



International Market Briefings

Global Markets Update

China

- **COVID-19 update:** The pandemic is well under control, and the economy is robust. In the majority of areas, life is close to normal as it was before the outbreak. With strict pandemic measures, travel restrictions and quarantine policies, China has successfully controlled the spread, which has led total existing cases to drop to 645. As of August, more than 2 billion doses of COVID-19 vaccine had been administered. Due to cases of the highly contagious Delta variant rising and raising concern throughout the country, China has pushed to boost vaccination rates since July. Officials have announced that Delta is also under control.
- **Market access:** Due to the political environment and diplomatic situation, Australia faces the toughest regulatory measures across product types in the customs. Challenges remain in the clearance process as there are complex checking procedures in customs due to a perceived association between the cold chain and spread of the virus. Although it's unknown when the challenging access situation will end, the demand for Australian meat remains strong at both the trade and consumer level in China.
- **Competitor analysis:** Despite that overall volume growth of Australian meat has slowed down, the demand for both import beef and lamb continues to grow. The total volume of imported beef for the past eight months has reached almost 1.5 million tonnes, an increase of 9% over the same period in 2020. It's predicted to maintain an imported beef volume of 190,000–200,000 tonnes on monthly basis over the following months. The restriction policy on Argentina has had ongoing impacts regarding its export volume, causing a 33% decrease overall and an 8% drop of market share in China. Despite the blockade on Brazilian beef due to the atypical cases of mad cow, its overall export volume grew 1.5% annually. This is due to beef that had a production date prior to the ban being released still being exported to China, although the impact of the ban is expected to be seen at the end of October and going forward. The US and NZ have increased by 1% and 3% in China's imported beef market share.
- **MLA activity:** Since September, MLA has released 14 articles and reports, nine videos on MLA owned social media channels and launched a tradeshow (CIMIWI), while maintaining continuous marketing campaigns on retail & E-commerce channels. At CIMIWI, held by CMA on 15–17 September, MLA put up a booth and held one livestreaming event to promote True Aussie Beef & Lamb. Moreover, a True Aussie JD pilot store soft launched in September, as MLA has partnered with JD Fresh, a major E-commerce platform in China. Around 20 Australian beef and lamb products were selected to be displayed in-store, while more products will be evaluated for admission to the store.

Korea:

- **COVID-19 update:** In recent weeks, COVID-19 cases have slowed, with average daily cases at 1,519, although social distancing level 4 restrictions are still in place in the Seoul Metropolitan Region (other cities are at level 3) until 31 October 2021. There are some benefits for the fully vaccinated, including eight people allowed together for dining. The government is planning for a 'living with COVID' scenario which begins on 1 November when social distancing restrictions will be eased. On 19 October, 78.7% of people had received 1 dose of vaccine, with 64.6% fully vaccinated.
 - **Market access:** Shipping delays, transit country ports delay and domestic port berth waiting times are still some of the main issues for trade, with limited shelf life for chilled beef and short supply for retail and the e-commerce market. Those issues are still creating problems for 20–30% of chilled beef products. Australia's beef quota usage was speeding up in August due to higher currency rates for early applications on customs clearance. By 19 October 2021, the quota spent was 88.52%, with 20,390 tonnes leftover (in 2020, on 26 August the quota spend was 89.29%, with 18,646t leftover), which means the safeguard will be triggered at a similar time (triggered 25 November 2020). When Australia triggers the safeguard, the tariff will be increased from 18.6% to 30%.
 - **Sector analysis:** During the Choosuk holiday season, traditional markets and small businesses boosted their sales, with short rib sales in retail up compared to February (which was the lunar New Year holiday). Most foodservice sales dropped for more than two months since July, but are recovering with the boost from the government subsidy. Most foodservice businesses face the difficulty of recent high beef prices. Burger chains are still quiet on imports of trimming in Q3, with a year-on-year decline of 48% on those cuts. Small-mid size importers are trying to reduce sales of beef to plan for further price increases on imports.
 - **Competitor analysis:** US frozen chuck eye roll prices dropped from September, but their chilled beef export price is unchanged. The US Meat Export Federation (MEF) is running a foodservice promotion with 25 individual restaurants for delivery service, where once you order a meal you receive free grilled and peeled chestnut. The Hanwoo Board Association is running Youtube content from September to October.
 - **MLA activity:** MLA had an online retail promotion in Q1 with Coopang, SSG.com and Lotte mall for one week each that generated 10,422,318 views and Australian beef sold out A\$1.2 million, which represented increases of 285%, 45% and 220% YOY for each store. The second edition of Kuk Campaign is on track to launch on 15 November for six weeks, with six major online retailers joining the collaboration from 18 November.
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South-East Asia:

- **COVID-19 update:** Key South-East Asia (SEA) countries are rolling out vaccinations and daily COVID-19 case numbers are declining. Vietnam emerged from lockdown on 1 October, with shops reopening and people able to move around without permits. Singapore expanded its quarantine-free travel with 10 countries and others are progressively relaxing the quarantine requirements. With the case numbers more under control, the priority is shifting towards economic recovery, given that almost all countries experienced a comparatively weaker third quarter GDP growth.
- **Market access:** The Philippines Bureau of Animal Industry has extended the transition period for mandatory inclusion of expiry dates on exporter labels until 31 December 2021, after which consignments without the appropriate labels would be detained. Market access advice has been circulated by DAWE. Malaysian health authorities are still requiring importers to affix an 'imported by' label on meat and meat products. It is agreed that this can be done in-country, prior to sale at retail. Industry association is continuing to make representations to various government agencies. In Indonesia, a bilateral meeting was held in mid-October to discuss and harmonise the approach for virtual audits for meat and rendering establishments. With international borders reopening, Indonesia is starting to prepare for on-site audits with other countries.
- **Competitor analysis:** US beef import volumes into key SEA markets have increased about 19% for the calendar year-to-date (source: IHS). The bulk of this is in the form of manufacturing beef and fancy meats

into the Philippines and Indonesia. In high-end retail and foodservice, Australian beef and lamb still feature prominently. Due to limited product availability, exacerbated by logistics issues, some businesses have had to temporarily switch to other brands or countries. The first ever shipment of Brazilian cattle into Vietnam is starting to be sold into the market, however, generally beef demand in the country has remained very subdued due to the lockdown and weakened economy. There is no firm feedback on the performance of the cattle and beef quality at this stage. The September shipment landed US\$40 cheaper than Australian live cattle.

- **Sector analysis:** Modern retail has held up well in key markets within SEA in the last two months except Vietnam. Modern brick-mortar retailers are seeing more competition with online establishments, and some have expanded their digital presence and services (e.g personalised shopper via mobile apps or expansion of distribution centres and cold chain transport for guaranteed fresh and safe delivery). Some high-end supermarkets have also revamped their store concepts and product offering (e.g. branded gourmet deli and butchery, customised meal kits and subscription packages). The foodservice sector is recovering compared to two months ago as more dine-ins and events are being allowed. Restrictions on numbers and operating hours and frequent changes in measures are still hampering the ability to forward plan.
 - **MLA activities:** As part of ongoing trade and customer education, True Aussie Academy workshops were conducted for Greater Jakarta's seven retail chains, covering over 50 stores and 20 key foodservice accounts. The sessions covered topics such as retail category management and innovative food solutions. Physical/hybrid True Aussie Academy sessions for other countries will resume in early 2022. The major marketing campaign for 2021–22 will highlight key attributes significant to SEA consumers – great taste, consistent quality and goodness through “Oz, It’s Just Better”. Upcoming end-of-year activities include retail promotions, Ambassador and Chef’s table events with over 20 restaurants across SEA.
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MENA

- **COVID-19 update:** With high levels of vaccination across Gulf Corporation Council (GCC) populations, restrictions are continuing to ease. Wearing masks outdoors have been dropped in Saudi Arabia and Kuwait, and Saudi Arabia has also dropped social distancing and capacity restrictions for weddings, major events and foodservice. Kuwait has now opened its borders and its airport to full capacity, which means there is now quarantine-free travel across all GCC countries for fully vaccinated travellers.
- **Market access:** Focus continues on advocating for chilled shelf-life changes in beef from 90 days to 120 days in Kuwait, Qatar and Bahrain, as sea freight delays continue to make reliable supply to these markets increasingly challenging. Work has also continued on the frozen shelf life NTB in Saudi Arabia, with research managed by MLA indicating that beef and lamb can be frozen for up to three years without any detrimental effects.
- **Sector analysis:** With the end of the Middle eastern summer, major regional events are starting up around the region to drive both domestic and international tourism. Expo2020 has started in Dubai and will run for six months, finishing on 30 March 2022, with the Australian pavilion being a highlight. 1 million visitors have attended Expo in the first three weeks. The Seasons program in Saudi Arabia has relaunched, with the opening of Riyadh Seasons seeing over 200,000 people celebrate in the street. Major sporting events are running over the next two months, with the UAE hosting the ICC T20 World Cup and Saudi Arabia and Qatar both hosting an F1 grand prix for the first time. All of this should see demand in foodservice for premium Australian beef and lamb continue to grow in these markets.
- **Competitor analysis:** Lamb from eastern Europe (Romania and Georgia) and northern Africa (Sudan, Ethiopia and Tanzania) continues to grow its presence in the market due to favourable price points. Premium Russian beef from Miratorg has now established itself in Saudi Arabia as a direct competitor, while grainfed Brazilian beef has also made an appearance in this market.
- **MLA activity:** Retail campaigns have been underway in Saudi, with a ‘Back to School’ campaign finished and BBQ campaigns about to start, with the promise of resuming wet sampling soon. With borders opening, the importer training programs are underway, with activities planned for Jordan, Abu Dhabi and

Riyadh this quarter. MLA is also supporting the VIP chef program at the Australian Pavilion at Expo, with a guest chef preparing menus every month.

Japan

- **COVID-19 update:** The State of Emergency (SoE) lifted in October as new infections rapidly declined. This led to an easing of restrictions for bars and restaurants, with a view to completely remove these by November. Restaurant operators are cautiously optimistic, though labour shortages may slow reopening for some stores in the short-term.
- **Trade and market access:** Shortened business hours for foodservice and rising prices have kept orders in the trade sluggish, however, with easing restrictions improvements are being seen. Supply chain disruptions continue to be a general concern, though not to the extent seen at the beginning of the year. Recently, there has been an increase of non-meat protein products entering the market, with many major meat companies selling or producing these new products. End users are beginning to show an interest in sustainable, socially considerate product information and education for their teams.
- **Sector analysis:** Foodservice is starting to see a recovery following a lengthy, difficult SoE period. Notably, the boom in popularity of western style quick service restaurants has continued, however, total food sales overall were down 8.6% year-on-year to August, and down 24.4% on pre-pandemic levels. In September, retailers continued to operate on reduced in store promotions due to COVID-19 restrictions. Consumer demand remained strong owing to the preference for in-home consumption. Rising food prices were positive for retailers, with a stronger sales performance, though a trend towards cheaper proteins like chicken and pork is expected in September and October. Lamb demand is strong in retail and will recover further as foodservice reopens. Supply constraints remain a concern and may impact performance in the short-term.
- **Competitor analysis:** USMEF conducted an online foodservice seminar influencing operators to include steak as a regular menu item. Consumer social media activities were also held in the quarter, engaging consumers with prize draws and incentivising the following of their official SNS accounts. Irish government-affiliated beef specialists held a seminar for professional chefs to showcase the advantages of grassfed beef. Annual Irish beef exports to Japan have reached JPY290 billion (A\$3.5 million).
- **MLA activity:** MLA's major consumer campaign 'Let's Barbie' wrapped up at the end of September. The campaign generated significant value for Aussie Beef in the market, with a PR value of A\$28.65 million. The TVC-focused campaign aired nationwide, targeting viewers during the Olympic period and achieving a total reach of over 95 million viewers. The TVC content performed in the top 25% of all TVC's during the Olympic period and delivered key messages aimed at growing purchase intention. MLA will soon commence extensive in store promotions with bespoke sauce giveaways in all key retail accounts. The campaigns target a period of increasing demand in the winter season for Australian beef and aim to generate an additional 200 tonnes/JPY800 million (A\$ 9.7million) in sales growth year-on-year. Steak restaurants such as Sawayaka, Ikinari and Skylark will proactively promote Aussie beef from November with consumer prizes and menu promotions. BBQ events delayed due to the SoE have also returned in October. Looking ahead, the Hitsuji Festival 2021 is to be held on 6–7 November. This is the largest sheepmeat event in Japan run by the consumer group, Hitsuji Kajiri Association, to encourage eating sheepmeat in Japan. MLA is the main sponsor and Lambassadors will have their own stand serving lamb curry and assorted dishes.

Europe and the UK

- **COVID-19 update:** With the introduction of a range of means, including mandatory COVID testing and vaccination passports to manage travel in Europe and the UK over the summer, the tourism sectors were

able to function with relative stability and many COVID restrictions were abandoned. Moving into the autumn, parts of eastern Europe and the UK are seeing a spike in cases and a range of restrictions are being reintroduced to manage case numbers.

- **Market access – A-UK FTA:** Following the agreement in principle (AIP) of the parameters of the Australia-United Kingdom Free Trade Agreement (A-UK FTA) in mid-June 2021, negotiations continued to convert the AIP into the official text. Australian Minister for Trade, Dan Tehan, travelled to the market and met with his counterpart, Anne-Marie Trevelyan, in mid-October. They continued to work towards finalising the negotiations, with an ambition of formally signing the agreement later in the year, followed by ratification of the agreement via the respective parliamentary processes.
- **Market access – A-EU FTA:** Virtual negotiating rounds have continued between the EU and Australia on the Australia-EU Free Trade Agreement (A-EU FTA), with the eleventh round held in June 2021. A twelfth round is provisionally scheduled for the end of 2021, however, a date is yet to be set.
- **MLA activity:** MLA continued in-market support of the FTA negotiations, engaging with policy makers and trade influencers to provide balanced insight into the role of Australian red meat products to support UK and EU consumer requirements for high quality imported beef and sheepmeat products. The Anuga trade show was held in Cologne in October, with positive reports from attendees who valued the opportunity to meet customers, in many instances for the first time in two years. MLA didn't host a stand-alone trade show this year, with Australian exporters largely unable to attend, but did have the opportunity to share some stand space with Austrade's Europe representatives.