Philippines

MARKET SNAPSHOT | BEEF & SHEEPMEAT

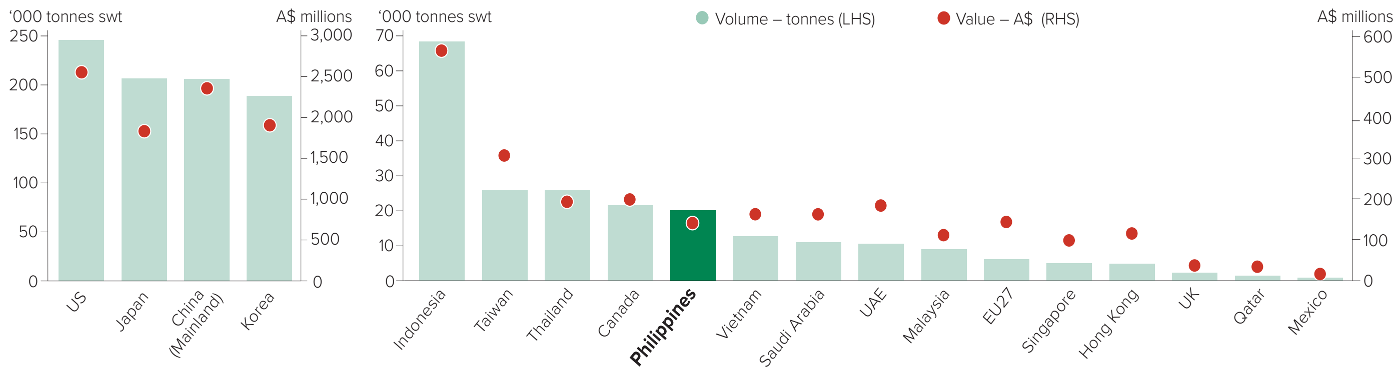
MEAT & LIVESTOCK AUSTRALIA

EXPORTS
Key market for frozen grassfed and grainfed beef

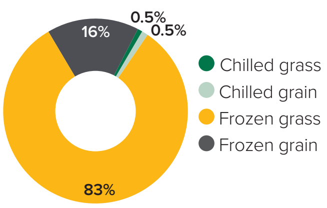
CONSUMERS
Young and large population with rising incomes and rapid urbanisation

GROWTH
Strong and ongoing demand for convenience, with safety and quality

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

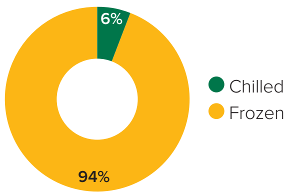


Australian beef exports – volume[1]



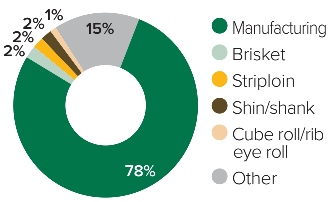
Total 20,123 tonnes swt

Australian beef exports – value[2]

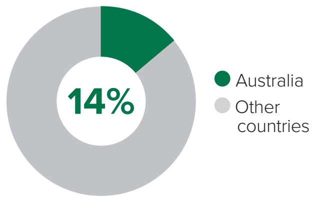


Total A$140 million

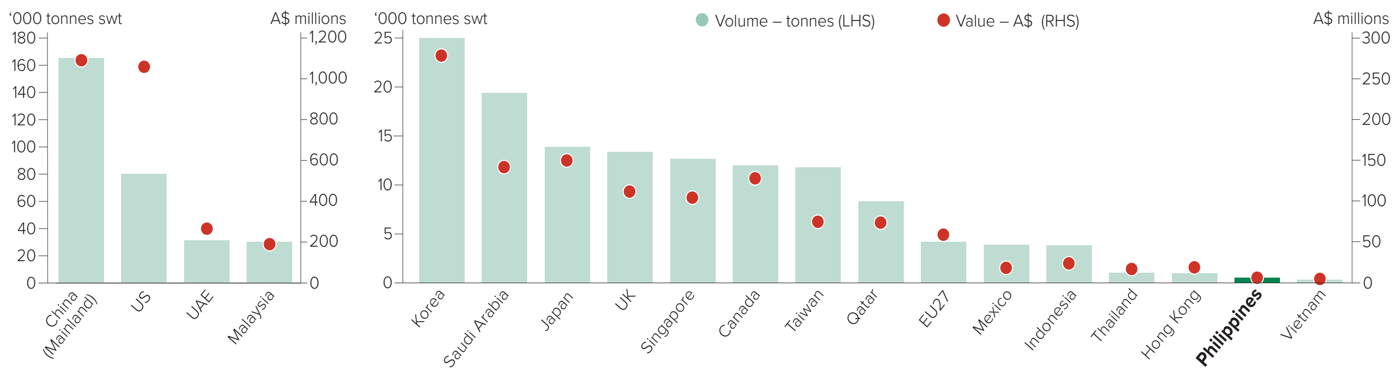
Australian beef exports by cut[1]



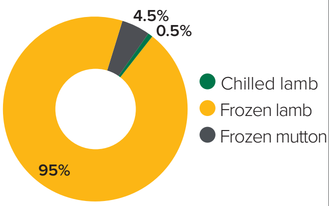
Australia's volume share of beef imports[2]



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

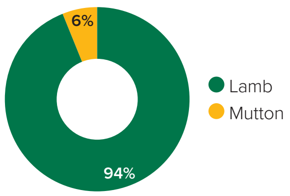


Australian sheepmeat exports – volume[1]



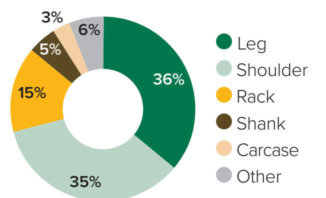
Total 551 tonnes swt

Australian sheepmeat exports – value[2]

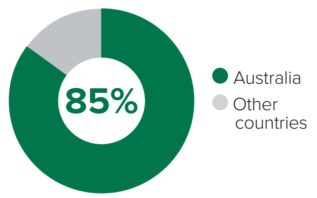


Total A$5.8 million

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

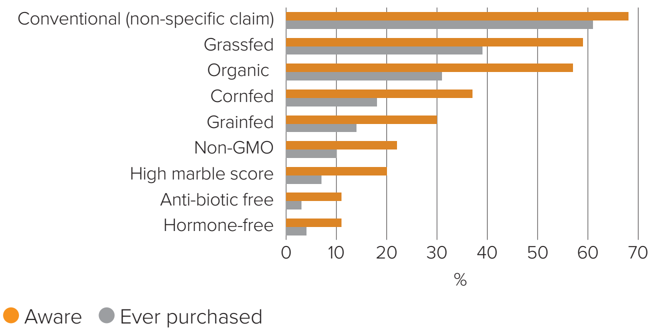
CONSUMERS

- 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 15 and 39 accounting for around 41% of the population *(Source: Fitch Solutions)*. In line with regional trends, younger consumers are aspirational, digitally and socially connected, 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 food product or service on consumers' health and wellbeing is a top attribute influencing their purchase choices *(Source: GlobalData consumer survey Q3,2023)*. Grassfed and organic beef are particularly well-positioned to address health and wellbeing concerns and are beef types with relatively high awareness. Consumers in this market strongly associate claims with 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 would consider paying 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 those from Australia and the US, are widely used by younger and affluent consumers in their home cooking repertoires.

Top attributes when Philippines consumers select between meats	Top attributes for Philippines consumers to justify a premium price for meat
My/my family's favourite meat	Is the most superior meat
Tastes delicious	Consistent quality standards
Easy and convenient to purchase	Tastes delicious
Consistent quality standards	Is my/my family's favourite meat
The industry is environmentally sustainable	The meat is usually tender

Source: MLA Global Consumer Tracker Philippines, 2022

Philippines consumer beef type awareness and past purchase

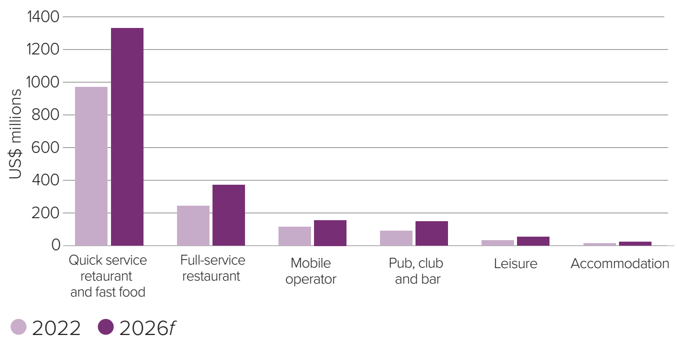


Source: MLA Global Consumer Tracker Philippines, 2022

FOODSERVICE

- Overall, the foodservice sector is highly fragmented and dominated by small, local independent restaurants, especially full-service restaurants (FSR), although the Philippines has a relatively well-established, modern chained segment. 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 featuring prominently 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 segment. The Philippines' tourism sector is smaller than those of neighbouring countries such as Indonesia and Vietnam, but has been expanding.
- Post-pandemic, home meal delivery and take-away continue to be important foodservice channels, with demand driven by an affluent, digital population seeking more convenience.

Foodservice sales by channel

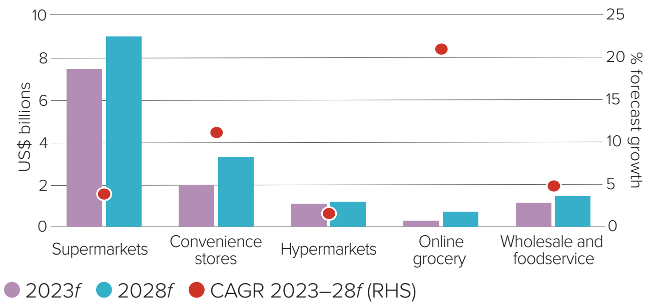


Source: GlobalData, The Future of Foodservice in the Philippines to 2026. Forecast data

RETAIL

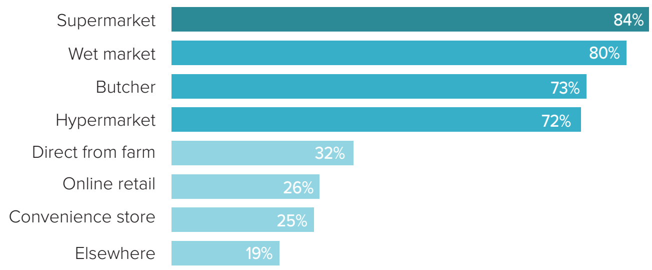
- The Philippines' grocery market is one of the fastest growing in South-East Asia and the second fastest in Asia after India *(Source: IGD)*. With a market share of approximately 79%, traditional channels are still dominant in the Philippines' grocery retail sector. However, modern retail, particularly 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 organic and products with natural claims, is being driven by demand from 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 South-East 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 in recent years, such as brisket, blade, ribs prepared, stiploin and cube roll *(Source: DAFF)*.

Grocery retail sales by channel forecast



Source: IGD, Excludes traditional channels and drug stores

Filipino monthly beef shoppers purchase channels

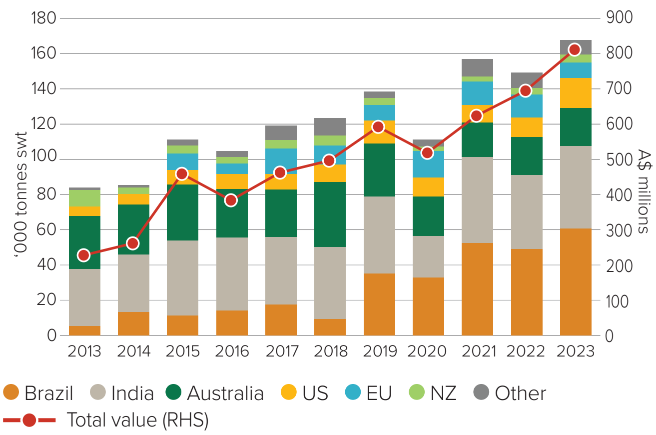


Source: MLA Global Consumer Tracker Philippines, 2022. Shoppers who purchase beef at least once a month

COMPETITIVE LANDSCAPE

- The Philippines is a high volume beef import market, with a long-term upward demand trend. Imports doubled over the last decade to reach a record high of 167,738 tonnes swt in the 12 month ending in July 2023. Beef imports are playing a bigger role in filling the gap between domestic production and growing consumption demand, underpinned by rising 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 years, overtaking India to be the largest beef supplier to the Philippines, with a 36% import volume share in the 12 month ending in July 2023. This strong import 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, demand for quality beef recovered strongly from 2021.
- The EU is another key supplier, providing a total of 14,465 tonnes swt in the 12 month ending in July 2023. Ireland represents around 61% of total beef from the EU, followed by Spain and the Netherlands at 15% and 13% respectively *(S&P Global MI Global Trade Atlas (GTA))*.
- Among the top ten largest suppliers, the fastest-growing over the past three years have been Spain, the US, Canada and New Zealand *(Source: S&P Global MI Global Trade Atlas (GTA))*.
- Despite still small volumes, imports of Japanese beef have generally trended up since 2015, with a total of 55 tonnes imported in the 12 month ending in July 2023 *(Source: S&P Global MI Global Trade Atlas (GTA))*.

Philippines beef imports by supplier*



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

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. However, it is seen as a superior protein of 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 children 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

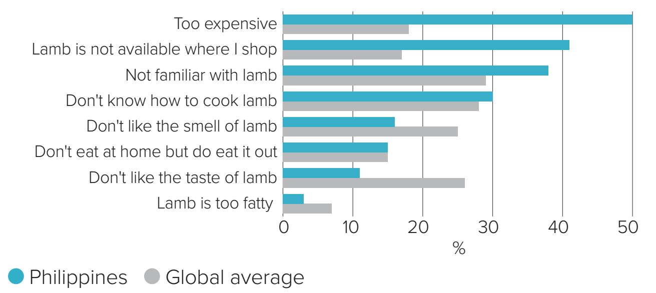
- The majority of Australian sheepmeat exports to the Philippines are utilised in high-end full-service restaurants, including 4 and 5 star hotels. While demand for imported sheepmeat dropped as a consequence of the pandemic, consumption has been recovering as economic activity resumes and tourist visitors return to pre-pandemic levels.
- Australia's key sheepmeat exports to the Philippines are frozen lamb leg, shoulder and rack *(Source: DAFF).*

Australian lamb can be found on menu in Philippines fine dining

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

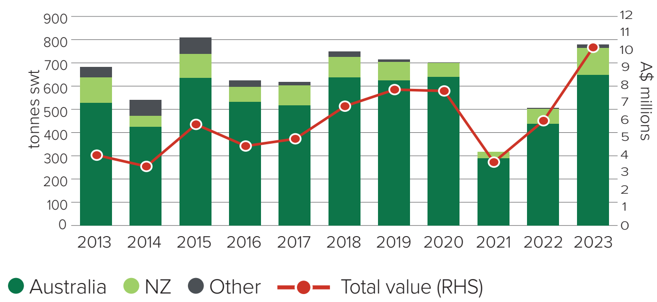


Source: MLA Global Consumer Tracker Philippines, 2022

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.
- Sheepmeat imports have been on a long-term gradual upward trend, reaching the second highest 12-month volume of 780 tonnes swt in the 12 month ending in July 2023. Australia accounted for 83% of the imported sheepmeat in this period *(Source: S&P Global MI Global Trade Atlas (GTA)).*

Philippines sheepmeat imports by supplier*



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

Beef

Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement **(AANZFTA)** Regional Comprehensive Economic Partnership **(RCEP)** Agreement (Philippines became a signatory in Feb 2023)	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

Sheepmeat

Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement **(AANZFTA)** Regional Comprehensive Economic Partnership **(RCEP)** Agreement (Philippines became a signatory in Feb 2023)	**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