



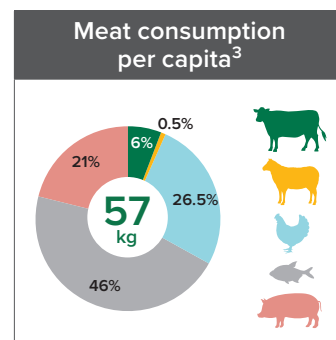
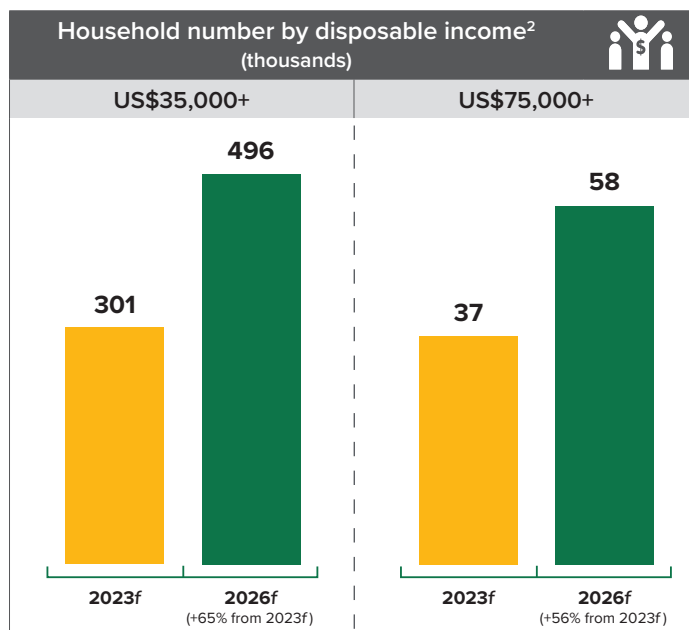
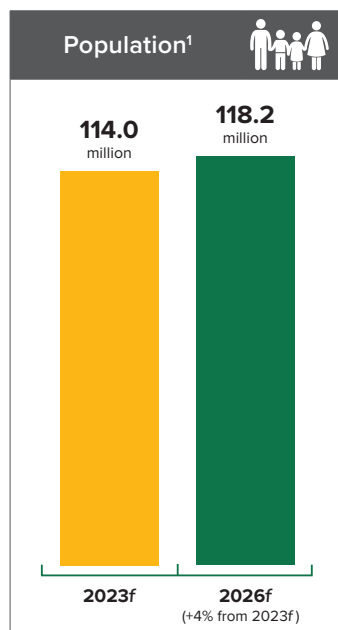
MARKET SNAPSHOT | BEEF & SHEEPMEAT



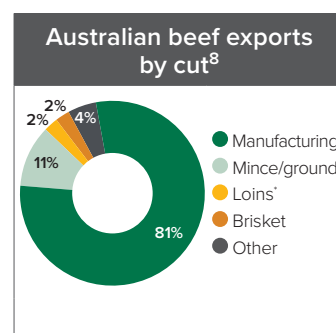
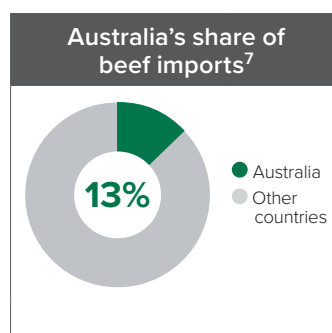
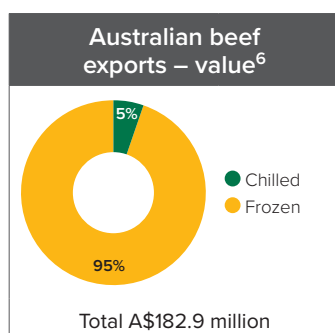
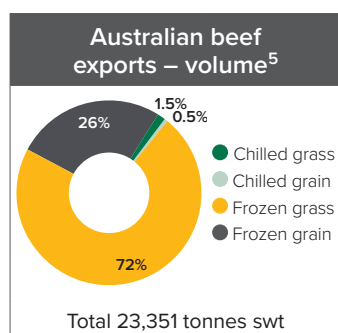
Philippines

The Philippines is a significant market for Australian red meat exports with strong fundamentals driving continued growth in both volume as well as increasing demand for higher value product. Future demand is underpinned by a fast-growing economy, a young, digitally-connected and aspirational population with increasing disposable incomes and

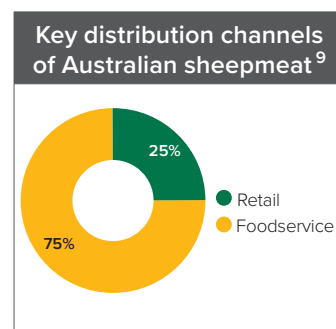
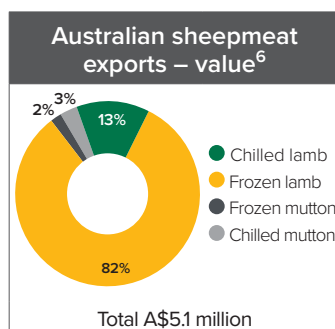
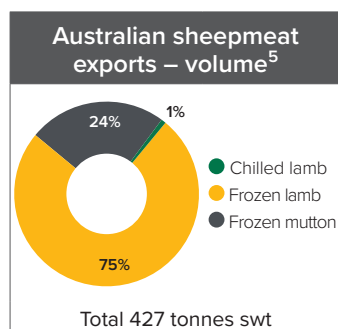
rapidly expanding modern retail and food manufacturing sectors. In 2021–22, total beef imports continued their long-term upward trend, following a temporary decline due to the pandemic, reaching a new all-time high of 150,000 tonnes swt valued at A\$684 million.



Australian beef exports



Australian sheepmeat exports



Data source for charts: ^{1,2} Fitch Solutions, ³ Fitch Solution (beef, pork, chicken, 2022f), ⁴ IGD 2023f (defined as the total annual grocery retail market turnover in a given year, divided by the population for the same year), ⁵ DAFF (2021–22), ⁶ ABS/IHS Markit (2021–22), ⁷ IHS Markit (2021–22), ⁸ DAFF (2021–22) * Loins Includes cube roll/rib eye roll, striploin, tenderloin, loin, and shortloin, ⁹ MLA's estimation for 2022

CONSUMERS



- Filipinos' per capita consumption is dominated by chicken and pork, which are considered cheap and versatile animal proteins. However, beef is a relatively frequently consumed item and popular among young and wealthy consumers.
- Beef is regarded as the most superior meat with great taste and consistent quality standards, driving consumers to be willing to pay more for it than other proteins. This trend is particularly strong among the young (Source: MLA Global Consumer Tracker Philippines 2022).
- The Philippines has the most youthful population among South-East Asian countries, with those aged between 13 and 39 accounting for around 46% of the population (Source: Fitch Solutions). In line with regional trends, younger consumers are aspirational, digitally and socially connected and enthusiastic about dining experiences and enjoy more red meat.
- Compared to other consumers in the Asia Pacific region, Filipinos have a high level of concern about their personal health. Hence, the impact of a product on consumers' health is a top attribute influencing their purchase choices (Source: GlobalData consumer survey Q3, 2022). Grassfed and organic beef are particularly well-positioned to address health concerns. Consumers in this market strongly associate both claims with both health and environmental benefits (Source: MLA Global Consumer Tracker Philippines, 2022).
- Younger Filipinos demonstrate a relatively strong concern about environmental issues, with some 71% indicating they are happy to pay a little more for a brand with sustainability credentials (Source: Kantar TNS).
- Beef is a common protein of choice for Sunday family lunches in the Philippines. Beef dishes such as bulalo (soup made with beef shank), kaldareta (beef stew with vegetables), beef pares (braised beef), sinigang (soup made with beef ribs) and salpicao (beef dish originating in Spain) are popular.

- Spanish-style beef dishes are commonly consumed for daily meals, while steak is a dish more popular for family gatherings. Imported beef products, including Australian and US, are widely used by younger and affluent consumers in their home cooking repertoires.

Top attributes when Philippines consumers select between meats

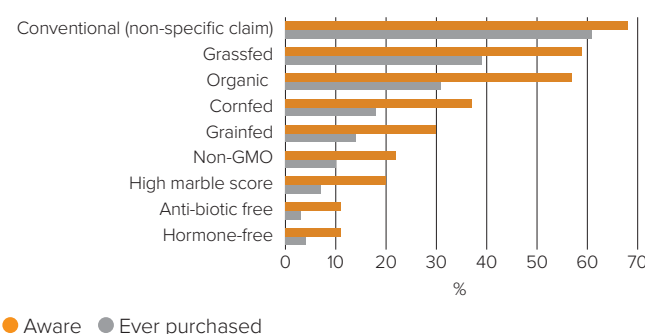
My/my family's favourite meat
Tastes delicious
Easy and convenient to purchase
Consistent quality standards
The industry is environmentally sustainable

Top attributes for Philippines consumers to justify a premium price for meat

Is the most superior meat
Consistent quality standards
Tastes delicious
Is my/my family's favourite meat
The meat is usually tender

Source: MLA Global Consumer Tracker Philippines, 2022

Philippines consumer beef type awareness and past purchase



Source: MLA Global Consumer Tracker Philippines, 2022

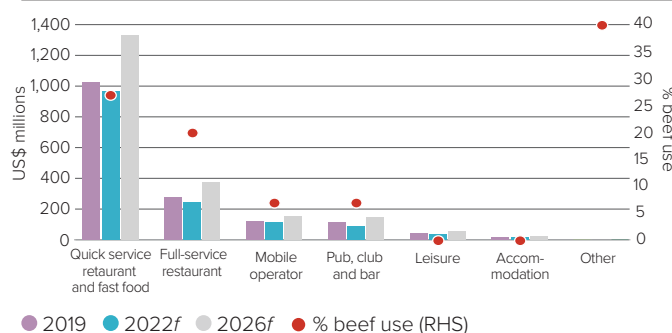
FOODSERVICE



- Overall, the foodservice sector remains highly fragmented and is dominated by small, local independent restaurants, especially full-service restaurants (FSR), although the Philippines has a relatively well-established, modern chained segment. However, quick-service restaurants (QSR), representing the largest channel in sales, are more concentrated and dominated by chain operators. The local fast-food chain Jollibee is a global brand with over 1,300 restaurants worldwide, with beef burgers being prominent on the menu.
- Frequent QSR diners are skewed to millennials who seek convenience and value for money, while those visiting FSR are looking for unique and exciting flavours and greater variety of cuisines and dishes. Diners' desire for novelty pushes restaurants to frequently introduce new dishes, which the versatility and range of Australian beef products is well-suited to supporting.
- The Philippines' food culture is diverse, with strong influences from Spain and the US. Western-style menus are often featured in modern restaurants.
- The Philippines' foodservice sector is growing at a robust rate, driven by the young, aspirational population with rising disposable incomes, rapid urbanisation and the continuous expansion of shopping malls and modern, contemporary food hubs in major cities across the country.

- Tourism is also an important component driving growth in the foodservice sector, especially in the FSR. The Philippines' tourism sector is smaller than those of neighbouring countries such as Indonesia and Vietnam, but has been growing steadily before the pandemic.
- Home delivery has been the key revenue generator for many foodservice operators, spanning from fast food to fine dining, to stay afloat during the pandemic. After easing the pandemic's disruptive measures, delivery reminds an important foodservice channel due to increase in consumers' connectivity and the convenience of online purchases.

Foodservice sales and beef usage estimates by channel



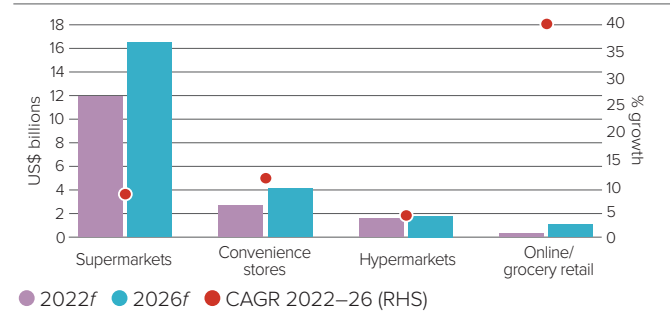
Source: GlobalData



- The Philippines' grocery market is one of the fastest growing in Southeast Asia and the second fastest in Asia after India (Source: IGD). With a market share of approximately 79%, traditional channels are still dominant in the Philippines' grocery retail sector. However, modern retail, particularly online channel, is expanding at a rapid rate, underpinned by a booming young population, urban expansion and evolving consumer shopping habits.
- Imported beef is mostly sold in Manila, where there is a high concentration of modern retailers and the cold chain is more developed. At the same time, modern retailers are investing to increase their presence in second-tier regions such as Visayas and Mindanao.
- Supermarkets and Hypermarkets are the preferred purchase points for imported beef, and wet markets are where mostly local beef is sold. Australian beef is generally sold in higher-end modern retail outlets such as Rustan's and The Marketplace.
- The emerging health-food category, including organics and products with natural claims, is being driven by demand from the wealthy and health-conscious consumers. For example, Australian beef is sold through specialist gourmet food retailers such as Delidrop, Gerald, Gourmet Direct and Prime Choice.
- Although online grocery is relatively small compared to the regional average, the pandemic forced retailers to develop their online operations. In 2020 alone, the Philippines registered 20 million new digital consumers, by far the largest increase in Southeast Asia (Source: e-Conomy SEA, 2021). Subsequently, online sales of beef have grown, with 39% of beef consumers claiming they purchased beef online in the past six months in 2022 (Source: MLA Global Consumer Tracker Philippines, 2022).

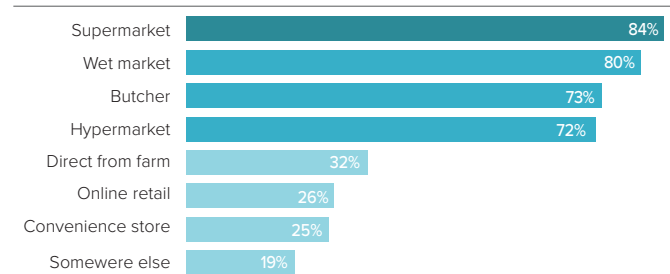
- The financial impact of the pandemic and the concern about inflation has kept home cooking frequency high. Cuts suitable for home cooking gained momentum in Australia's beef exports last financial year such as topside, blade, rump and pre-prepared ribs.

Grocery retail sales by channel forecast



Source: IGD, *Other includes traditional channel

Purchase places of Filipino consumers who buy beef at least once a month



Source: MLA Global Consumer Tracker Philippines, 2022

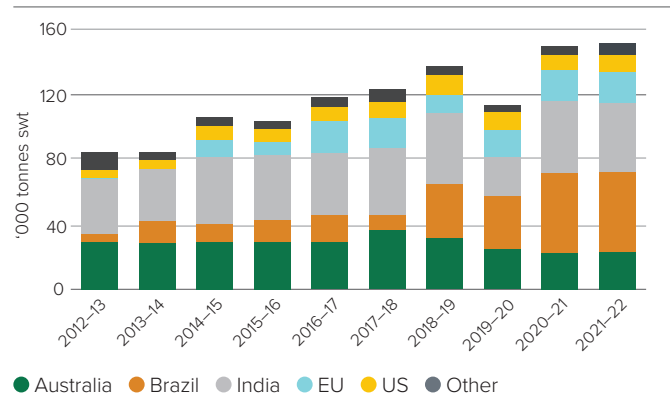
COMPETITIVE LANDSCAPE



- The Philippines is a high volume beef import market, with a long-term upward trend. Imports doubled over the last decade to reach a record high of 153,597 tonnes swt in the financial year 2021–22. Beef imports are playing a bigger role in filling the gap between domestic production and growing consumption demand, underpinned by growing incomes, foodservice sector expansion and demand for safe meat.
- Australia, Brazil, India, the EU, and the US are all major suppliers. Brazil's exports have grown dramatically in recent times, overtaking India to be the largest beef supplier to the Philippines, with a 32% import share in 2021–22. This strong growth was driven mainly by increased demand for more affordable products from Brazil and India.
- Beef imports from Australia, the US and NZ are the most recognised countries of origin and with a superior quality profile in the minds of consumers. These products are predominantly utilised in high end foodservice and premium modern retail.
- During the first years of the pandemic, the heavily-affected foodservice sector demand for high value beef softened. However, with economic activity recovering in the sector, demand for Australian beef grew 4% to 23,350 tonnes swt in 2021–22 compared to the year prior. Imports of US beef experienced similar growth.
- The EU is another key supplier, providing a total of 19,256 tonnes swt in 2021–22. Ireland represents almost 70% of total beef from the EU, followed by the Netherlands and Spain with 12% and 10% respectively (Source: IHS Markit).

- While still small, Spain and Canada were the fastest-growing suppliers in 2021–22 reaching 1,800 tonnes each, positioning them among the top 10 largest suppliers (Source: IHS Markit).
- Despite still small volumes, imports of Japanese beef have surged since the pandemic, with a total of 83 tonnes in 2021–22, up from an average of only 15 tonnes pre-pandemic, reflecting resilient demand for premium beef products (Source: IHS Markit).

Philippines beef imports by major supplier



Source: IHS Markit, DAFF, Australian Fiscal Year





Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA)	0%	Brazil, US, Canada: No FTA, 10% India: ASEAN-India FTA: 5% for most of products, 0% for frozen boneless product EU: FTA under ratification, tariff 10% New Zealand: Same conditions as Australia	Zero	No major hurdles

Best access Major challenges

Source: Trade agreements, DFAT, WTO, Philippine Department of Trade and Industry



Australian beef exports to the Philippines – 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		23,351		22,519		29,009		-20%	-5,658
Storage	Chilled	408	2%	757	3%	833	3%	-51%	-426
	Frozen	22,943	98%	21,762	97%	28,176	97%	-19%	-5,233
Meat type	Grassfed	17,296	74%	16,253	72%	22,475	77%	-23%	-5,180
	Grainfed	6,055	26%	6,266	28%	6,533	23%	-7%	-478
Storage/meat type	Chilled grassfed	326	1%	610	3%	662	2%	-51%	-336
	Chilled grainfed	82	0%	147	1%	171	1%	-52%	-89
	Frozen grassfed	16,970	73%	15,643	69%	21,814	75%	-22%	-4,844
	Frozen grainfed	5,973	26%	6,119	27%	6,362	22%	-6%	-389

Source: DAFF, figures are rounded

Value – in A\$ 000								%	in A\$ 000
Total		187,945		129,824		161,302		17%	26,644
Storage	Chilled	8,891	5%	9,824	8%	9,744	6%	-9%	-853
	Frozen	179,054	95%	120,000	92%	151,557	94%	18%	27,497

Source: ABS/IHS Markit

Volume – by major cut (in tonnes swt)								%	in tonnes swt
Manufacturing		18,884	81%	17,828	79%	24,129	83%	-22%	-5,244
Minced/ground		2,532	11%	2,403	11%	2,226	8%	14%	306
Brisket		479	2%	541	2%	257	1%	86%	222
Striploin		295	1%	369	2%	251	1%	18%	45
Cube roll/rib eye roll		228	1%	334	1%	280	1%	-19%	-52
Blade Carcase		224	1%	156	1%	104	0%	116%	120
Rump		156	1%	88	0%	138	0.5%	13%	18
Topside/inside		149	0.6%	68	0%	166	1%	-10%	-17
Silverside/outside		84	0.4%	81	0%	148	0.5%	-43%	-64
Other		320	1%	653	3%	1,311	5%	-76%	-991
Total		23,351		22,519		29,009		-20%	-5,658

Source: DAFF



Sheepmeat

CONSUMERS



- Sheepmeat is a niche protein in the Filipino diet as it is elsewhere. It is typically consumed on special occasions at foodservice venues rather than at home.
- Consumer awareness of lamb is relatively low compared to other meat proteins. Although lamb is an unfamiliar and less frequently consumed meat, it is seen as a superior protein with high nutritional value with consumers willing to pay more for it (Source: MLA Global Consumer Tracker Philippines, 2022).
- Lack of knowledge about how to cook sheepmeat and unfamiliarity with the protein remain key challenges for home consumption, whilst price and availability are the top barriers to buying lamb (Source: MLA Global Consumer Tracker Philippines, 2022).
- Younger consumers aged under 35 seek new experiences and novelty and hence tend to eat lamb more frequently than older

generations. Additionally, lamb is more popular in households with kids due to its perceived positive nutritional profile.

Attributes associated with lamb

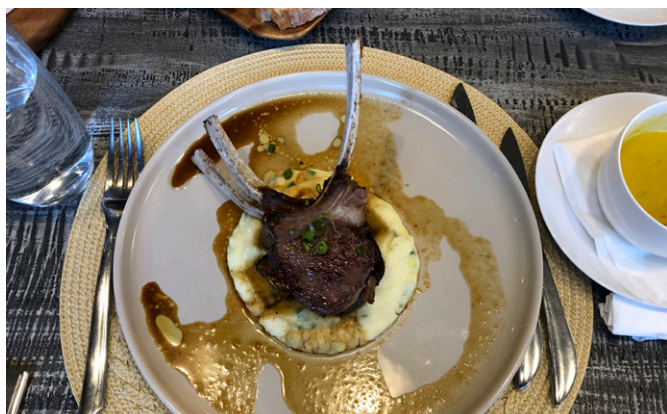
✓	High nutritional value
✓	Well-cared animal
✓	Low fat
✓	Consistent quality standard
✓	The most superior meat
✓	Willing to pay more

Source: MLA Global Consumer Tracker Philippines, 2022

FOODSERVICE



- The majority of Australian sheepmeat exports to the Philippines are utilised in high-end full-service restaurants, including 4 and 5 star hotels. Demand for imported sheepmeat dropped as a consequence of the pandemic but is showing signs of recovering as economic activity resumes and tourist visitors return.



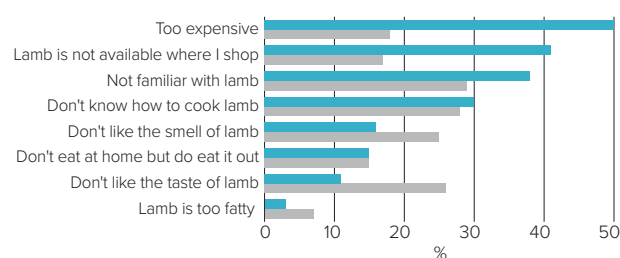
Australian lamb served in a high-end restaurant in Manila

RETAIL



- Imported sheepmeat is typically sold in supermarkets, hypermarkets and up-market butcher shops.
- Consumer education remains the key to growing sheepmeat consumption in the Philippines. Inspired cooking ideas, preparation tips and ready-to-cook options are among the immediate methods enticing Filipinos to try cooking sheepmeat at home.
- Premium online retail has grown since the COVID-19 pandemic. The Philippines' retail sector is seeing a growing number of independent, upmarket-oriented online stores targeting affluent consumers. Some examples include Delidrop, Gerald, Gourmet Direct and Prime Choice, where Australian sheepmeat products can be found.

Reasons for Filipino consumers not purchasing lamb



● Philippines ● Global average

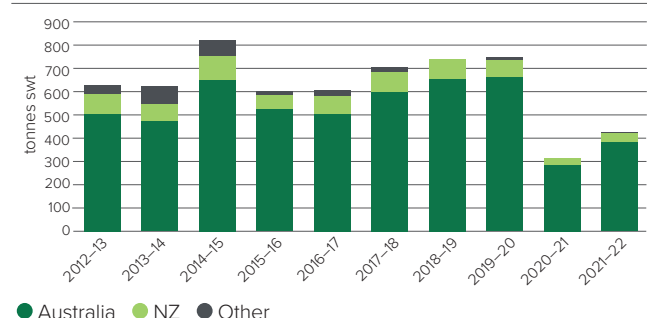
Source: MLA Global Consumer Tracker Philippines, 2022

COMPETITIVE LANDSCAPE



- The Philippines' sheepmeat market is predominantly supplied by local production, which is actually mostly goatmeat. Imports account for less than 2% of total sheepmeat consumption, with Australia, New Zealand and the US being leading suppliers.
- In 2021–22 total sheepmeat imports grew 36% to 425 tonnes swt. Australia accounted for almost 90% of total imports, a 34% increase year-on-year.

Philippines sheepmeat imports by major supplier



Source: IHS Markit, Australian Fiscal Year





Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA)	Under AANZFTA: 0% for all product lines	New Zealand: Same conditions as Australia	Zero	No major hurdles

Best access Major challenges

Source: Trade agreements, DFAT

Australian sheepmeat exports to the Philippines – 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		427		290		567		-25%	-140
Storage	Chilled	4	1%	1	0%	7	1%	-42%	-3
	Frozen	422	99%	289	100%	559	99%	-25%	-137
Meat type	Lamb	325	76%	228	79%	509	90%	-36%	-184
	Mutton	101	24%	62	21%	58	10%	75%	43
Storage/ meat type	Chilled lamb	4	1.0%	1	0%	7	1%	-42%	-3
	Chilled mutton	0	0%	0	0%	0	0%	0%	0
	Frozen lamb	321	75%	227	78%	501	88%	-36%	-180
	Frozen mutton	101	24%	62	21%	58	10%	75%	43

Source: DAFF, figures are rounded

Value – in A\$ 000								%	in A\$ 000
Total		5,157		2,270		4,439		16%	719
Meat type	Lamb	4,869	94%	2,178	96%	4,265	96%	14%	603
	Mutton	288	6%	92	4%	173	4%	66%	115

Source: ABS/IHS Markit

Volume – by major cut (in tonnes swt)								%	in tonnes swt
Lamb	Leg	110	34%	34	15%	186	37%	-41%	-76
	Shoulder	106	33%	119	52%	176	35%	-40%	-71
	Rack	51	16%	47	20%	83	16%	-39%	-32
	Other	58	18%	28	12%	63	12%	-7%	-5
Total		325		228		509		-36%	-184
Mutton	Leg	41	40%	18	30%	16	28%	149%	24
	Rack	33	32%	16	26%	16	28%	102%	17
	Shank	15	15%	5	8%	5	9%	188%	10
	Other	13	13%	23	36%	20	35%	-36%	-7
Total		101		62		58		75%	43

Source: DAFF