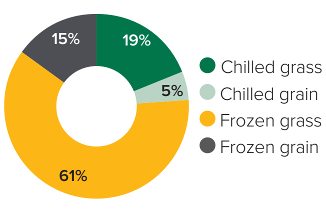
CONSUMERS
Growing incomes and appreciation for quality beef among urban locals

GROWTH
Well-established mid- and high-end foodservice for locals and tourists

Australian beef exports to Thailand in a global context [1 and 2]

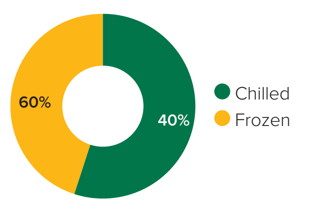


Australian beef exports – volume[1]



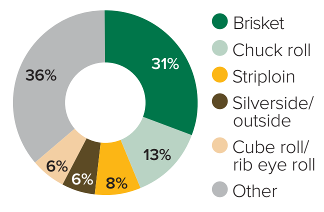
Total 14,246 tonnes swt

Australian beef exports – value[2]

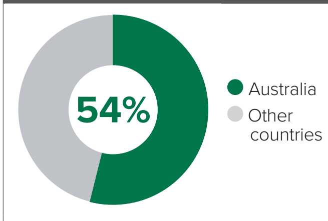


Total A$193 million

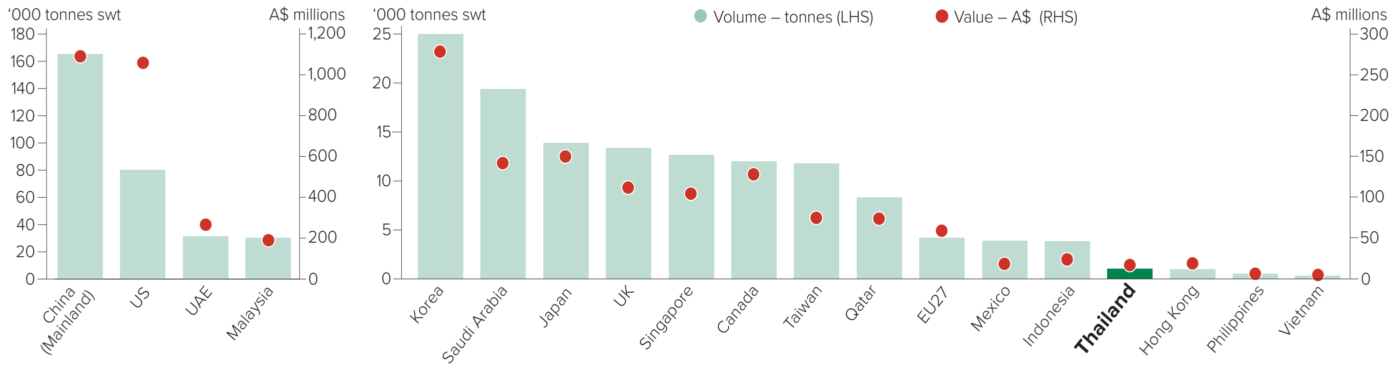
Australian beef exports by cut[1]



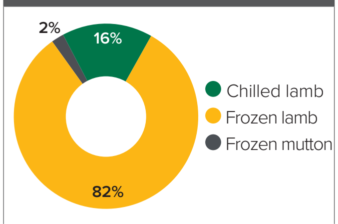
Australia's volume share of beef imports[2]



Australian sheepmeat exports to Thailand in a global context [1 and 2]

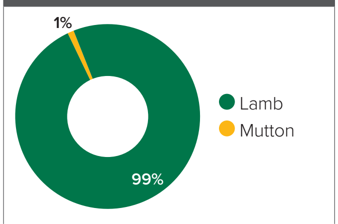


Australian sheepmeat exports – volume[1]



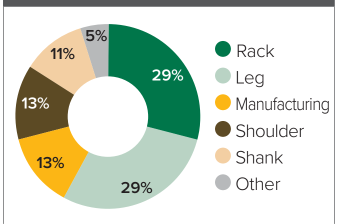
Total 1,045 tonnes swt

Australian sheepmeat exports – value[2]

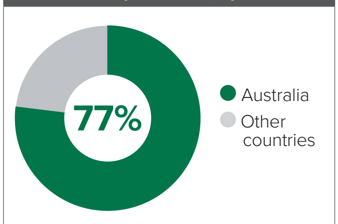


Total A$16 million

Australian sheepmeat exports by cut[1]



Australia's volume share of sheepmeat imports[2]



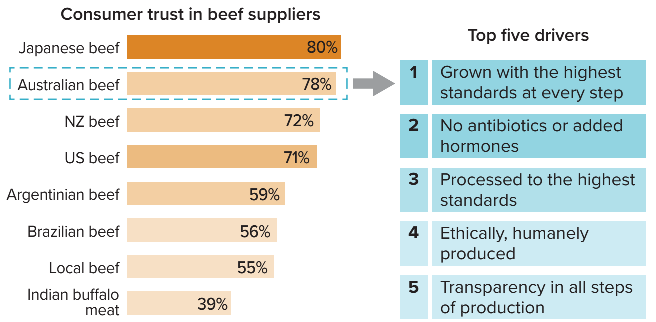
Data source for charts: [1]DAFF (CY2023), [2]S&P Global MI Global Trade Atlas (GTA) (MAT Nov 2023)

Beef

CONSUMERS

- Thais enjoy the third highest Gross Domestic Product (GDP) per capita in South-East Asia behind Singapore and Malaysia and the second highest average consumer annual grocery spending at A$1,852 in 2024 *(Source: IGD)*.
- As a significant regional poultry, fish and pork producer, these proteins naturally dominate Thai diets, being widely available and cheaper than other options. Beef is perceived as being a superior meat compared to others, with a delicious taste, making it the ideal meat for special occasions *(Source: MLA Global Consumer Tracker Thailand, 2023)*.
- Thailand is well-known for its own cuisine, developed over centuries, and is among the top drawcards for tourists. Beef is a prominent ingredient in Thai cuisine, particularly in popular dishes such as pad krapow nue, guay teow ruea and panang nue. Hence, beef is a prominent protein in Thai consumers' minds. Bovine offal consumption is relatively small for the region but is used in north eastern dishes in foodservice such as *tom krueng nai waua* (hot & sour beef tripe soup), *soy ju* (raw beef & offal with spicy and bitter sauce).
- Thailand has a relatively high disposable income in the region which has been growing rapidly. This is underpinned by steadily increasing urbanisation which is supporting greater demand for higher-value products such as Australian chilled beef. Current forecasts indicate total beef consumption will grow by 7.5% annually to 2027 *(Source: Fitch Solutions)*. Already supplying the largest share of Thailand's imports, Australia is in a strong position to leverage new opportunities.
- The primary factor influencing consumer beef purchasing is safety claims. Australian beef is well-placed to meet this need, with 78% of Thais saying they place their trust in Australian beef *(Source: MLA Global Consumer Tracker Thailand, 2023)*.
- Attributes such as 'family favourite', 'easy to prepare' and 'suitable for different meals' are the top priorities when choosing between proteins, while drivers of premium beef include high quality markers such as 'tenderness', 'marbling' and 'consistent quality standards'. Australian beef occupies a strong position in the market and consumer minds, enjoying high awareness and a positive reputation on quality dimensions *(Source: MLA Global Consumer Tracker Thailand, 2023)*.
- Australian exports have a significant proportion of high value cuts such as loins, suitable for grilled cooking, but also the highest proportion of brisket cuts, sliced for Korean BBQ and in Thai cuisine dishes such as in boat noodle soup.

Trust in beef by country of origin

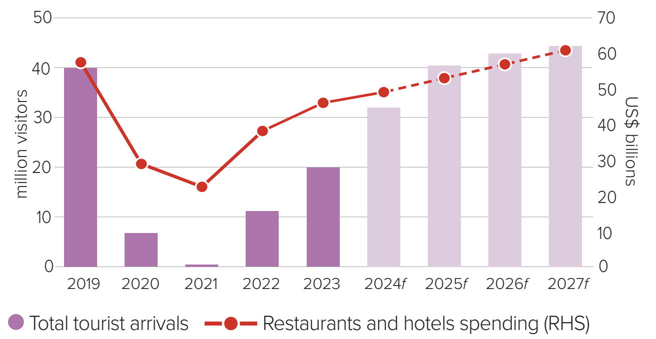


Source: MLA Global Consumer Tracker Thailand, 2023

FOODSERVICE

- Thailand has a large and well-established foodservice sector that serves the large volume of international tourist visitors and growing numbers of domestic tourists.
- Full service restaurants are on the way to full recovery post-pandemic thanks to a rebound in local and international tourism and diversification of income sources with new ventures into retail and introduction of new menu items such as packaged meals, and investment in food delivery services. Although, recovery by chain restaurants has been more rapid than that of independent restaurants.
- Tourism is a key driver of foodservices and beef consumption, with 39 million visitors in 2019. Thailand is forecast to receive 32 million international tourists, generating US$52 billion in 2024 *(Source: Fitch Solutions)*.
- Dining-out is an important part of local culture and social life, especially among affluent and young Thais, particularly for Generation Z and young millennials (aged 18–35). These consumer segments seek new dining experiences such as trying new food trends, concepts and cuisines. International cuisines have become increasingly popular, especially Japanese and Korean but also American and European, which all feature high quality imported beef.
- While dine-in services are recovering rapidly, take-away is still expected to maintain growth following operator adaptation to strong consumer demand during lockdowns. New services also appeared, including do-it-yourself kits that mimic restaurant dishes at home. Demand for convenience is underpinned by busier lifestyles and an increasing proportion of women in the workforce.

Thailand international tourist arrivals and restaurants and hotels spending



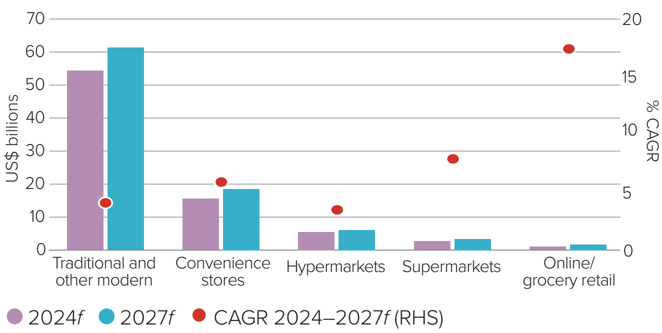
Source: Fitch Solutions

- Against the backdrop of the pandemic and rising incomes, Thai consumers are seeking healthier lifestyles, including foods perceived to offer health benefits. With families becoming wealthier and the ageing of the population, demand for quality, nutritious food is on the rise. Australian red meat is increasingly sought after as it is perceived to offer consistently high quality *(Source: MLA Global Consumer Tracker, Thailand 2023)*.

RETAIL

- Thailand's forecast total grocery retail sales are estimated to be US$160 billion in 2024. Similar to other regional counterparts, Thailand's retail channel is dominated by traditional small-scale independent players which accounted for 69% of the total retail sector in 2023. However, the country has a relatively well-established modern retail segment and the largest in the region by sales value, dominated by convenience stores and hypermarkets *(Source: IGD)*.

Thailand's total grocery retail sales and growth



Source: IGD. CAGR = compound annual growth rate

- Modern retail growth is forecast to outpace traditional channels and gain market share in the coming years. Modern players are expanding their store networks to reach more consumers, many of whom prefer to do grocery shopping at smaller stores closer to home.
- Recent years have seen increased demand for chilled beef, driven by consumers preparing more meals at home. This has presented new opportunities for Australia as Thailand's dominant supplier of high quality chilled beef.
- E-retail is forecast to enjoy the fastest growth of all channels out to 2027. Beef has seen an uptick in online sales value and frequency, as shopper confidence in e-retail has grown and previous concerns about safety and trust have waned. In 2023, 45% of Thai beef shoppers had purchased beef online at least once a month, compared to 37% in 2021 and 33% in 2018. *(Source: MLA Global Consumer Tracker Thailand)*.
- The health trend is on the rise with more Thai consumers seeking foods to enhance their wellbeing. Hence, around half of beef consumers have purchased grassfed or organic beef in the past-products associated with naturalness and safety. Some 61% of Thais link home-cooked food to a healthy lifestyle, creating opportunities for high-quality chilled beef for home consumption, which Australia can provide *(Source: GlobalData Global Consumer Survey Q1 2023)*.

Attributes to justify a protein premium price and things consumers look for on beef packs

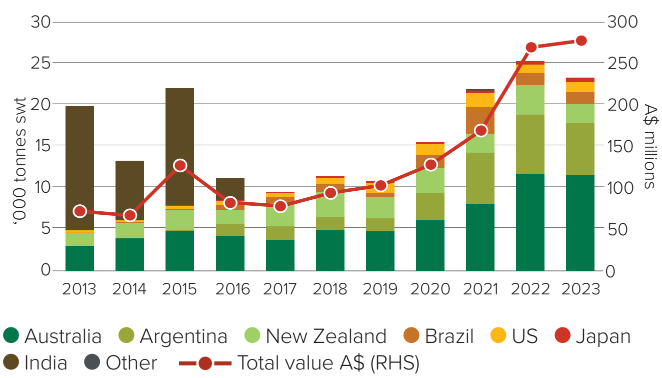
Protein attributes consumers justify paying a premium price for	Top things affluent* Thais look for on-pack when buying beef
Is the most superior meat	100% natural
Consistent quality standards	Country of origin
Is my/my family's favourite meat	Freshness
The industry is environmentally sustainable	Animal welfare
Tastes delicious	Colour of meat

Source: MLA Global Consumer Tracker Thailand, 2023.
** Affluent: annual household income >750,000 baht*

COMPETITIVE LANDSCAPE

- Thailand has a significant cattle herd, supplying the domestic market and a small export trade with neighbouring countries. Despite government efforts, however, productivity remains low and the production-consumption gap has continued to widen.
- Beef imported by Thailand accounts for about 20% of local consumption, a relatively small proportion by regional standards. However, imported beef plays a bigger role in meeting the growing demand for high quality beef.
- Australia is the largest supplier of imported beef to Thailand, with a volume share of 49%, equating to 11,573 tonnes swt valued at A$191 million in the 12 month ending in August. Australia dominates the smaller but higher value and expanding chilled market with a 96% market share. This equates to 41% of Australia's total shipped export value to the country. In the 12 month ending in August 2023, Thailand had the highest unit value for Australian beef exports in South-East Asia, with prices more than double the regional average.
- Australia and New Zealand benefit from a zero-tariff arrangement under the ASEAN-Australia New Zealand Free Trade Agreement. This tariff advantage over key competitors such as the US, Argentina and Brazil, that face a 50% tariff, is supporting demand growth for Australian beef in this lucrative market.
- Accounting for a 26% share in the 12 month ending in August 2023, Argentina has established itself as the second largest supplier to the Thai market driven by its low unit price. Similarly, Brazil has been increasing export volumes of frozen boneless beef since 2015 to become the fourth largest supplier. However, imports from Brazil have been softening since their peak in 2020–21. US exports grew 15% in the 12 month ending in August, totaling 1,172 tonnes swt of frozen beef.
- Japanese beef enjoys high awareness among Thais as the most superior beef, occupying a small premium niche, particularly in Japanese cuisine restaurants. From a low base, Japanese beef has increased its presence in the market, reaching a new record high of 558 tonnes swt in the 12 month ending in August. Japanese beef enjoys zero tariff under the Japan-Thailand Economic Partnership Agreement.
- Thailand is the second largest offal importer in the South-East Asia region, in 2022–23 importing 29,772 tonnes swt. Argentina supplied 41% and Australia 29% of this product *(Source: S&P Global MI Global Trade Atlas (GTA))*.

Thailand beef imports by supplier*



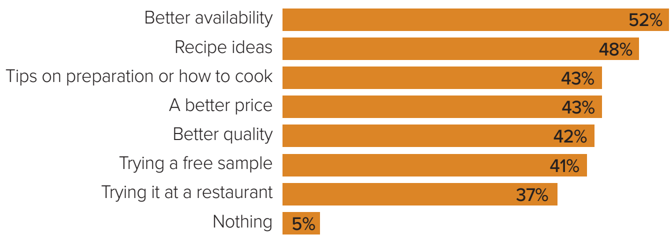
*Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August*

Sheepmeat

CONSUMERS

- As a niche protein, sheepmeat in Thailand is typically consumed on special family occasions and mainly in foodservice venues.
- Although consumption has been relatively low and stable for some years, it is projected to increase at a CAGR of 4.8% between 2022 and 2027 *(Source: GIRA)*. This is due to the growing population of affluent, urban consumers seeking a greater variety of proteins in terms of taste, nutrition and cuisine.
- Thai consumers have comparatively little experience with lamb at home compared with some neighbouring countries and hence find it challenging to prepare and cook. However, most are open to it, many indicating they would likely buy and cook lamb more often if they had easier access to recipe ideas or tips on how to cook it *(Source: MLA Global Consumer Tracker, Thailand 2021)*.
- Tenderness, high quality and superiority are the key attributes Thai consumers associate with lamb and ones they believe make it a protein worth paying a premium for *(Source: MLA Global Consumer Tracker, Thailand 2023)*.
- For Thai consumers, Australian lamb is positively associated with superiority and having consistently high quality standards, while Australia's production system is positively linked with good animal welfare.

What would encourage Thai consumers to buy lamb?



Source: MLA Global Consumer Tracker Thailand, 2021

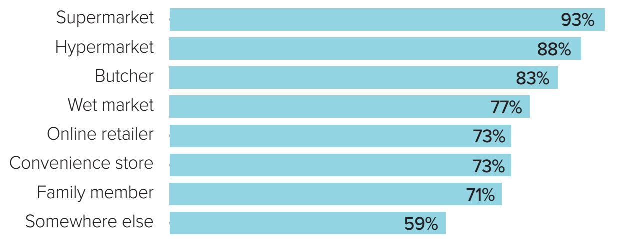
FOODSERVICE

- Foodservice is the key channel for sheepmeat consumption in Thailand, as most consumers either do not know how to prepare it or find it difficult to cook at home. The vast majority of Australian sheepmeat exported to Thailand is utilised in the foodservice sector.
- Recovery of both international tourism and domestic dining-out are sustaining the growth in demand for lamb in foodservice.
- Take-away and meal delivery, along with ready meals, remain growth opportunities in the market despite the resumption of dine-in services.

RETAIL

- A relatively small proportion of sheepmeat is sold through Thai retail compared to foodservice. However, the forced shift toward this channel during the pandemic encouraged more Thais to experiment with cooking lamb at home, leading to increased familiarity and knowledge.
- The most common channels for Thai shoppers to purchase Australian sheepmeat are supermarkets and hypermarkets, followed by butchers. Online purchasing of lamb is more common than beef as it is less available in offline channels. Convenience stores have also increased in popularity as channels for lamb.

Lamb retail purchase channels – purchase lamb at least monthly from

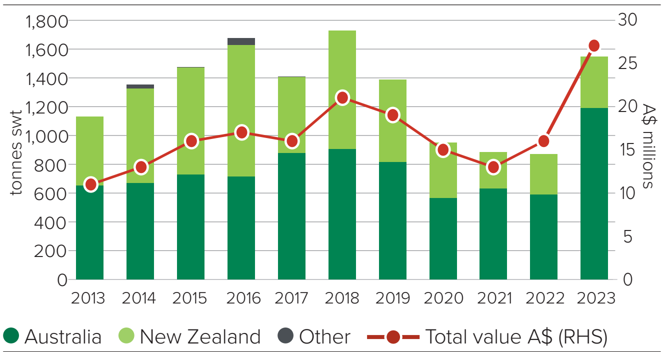


Source: MLA Global Consumer Tracker Thailand, 2023

COMPETITIVE LANDSCAPE

- Thailand's domestic sheep production is relatively small. The demand for imported sheepmeat is primarily driven by the high-end foodservice sector.
- In the 12 month ending in August 2023, sheepmeat imports surged by 78% year-on-year, reaching a total of 1,549 tonnes swt. Australia holds a dominant position with a volume share of 77%. Imports from Australia in the 12 month ending in August 2023 reached a record high of 1,190 tonnes swt valued at A$27 million. New Zealand is the second-largest supplier, contributing 22% of imports, while a smaller volume is imported from the UK.

Thailand sheepmeat imports by supplier*



*Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August*

Beef

Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN – Australia New Zealand Free Trade Agreement **(AANZFTA)** Thailand – Australia Free Trade Agreement **(TAFTA)**	**Under AANZFTA:** 0% for all product lines	**New Zealand:** Same conditions as Australia **Japan:** Zero tariff under JTEPA **US, Argentina, Brazil:** No FTA, tariff 50%	Zero	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, WTO

Sheepmeat

Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN – Australia New Zealand Free Trade Agreement **(AANZFTA)** Thailand – Australia Free Trade Agreement **(TAFTA)**	**Under AANZFTA:** 0% for all product lines	**New Zealand:** Same conditions as Australia **UK:** No FTA, tariff 30%	Zero	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, WTO

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