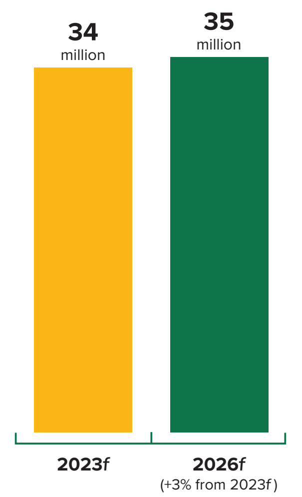
MARKET SNAPSHOT | BEEF & SHEEPMEAT

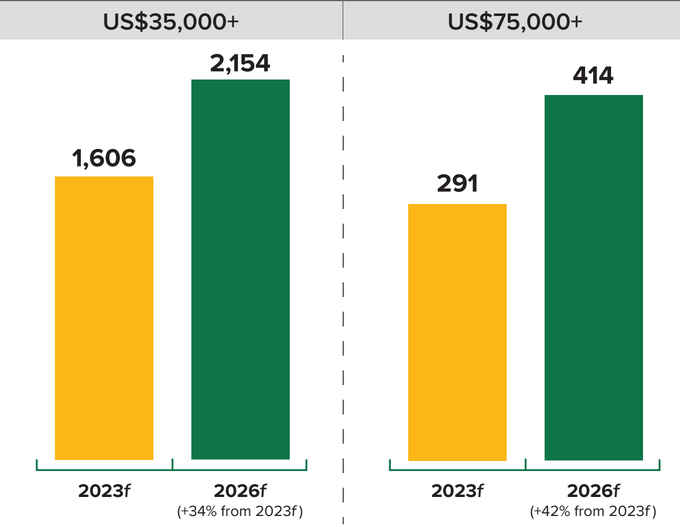
Malaysia

Malaysia is Australia's second largest export market for mutton, after China, and largest destination for sheepmeat within South-East Asia. Solid economic growth, continued expansion of already well-established retail, foodservice and tourism sectors, and a large pool of young, sophisticated consumers with high disposable income make Malaysia a key market in South-East Asia for Australia. Alongside our long-standing supply of frozen mutton, steady growth in high-value product categories such chilled beef and lamb shoulder reflect a growing interest in new experiences among consumers, and Malaysia's resilient foodservice and sectors have introduced new meat cuts and services to meet that demand.

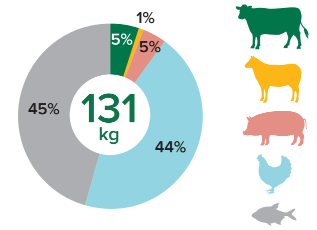
Population[1]



Household number by disposable income[2] (thousands)



Meat consumption per capita[3]

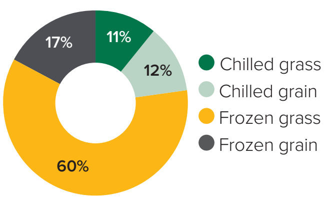


Annual grocery spend[4]

A$ 1,480 per person/year

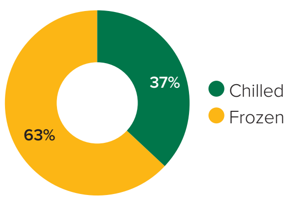
Australian beef exports

Australian beef exports – volume[5]



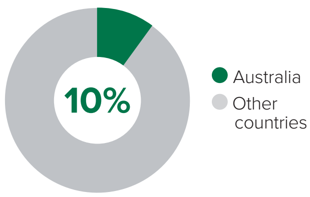
Total 8,381 tonnes swt

Australian beef exports – value[6]

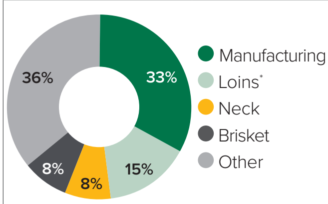


Total A$96.7 million

Australia's share of beef imports[7]

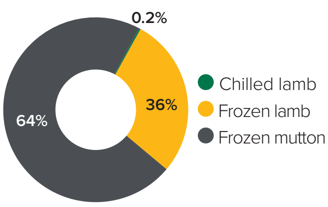


Australian beef exports by cut[8]



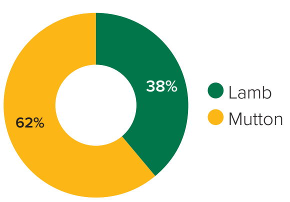
Australian sheepmeat exports

Australian sheepmeat exports – volume[5]



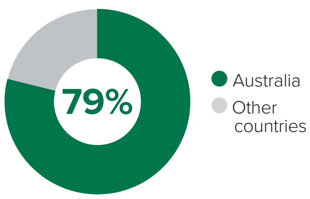
Total 30,146 tonnes swt

Australian sheepmeat exports – value[6]

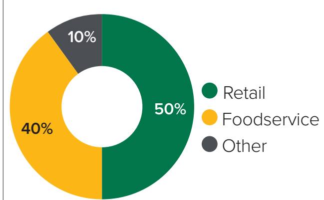


Total A$278.9 million

Australia's share of sheepmeat imports[7]



Key distribution channels of Australian sheepmeat[9]



*Data source for charts: [1,2] Fitch Solutions, [3] Fitch Solution (beef, pork, chicken, 2023f), Gira (sheepmeat, fish 2022e), [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 (June 2021–May 2022), [7] IHS Markit (June 2021–May 2022), [8] DAFF (2021–22) *Loins include striploin, cube roll/rib eye roll, tenderloin and loin, [9] MLA market intelligence*

Beef

CONSUMERS

- Malaysia has the second highest consumer purchasing power in the South-East Asia region after Singapore. Consumers average spending, per capita, is approximately US$6,500, compared to the ASEAN average of US$2,700 *(Source: Fitch Solutions)*.
- Despite the dominance of chicken and fish in the Malaysian diet, the country has a relatively high per capita beef consumption – and growing – of about 7kg per person a year. This is compared to the Asian average of 4.8kg *(Source: GIRA)*.
- Beef plays an important role in the Malaysian diet and local cuisine, especially for Muslim consumers, who account for more than 60% of the population and consume beef more frequently than the average population.
- Beef and lamb are considered premium animal proteins as they are perceived as the most superior meat, with consistently high quality and Malaysians, are willing to pay more for these meats *(Source: MLA Global Consumer Tracker Malaysia, 2021)*.
- Australian beef is generally considered to be 'accessible premium', as consumers appreciate the consistent quality, safety, and variety of cuts that Australian beef offers *(Source: MLA Global Consumer Tracker Malaysia, 2021)*.
- Awareness of Australian beef is strong in Malaysia due to it taking up a large shelf space share in modern retails stores in the country. In 2021, 67% of consumers reported eating Australian beef, which is the highest awareness outside of domestic beef despite making up a relatively small portion of total imports and consumption.
- For religious reasons, Halal is an important element in beef purchasing in Malaysia. Beef consumption typically spikes during the festive seasons both at home and in foodservice venues, particularly around the months of Ramadan and Hari Raya Aidilfitri, and at Christmas.
- Health and wellbeing have always been important to Malaysians. However, the pandemic boosted consumer awareness about food safety and maintaining good immunity and a healthy lifestyle. Malaysians are choosing products that offer health benefits and are from trustworthy sources such as Australian beef *(Source: MLA Global Consumer Tracker Malaysia, 2021; GlobalData Consumer Survey Q1 2022)*.

Top 5 attributes when:

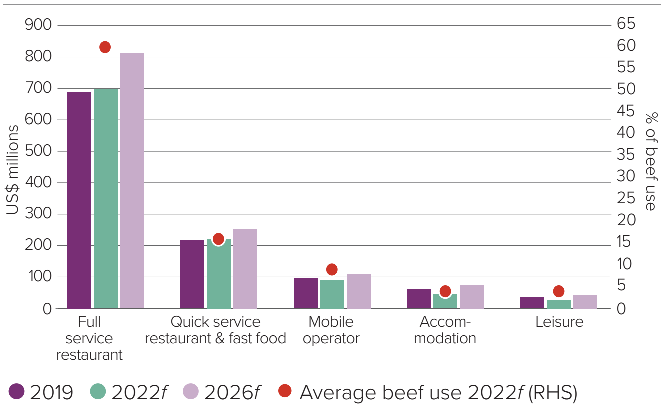
Selecting between proteins	Justify a premium price
Is my/my family's favourite meat	The most superior meat
Is easy and convenient to prepare	Tastes delicious
Consistent quality standards	My/my family's favourite meat
Guaranteed safe to eat	Consistent quality standards
Can be used in many different meals	The industry is environmentally sustainable

Source: MLA Global Consumer Tracker Malaysia, 2020

FOODSERVICE

- Malaysia has a relatively established foodservice sector, with one of the fastest growth rates in Southeast Asia, driven by changing consumer lifestyles, growing tourism and continued urbanisation.
- Australian beef exported to Malaysia is typically used in higher-end hotels and restaurants.

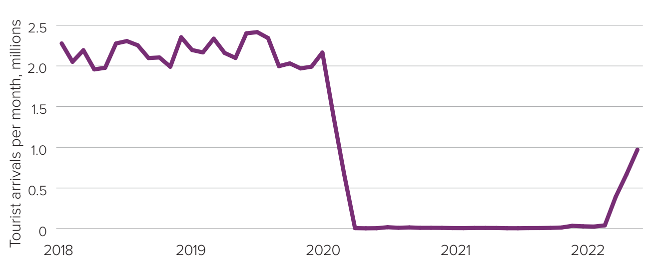
Foodservice sales and beef usage estimate by channel



Source: GlobalData. Based on Profit Operator

- Centred on Greater Kuala Lumpur in the Klang Valley, a vibrant foodservice sector offers a wide variety of choices from affordable local to luxury international cuisines. Klang Valley is home to approximately 200 shopping malls, which are popular destinations for food, drinks and social interactions in Malaysia. The region is seeing a growing number of contemporary, culture-themed restaurants including Asian, European, American and Middle Eastern styles.
- Local Malaysian is the favourite cuisine, followed by Chinese. Japanese, Korean and western cuisines are gaining popularity, mostly driven by young, educated and affluent consumers. Many affluent consumers who frequent the high-end foodservice sector are keen on Wagyu beef.
- Most restaurants, hotels and bars closed their dine-in services for extended periods during 2020 and 2021, causing severe economic damage. The number of hotel rooms in Kuala Lumpur declined by 9% between 2019 and 2021, while per-capita restaurant and hotel spending declined by 27% between 2019 and 2022, costing an estimated A$10 billion.
- Food delivery has been a key business driver for the Malaysian foodservice sector, as many dine-in services offered delivery services during the pandemic. The proliferation of delivery apps such as FoodPanda, GrabFood, and Beep have made food delivery easier. Between 2019–22 the food delivery channel as a whole grew by 38%. This growth is expected to continue, with revenues projected to grow 29% between 2022 and 2026 *(Source: GlobalData)*.

Tourist arrivals to Malaysia collapsed in 2020, but the sector is recovering

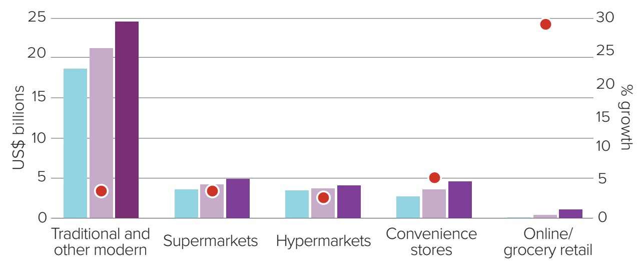


Source: Tourism Malaysia

RETAIL

- Malaysia's grocery retail sector is fragmented, with organised retailers accounting for approximately 38% of the market. Despite a relatively high urbanisation rate of 78%, traditional channels or wet markets are still dominant.

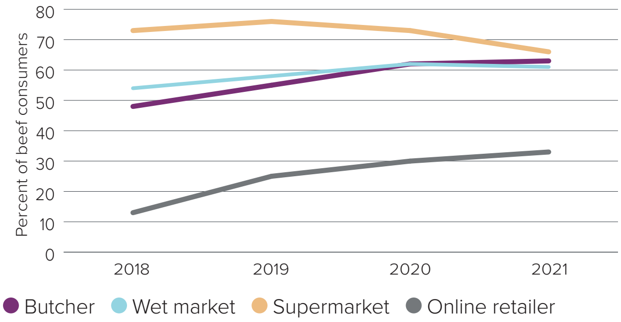
Grocery retail sales by channel forecast



Source: IGD

- Most Malaysian consumers frequent traditional markets for local beef and modern retail outlets such as supermarkets or hypermarkets for imported beef, including Australian. However, during the pandemic, traditional markets were closed under government orders, meaning consumers could only buy meat from modern retail stores, mini grocery stores and online retailers.
- The pandemic accelerated online channel growth, although from a very low base. Increasing numbers of consumers are willing to purchase beef online, bolstered by partnerships between online retailers and 'brick and mortar' retailers and using the recommendation from friends and relatives to buy from trusted online stores.

Place of purchase for frequent* beef consumers



*Source: MLA Global Consumer Tracker. *Once a month or more*

- Malaysia's grocery retail sector was adversely impacted by the pandemic, with large contractions in retail spending in April 2020 and June 2021.
- Overall retail spending recovered to pre-pandemic levels in December 2021, and in April 2022 rose 15.2% year-on-year, as strong fundamentals in the economy were re-activated *(Source: Department of Statistics Malaysia)*. During this period demand for beef, especially chilled beef, has remained steady.
- Halal slaughter practices are an important factor in influencing consumer decisions, and are tied up in consumer's perceptions of freshness, hygiene and safety. Beyond Halal, freshness is a very important factor influencing Malaysian consumers' beef purchasing decisions as it is thought to affect the taste of the dish.

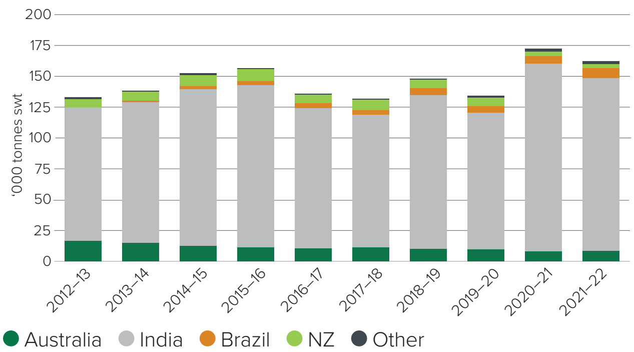
COMPETITIVE LANDSCAPE

- Malaysia imports approximately 80% of its beef, of which Indian buffalo meat has accounted for around 85% over the past two years. Malaysia's beef imports declined slightly in 2021–22, with total imports down 6% to 166,397 tonnes Shipped Weight (swt). This represents a return to normalcy after large swings in import volume brought on by COVID-19 related disruptions.
- Imports of Indian buffalo meat dropped 8% in 2021–22 to 140,141 tonnes swt. Malaysian demand for Indian buffalo meat was strong, but stronger demand and willingness to pay shifted volume to the Indonesian market.
- Australia is the second largest beef supplier to Malaysia, with a market share of approximately 8%. Imports from Australia rose 8% in 2021–22, due to demand from retail to satisfy demand during the pandemic, the recovery of higher end foodservice in 2022, and Australian suppliers successfully complying with the new labeling requirement.
- Brazil has become the third largest supplier following a period of steady growth reaching a market share of around 5% in 2021–22. In previous years, New Zealand was the third largest exporter, but demand from higher value markets such as China, alongside challenges created by Malaysia's new dual labelling requirement for imported beef, have seen large falls in export volumes.
- Demand for chilled beef has been growing in recent years, reaching 2,208 tonnes swt in 2021–22. Australia is the largest supplier of chilled beef, accounting for approximately 89% of the supply. Australian chilled beef exports grew 6% to 1,956 tonnes in the last financial year.
- After Australia, Japan is the second largest exporter of chilled beef to Malaysia. Since 2018, chilled imports from Japan grew exponentially to a maximum of 238 tonnes in 2020–21.

Despite a 36% contraction in 2021–22 volumes, more Japanese wagyu beef brands are imported into Malaysia showing a relatively small, but growing, market for high quality beef.

- Malaysia maintains strict Halal requirements for food products. Meat intended to be imported to Malaysia must be Halal. This means that meat plants must follow Halal protocols and be inspected and approved by the Malaysian Department of Islamic Development (JAKIM) and the Department of Veterinary Services (DVS) *(Source: Malaysia Department of Veterinary Services)*.
- In October 2022, Malaysia ratified the Comprehensive and Progressive for Trans-Pacific Partnership Agreement (CP-TPP) improving market access for markets without bilateral agreements such as Canada, Mexico and Peru.

Malaysia beef imports by major supplier



Source: DAFF, IHS Markit

Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia New Zealand Free Trade Agreement **(AANZFTA)** Malaysia-Australia Free Trade Agreement **(MAFTA)** Trans-Pacific Partnership **(CP-TPP)**	**Under AANZFTA and MAFTA:** 0% for all product lines	**India:** 0% **New Zealand:** Same conditions as Australia **Brazil:** 0%	Zero	Maintains import regulations in accordance with Halal and health requirements

Best access — Major challenges

Source: Trade agreements, DFAT, WTO

Australian beef exports to Malaysia – 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 %	change 2021–22 vs five-year average in tonnes swt
	Total	**8,381**		**8,116**		**9,863**		**-15%**	**-1,481**
Storage	Chilled	1,894	23%	2,152	27%	2,195	22%	-14%	-301
	Frozen	6,487	77%	5,964	73%	7,667	78%	-15%	-1,180
Meat type	Grassfed	5,905	70%	5,583	69%	8,013	81%	-26%	-2,108
	Grainfed	2,476	30%	2,533	31%	1,850	19%	34%	627
Storage/meat type	Chilled grassfed	870	10%	924	11%	1,378	14%	-37%	-508
	Chilled grainfed	1,024	12%	1,228	15%	817	8%	25%	206
	Frozen grassfed	5,035	60%	4,659	57%	6,635	67%	-24%	-1,601
	Frozen grainfed	1,453	17%	1,305	16%	1,032	10%	41%	421

Source: DAFF, figures are rounded

Value – in A$ 000

		2021–22	% out of total	2020–21	% out of total	five-year average	% out of total	%	in A$ 000
	Total	**102,337**		**78,317**		**80,880**		**27%**	**21,457**
Storage	Chilled	37,932	37%	35,799	46%	32,181	40%	18%	5,752
	Frozen	64,405	63%	42,518	54%	48,700	60%	32%	15,705

Source: ABS/IHS Markit

Volume – by major cut (in tonnes swt)

	2021–22	% out of total	2020–21	% out of total	five-year average	% out of total	%	in tonnes swt
Manufacturing	2,808	33%	3,124	38%	4,331	44%	-35%	-1,523
Neck	1,227	15%	831	10%	631	6%	94%	596
Striploin	705	8%	574	7%	861	9%	-18%	-156
Brisket	659	8%	564	7%	688	7%	-4%	-28
Cube roll/rib eye roll	471	6%	390	5%	450	5%	5%	20
Topside/Inside	466	6%	536	7%	568	6%	-18%	-102
Blade	439	5%	411	5%	538	5%	-19%	-100
Thick flank/knuckle	399	5%	417	5%	412	4%	-3%	-14
Short ribs	219	3%	175	2%	160	2%	37%	59
Other	990	12%	1,094	13%	1,224	12%	-19%	-234
Total	**8,381**		**8,116**		**9,863**		**-15%**	**-1,481**

Source: DAFF

Sheepmeat

CONSUMERS

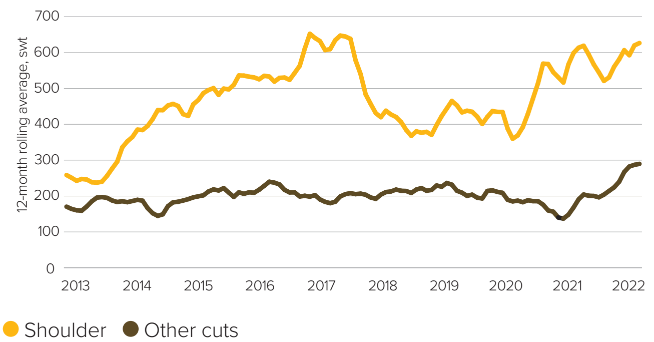
- Despite modest per capita consumption levels, the frequency of sheepmeat consumption is relatively high in Malaysian diets. About one-third of consumers say they have bought lamb in the last month, well above Asia's average of 19% *(Source: MLA Global Consumer Tracker)*.
- Malaysia's cuisine is influenced by many different cultures including Malay, Chinese, Arabic, Indian, Indian Muslim, Javanese and European. Sheepmeat is not only popular among the Muslim and Indian Muslim community, but also enjoyed by many other parts of the community. Sheepmeat is not taboo to most religions and hence can be enjoyed by many consumers.
- Sheepmeat has increasingly become a favourite meat for daily consumption among many families, in addition to being a favourite meat for special treats or special occasions. Demand for sheepmeat typically spikes during the Muslim festive seasons, particularly during the months of Diwali, Ramadan and Hari Raya Aidilfitri.
- Malaysian consumers tend to be more familiar with sheepmeat than those in neighbouring countries. Malaysian consumers are more likely to consider lamb, alongside beef, the superior protein, and are willing to pay a price premium for it relative to chicken and fish *(Source: MLA Global Consumer Tracker)*.

Top attributes to justify a premium price	Attributes associated to lamb meat
Is the most superior meat	Is the most superior meat
Tastes delicious	The animal is well-cared
Is my/my family's favourite meat	Consistent quality standards
Consistent quality standards	Usually tender
The industry is environmentally sustainable	Willing to pay more for this meat

Source: MLA Global Consumer Tracker Malaysia, 2020

- Malaysian consumers, especially male millennials, are interested in sheepmeat. In particular, they are interested in cooking more meals with sheepmeat, especially lamb, and learning how to cook more exciting sheepmeat dishes *(Source: MLA Attractive Cities Study Kuala Lumpur, 2018)*. Some adventurous consumers say they would try to buy and cook lamb if they are inspired by recipe ideas, cooking tips or good experiences at a restaurant.
- During COVID-19, more consumers learned how to cook lamb during the stay at home period and ordering lamb dishes from delivery services, driving increased demand for Australian shoulder and loin cuts. This has persisted after the end of stay-at home orders, with lamb shoulder now the most popular sheepmeat export cut.

Australian lamb shoulder and all other lamb exports to Malaysia

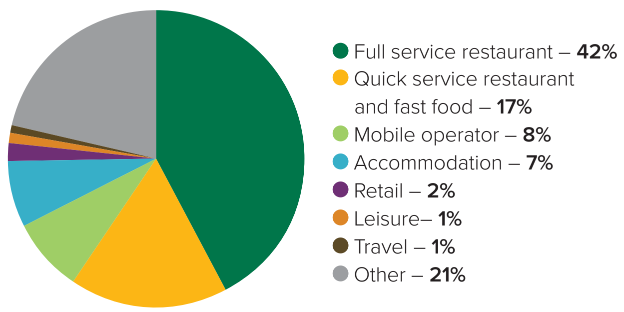


Source: DAFF, MLA Calculations

FOODSERVICE

- Driven by consumer preferences for enjoying sheepmeat out-of-home, foodservice is an important channel to growing sheepmeat consumption in Malaysia, but the sector was one of the hardest-hit by the pandemic.
- Although still the largest part of the foodservice sector, full-service restaurant revenue strongly contracted in 2020 and lost market share to quick-service restaurants and other options including food delivery and ready-to-cook meal kits. However, lamb sales are expected to grow at 5% CAGR from 2022 to 2026 *(Source: GlobalData)*.

Lamb usage estimate by foodservice channel



Source: GlobalData, 2022

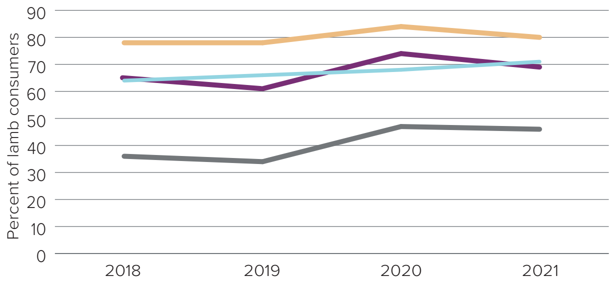
- Innovations that occurred during the pandemic such as ready-to-cook meal kits and marinated spicy chops sold through online channels, are expected to remain key channels for sheepmeat, and an important source of future growth.
- Sheepmeat is widely served in many restaurants and there is a growing interest from Chinese restaurants to serve sheepmeat for stir fry, braised, stewed, clay pot and hot pot because of its versatility. Grilled and BBQ lamb chops are also growing in popularity on menus of Asian buffet dining restaurants and pub restaurants.

Braised lamb with soy sauce in clay pot

RETAIL

- Malaysian consumers buy sheepmeat from multiple retail outlets, including both modern and traditional. Supermarkets and hypermarkets remain the most common places to purchase imported sheepmeat products.

Place of purchase for frequent* lamb consumers



*Source: MLA Global Consumer Tracker *Once a month or more*

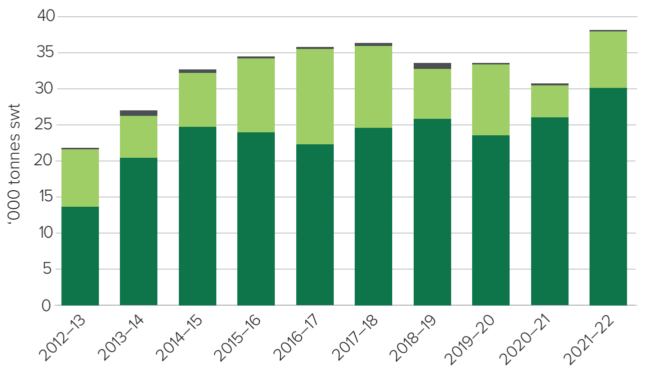
- Although still a small portion of overall sales, e-groceries adoption continues to grow beyond the initial bump during the pandemic. Retailers are heavily investing and developing this channel by increasing sophistication, such as substantive return policies, to assuage consumer fears of purchasing perishable goods online.
- Roast, grill, stew, panfry, curry and BBQ are the most popular ways of cooking lamb at home. Malaysian consumers tend to use more pre-prepared ingredients such as marinades when cooking sheepmeat dishes to help make cooking sheepmeat easier.
- Capturing the growing need for convenient home-cooking, there has been an increase in the number of pre-prepared 'ready to cook' meals including marinated lamb sold through online channels such as Shopee, Lazada, Grabmart and Happy Fresh, alongside traditional retailers.
- The increase in home cooking during the pandemic exposed more Malaysian consumers to lamb. The concurrent increase in accessible tips and recipes on social media has led to an uptick in interest in new cooking styles.

Gule Kambing, a popular menu item for Eid al Adha

COMPETITIVE LANDSCAPE

- Over 90% of some 40,000 tonnes of sheepmeat consumed in Malaysia comes from imports *(Source: GIRA)*.
- In 2021–22, imports rose 24% to an all-time high of 37,721 tonnes swt. Australia is the leading supplier, with a market share of around 79%, followed by New Zealand with 20% and very small volumes from India.
- Imports from Australia have been relatively consistent, while volumes from New Zealand have fallen in recent years and are generally highly variable. In 2021–22, imports from Australia rose 16% to 29,725 tonnes swt, while imports from New Zealand rose 75% to 7,792 tonnes after falling 57% in the previous year.
- Bone-in, frozen sheepmeat accounts for over 90% of total imports. Mutton makes up about 63% of Australian sheepmeat exports, and Malaysia is the third largest market for Australian mutton. Australian sheepmeat exports have reached all-time highs in 2021–22, with three of the five highest ever trading months occurring throughout 2022.
- Aside from Australia and New Zealand, few other exporters play in the market. The only other consistent supplier to Malaysia is India, which typically exports 10–100 tonnes per month, accounting for an average of 0.6% of total imports.
- Prices are stable and consistent with markets with a similar product mix. Prices averaged AU$9.43/kg in 2021–22, with New Zealand enjoying a 0.73¢ premium over Australian products due to slightly higher boneless exports, and a much lower volume share overall *(Source: IHS Markit)*.

Malaysia sheepmeat imports by 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)** Malaysia-Australia Free Trade Agreement **(MAFTA)** Trans-Pacific Partnership **(CP-TPP)**	**Under AANZFTA:** 0% for all product lines	**New Zealand:** Same conditions as Australia	Zero	Maintains import regulations in accordance with Halal and health requirements

Best access — Major challenges

Source: Trade agreements, DFAT

Australian sheepmeat exports to Malaysia – 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 %	change 2021–22 vs five-year average in tonnes swt
	Total	**30,146**		**26,010**		**24,457**		**23%**	**5,689**
Storage	Chilled	58	0%	77	0%	81	0%	-28%	-23
	Frozen	30,088	100%	25,933	100%	24,376	100%	23%	5,711
Meat type	Lamb	10,994	36%	9,650	37%	8,364	34%	31%	2,630
	Mutton	19,152	64%	16,360	63%	16,094	66%	19%	3,058
Storage/ meat type	Chilled lamb	58	0.2%	77	0%	81	0%	-28%	-23
	Chilled mutton	0	0%	0	0%	0	0%	0%	-0
	Frozen lamb	10,936	36%	9,573	37%	8,283	34%	32%	2,653
	Frozen mutton	19,152	64%	16,360	63%	16,094	66%	19%	3,058

Source: DAFF, figures are rounded

Value – in A$ 000

		2021–22	% out of total	2020–21	% out of total	five-year average (2016–17 to 2020–21)	% out of total	%	in A$ 000
	Total	**278,864**		**203,929**		**170,501**		**64%**	**108,363**
Meat type	Lamb	107,101	38%	79,375	39%	63,458	37%	69%	43,643
	Mutton	171,763	62%	124,554	61%	107,043	63%	60%	64,720

Source: ABS/IHS Markit

Volume - by major cut (in tonnes swt)

		2021–22	% out of total	2020–21	% out of total	five-year average (2016–17 to 2020–21)	% out of total	%	in tonnes swt
Lamb	Shoulder	7,518	68%	7,362	76%	5,976	71%	26%	1,542
	Neck	1,003	9%	461	5%	170	2%	488%	832
	Shank	714	6%	532	6%	467	6%	53%	247
	Other	1,759	16%	1,295	13%	1,749	21%	1%	10
	Total	**10,994**		**9,650**		**8,364**		**31%**	**2,630**
Mutton	Carcase	9,740	51%	8,493	52%	8,626	54%	13%	1,113
	Shoulder	3,726	19%	3,362	21%	3,042	19%	22%	684
	Leg	2,539	13%	1,728	11%	1,919	12%	32%	620
	Other	3,147	16%	2,777	17%	2,506	16%	26%	641
	Total	**19,152**		**16,360**		**16,094**		**19%**	**3,058**

Source: DAFF

Superscript: 2025^{ff} **2025^{f}**

Italicised: 2025ff*f* **2025*f***

Italicised: 2019 2022*f* Growth % YOY (RHS)