

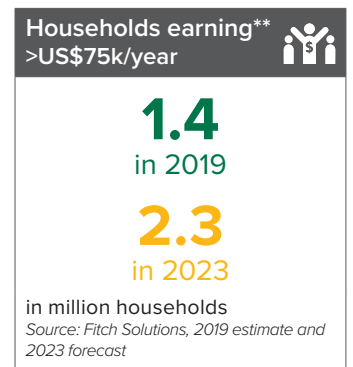
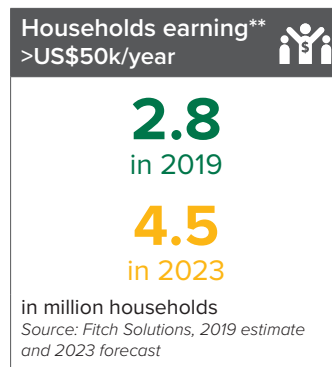
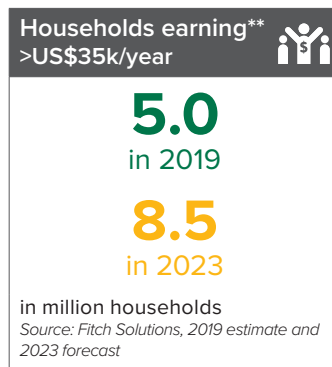
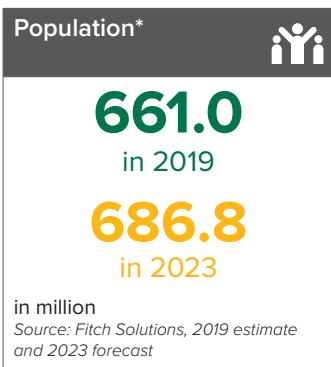
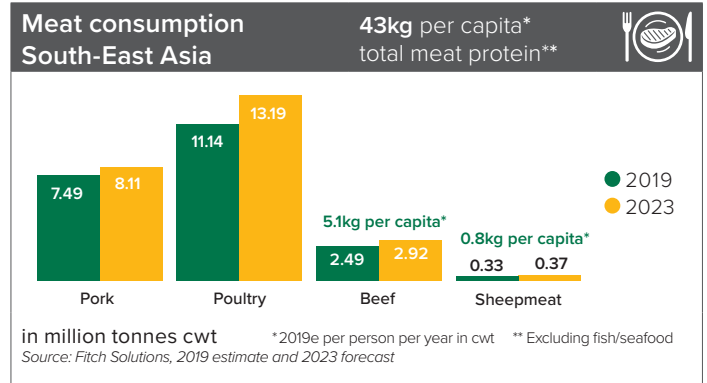


MARKET SNAPSHOT | BEEF & SHEEPMEAT

South-East Asia*

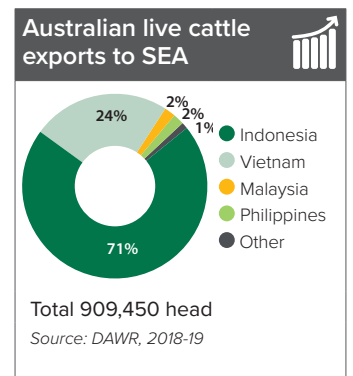
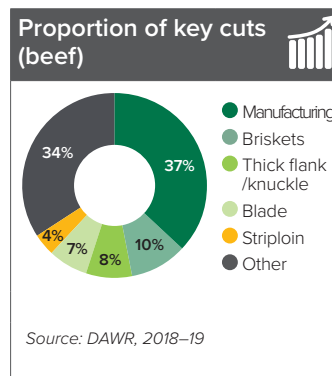
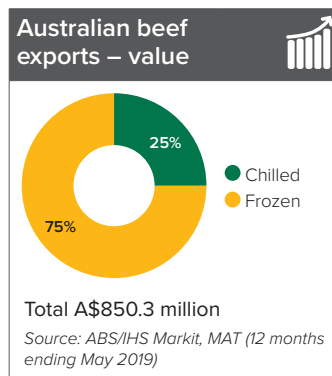
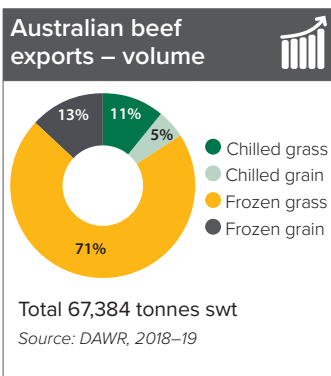
Improving household incomes and changing consumer tastes in the region are driving a rapid rise in red meat consumption. The variance in market maturity and consumption habits requires a highly targeted approach to identify and develop opportunities for Australian red meat.

* In this report, South East Asia (SEA) includes the following countries – Indonesia, Singapore, Malaysia, Thailand, the Philippines, and Vietnam, as well as Brunei, Cambodia, Laos and Myanmar.

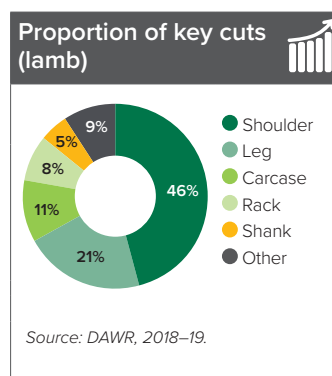
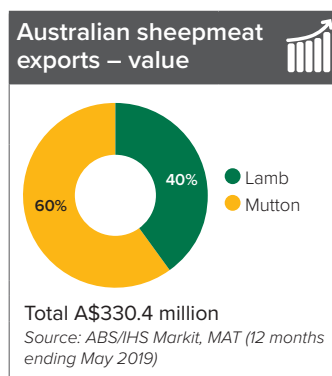
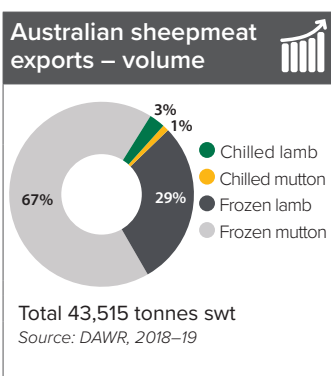


*includes Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.
**Disposable income: earnings after taxes and social security charges – includes Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

Within the region, Indonesia and the Philippines are high volume markets for Australian beef, followed by fast-growing Vietnam. Singapore and Thailand take smaller volumes of high value products.



Malaysia and Singapore are key markets for Australia, ranking the 3rd and 4th largest amongst global mutton exports, respectively. Exports to other SEA countries are growing, although demand has been volatile.

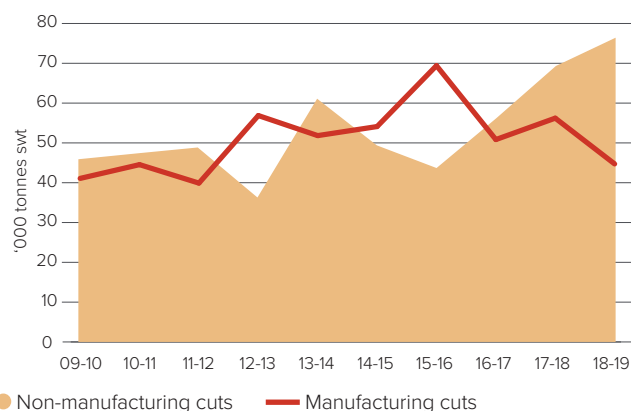


CONSUMERS



- Beef comprises a small proportion in the daily diets of SEA consumers compared to fish, chicken and pork. However, it's forecast to be the second fastest growing meat category in the region after chicken, with consumption volume estimated to increase 16% from 2018 to 2022 (Source: GIRA). This strong growth is driven by rising incomes, an expanding affluent consumer class and continued urbanisation.
- SEA consumers associate beef with superiority and good taste, which typically drive consumers to pay a premium for it. Consumers also have positive perceptions of imported meat products with 'premium quality' and 'better taste' being commonly perceived benefits.
- Beef is mostly utilised in local traditional cuisines; however, there's a growing trend to try new, international beef dishes at home. Japanese beef *gyudon*, *shabu-shabu*, Korean *bulgogi* and western-style steak are among popular international beef recipes being adopted by many urban SEA consumers. Beef is also often used as a special family treat.

Australian beef exports to SEA – non-manufacturing vs. manufacturing cuts



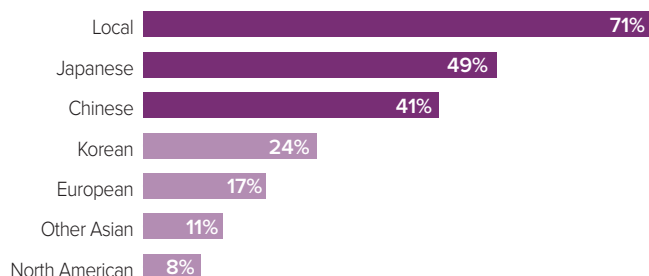
Source: DAWR

FOODSERVICE



- SEA has a vibrant foodservice sector with a wide range of food and price options. Although the market remains fragmented and dominated by local mid-range restaurants, the modern higher-end segment – a major foodservice channel of Australian beef in the region – has been expanding.
- New restaurant concepts and menus have been introduced by local and international foodservice operators to capture the rising number of young affluent foodies in urban cities. Continued modernisation and premiumisation in the foodservice sector is creating growth opportunities for Australian beef.
- Key motivations for SEA consumers to dine out on beef are the taste of beef and variety in beef dishes, especially those that are difficult to cook at home. Young urban consumers, in particular, show strong interest in trying out new food trends and cuisines from different cultures (Source: MLA ASEAN Attractive Cities Study). Enjoyment, variety and experience are key themes that Australian beef can leverage in developing value propositions targeting the young aspirational consumer segment.
- Demand for beef products of good quality and variety – in terms of cuts, grassfed, grainfed, marble score, breed – is expected to increase, supported by a number of factors including the growing popularity of Japanese, Korean, and western cuisines, increased consumer sophistication, competition and diversification led by operators within the higher end foodservice segment.

Which cuisines do SEA consumers prefer when dining out?



Source: MLA ASEAN Attractive Cities Study

RETAIL



- The SEA retail sector shares similar trends to foodservice. Apart from Singapore, SEA has a relatively fragmented retail market with traditional channels making up approximately 85% of market share (Source: IGD). However, modern retail is developing rapidly as major retailers seek to expand their store network and formats to keep up with evolving consumer needs.
- Australian (boxed) beef has high penetration in modern retail, especially in high-end supermarkets. Within this channel, Australian beef mainly competes with the US, New Zealand and Argentina, and with Japan on Wagyu.
- In SEA, Australian beef is one of the most commonly consumed products after domestic (except in Singapore, where Australian beef is predominantly consumed), a result of its strong market presence and perceived advantages including high quality, good taste and higher hygiene standards (Source: MLA ASEAN Attractive Cities Study).

Top 5 attributes SEA consumers look for on-pack when making beef purchases

Singapore	Malaysia	Indonesia	Thailand	Vietnam*
Safety	Halal	Halal	Safety	Origin
Freshness	Safety	Freshness	Natural	Quality
Natural	Freshness	Safety	Freshness	Use-by-date
Value	Natural	Natural	Value	Freshness
Origin	Value	Value	Origin	Price

Source: MLA Global Tracker (Singapore, Malaysia, Indonesia, Thailand); MLA ASEAN Attractive Cities Study (Vietnam), 2018

* Based on top attributes consumers look for on-pack when purchasing meat

- The region is seeing an increase in the number of gourmet grocer outlets across major cities, which target emerging affluent local and expatriate consumers. This trend creates further opportunity to grow premium beef products.

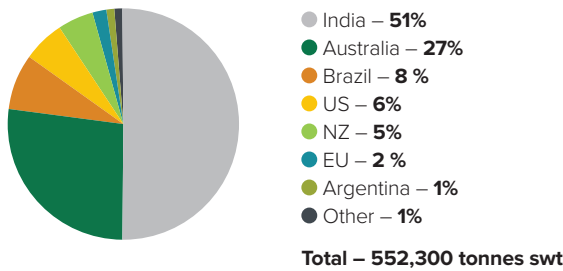
OTHER SUPPLIERS



- Beef imports to SEA grew significantly in 2018 – 13% year-on-year – underpinned by strong demand growth in Indonesia, Vietnam, Philippines and Thailand.
- India is a dominant supplier of buffalo meat to SEA markets except Singapore and Thailand. It's mostly utilised in low-end traditional retail and foodservice channels including wet markets and small restaurants, and by small to medium-sized food manufacturers. It's also sold in modern retail, in Malaysia and Indonesia in particular, in frozen or thawed form at relatively competitive prices.
- Imports from Brazil increased 28% year-on-year in 2018, underpinned by strong demand from the Philippines and Malaysia.
- Singapore and Thailand saw a surge of Argentinian beef imports in 2018. Albeit off a small base, shipments to Singapore increased 4 times compared to 2017, and shipments to Thailand grew 29% year-on-year.
- Australia accounts for about a quarter of the SEA's imported beef market. It's also the largest supplier of chilled beef to the region with a market share of over 80%, followed by New Zealand (8%), US (5%), and Japan (2%).

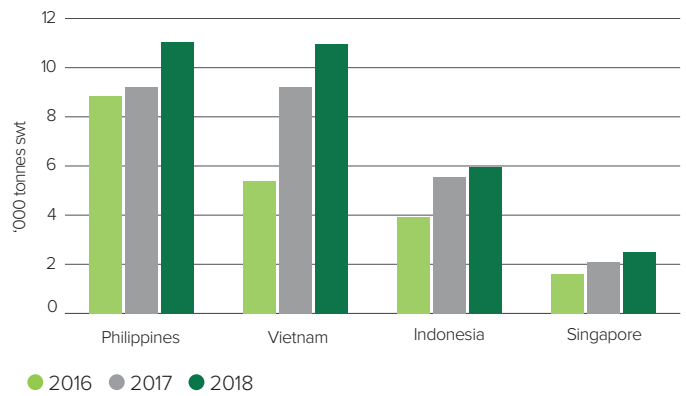
- Strong growth of US beef imports pose a potential threat to Australia's share in the SEA market as the US is also positioned as a high quality brand, targeting high-end retail, foodservice channels and affluent consumer segments.
- Australia has a strong trade and economic relationship with the SEA region. Free trade and economic partnership agreements, including the newly signed Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) with Indonesia, will continue to underpin Australia's competitive position across the SEA markets.

SEA* beef imports by major supplier – 2018



Source: IHS Markit, Agromonitor, calendar year
 *SEA-6 includes Singapore, Malaysia, Indonesia, Philippines, Thailand and Vietnam

US beef imports by key SEA markets



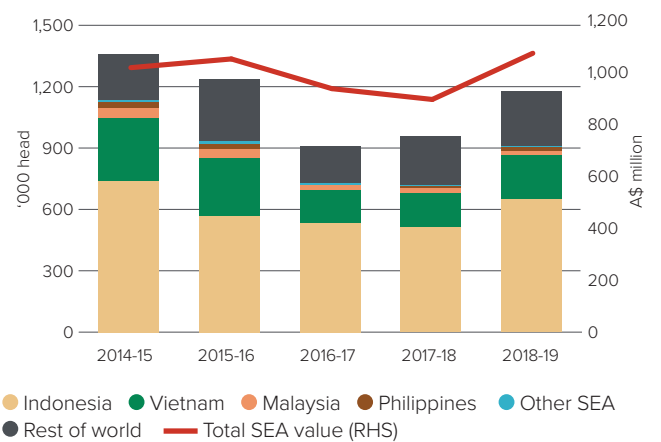
Source: IHS Markit, Agromonitor

LIVESTOCK EXPORTS



- SEA is the largest market for Australian live cattle exports with a combined volume share of 77%, of which Indonesia makes up almost two thirds by volume, and Vietnam accounts for about 23%.
- Australian cattle have played an important role in meeting SEA's rising demand for beef and SEA consumers' strong preference for freshly slaughtered meat. It's estimated to have supplied approximately 20% of the total beef consumed in Indonesia and Vietnam.
- Australian cattle exports to SEA increased in 2018–19 at a moderate rate of 3% year-on-year. Strong growth occurred in Indonesia and the Philippines at 6% and 43% year-on-year respectively, while demand from Vietnam remained stable.
- As part of the Indonesian government's efforts to increase self-sufficiency, it imposed a '5:1' policy on live cattle trade since October 2016, requiring importers to import one breeder for every five feeder cattle. The government is looking to diversify its live cattle supply, considering US and Mexico as potential suppliers.

Australian live cattle exports



Source: DAWR, ABS/IHS Markit
 *2018-19 value MAT (12 months ending May 2019)



Market access overview – Indonesia

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN*- Australia-NZ Free Trade Agreement (AANZFTA) Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) Signed in March 2019	Boxed beef – 5% for chilled and frozen boneless** and frozen bone-in***; 0% for all other lines Live cattle – 5% (0% for purebred breeding cattle)***	India (buffalo meat): India-ASEAN FTA. 5% tariff Brazil No FTA. 5% tariff	Volumes managed by the Indonesian government's import permit system	Highly regulated market, with complex import conditions and regulations. The government controls type of meat and offal products that can be imported into the country

Best access Major challenges

Source: Trade agreements, DFAT, MLA

* Association of Southeast Asian Nations. Members include Indonesia, Malaysia, Singapore, the Philippines, Thailand, Vietnam, Brunei, Myanmar, Laos and Cambodia.

** Under AANZFTA: tariffs for chilled & frozen boneless beef exports will be removed on 1 January 2020.

*** IA-CEPA on enter into force: tariffs for frozen bone-in beef exports will be reduced to 2.5% and removed by 2023; 0% tariff for male cattle exports within quota (575,000 head) and 2.5% out of quota, and 0% for female cattle exports with no quota.

Australian beef exports to Indonesia – summary table



Volume – in tonnes swt	2018–19		2017–18		5-year average (2013–14 to 2017–18)		change 2018–19 vs 5-year average	
		% out of total		% out of total		% out of total	%	in tonnes swt
Total	54,417		58,213		50,096		9	4,321
Storage	Chilled	4,502 8	4,188 7	3,741 7	20	761		
	Frozen	49,915 92	54,025 93	46,355 93	8	3,560		
Meat type	Grassfed	53,324 98	56,852 98	49,288 98	8	4,036		
	Grainfed	1,093 2	1,361 2	808 2	35	285		
Storage/meat type	Chilled grassfed	4,042 7	3,391 6	3,276 7	23	767		
	Chilled grainfed	460 1	798 1	466 1	-1	-6		
	Frozen grassfed	49,282 91	53,461 92	46,013 92	7	3,269		
	Frozen grainfed	633 1	564 1	342 1	85	291		

Source: DAWR

Value – in A\$ 000

	2018–19	2017–18	5-year average (2013–14 to 2017–18)	%	in A\$ 000	
Total	332,142	324,995	287,361	16	44,781	
Storage	Chilled	49,140 15	48,842 15	41,722 15	18	7,418
	Frozen	283,002 85	276,153 85	245,639 85	15	37,363

Source: ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Volume – by major cut (in tonnes swt)

	2018–19	2017–18	5-year average (2013–14 to 2017–18)	%	in tonnes swt
Total	54,417	58,213	51,720	5	2,698
Manufacturing	13,674 25	18,865 32	24,128 47	-43	-10,454
Brisket	7,678 14	5,575 10	3,120 6	146	4,559
Thick flank/knuckle	7,536 14	8,630 15	4,718 9	60	2,818
Other	25,529 47	25,143 43	19,754 38	29	5,776

Source: DAWR

Australian beef offal exports to Indonesia (in tonnes swt)

	2018–19	2017–18	5-year average (2013–14 to 2017–18)	%	in tonnes swt
Total	34,201	27,812	16,913	102	17,288
Manufacturing	11,286 33	9,945 36	5,214 31	116	6,073
Heart	5,461 16	3,974 14	3,112 18	75	2,349
Liver	4,640 14	2,654 10	2,003 12	132	2,638
Other	12,813 37	11,239 40	6,585 39	95	6,228

Source: ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Value – in A\$ 000

	2018–19	2017–18	5-year average (2013–14 to 2017–18)	%	in A\$ 000
Total	102,453	77,090	40,350	154	62,103

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian live cattle exports to Indonesia

	2018–19	2017–18	5-year average (2013–14 to 2017–18)	%	in A\$ 000
Volume – in head	603,769	510,937	595,008	1	8,761
Value – in A\$ 000	675,129	573,551	571,131	18	103,998

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)



Market access overview –SEA*

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) Malaysia-Australia FTA (MAFTA) Thailand-Australia FTA (TAFTA) Singapore-Australia FTA (SAFTA)	Singapore, Malaysia, the Philippines and Vietnam Zero Thailand 2.67% within quota, 50% out of quota in 2019 Zero in 2020	India (buffalo meat) India-ASEAN FTA 0% tariff into Malaysia; 6% to the Philippines 12% to Vietnam; (15% for frozen carcasses), eliminated by 2022 Brazil No FTA	Singapore, Malaysia, the Philippines and Vietnam Zero Thailand Safeguard quantity of 1,536.43 metric tonnes in 2019.	Singapore, the Philippines, Vietnam and Thailand No major hurdles Malaysia Maintains import regulations in accordance with Halal

Best access Major challenges

Source: Trade agreements, DFAT, MLA

*excluding Indonesia

Australian beef exports to SEA* – summary table



Volume – in tonnes swt		2018–19	% out of total	2017–18	% out of total	5-year average (2013–14 to 2017–18)	% out of total	change 2018–19 vs 5-year average	
								%	in tonnes swt
Total		67,384		68,176		61,598		9	5,786
Storage	Chilled	10,811	16	9,653	14	8,837	14	22	1,974
	Frozen	56,573	84	58,523	86	52,761	86	7	3,812
Meat type	Grassfed	54,826	81	56,058	82	51,624	84	6	3,202
	Grainfed	12,558	19	12,118	18	9,974	16	26	2,584
Storage/meat type	Chilled grassfed	7,187	11	6,711	10	6,347	10	13	840
	Chilled grainfed	3,624	5	2,943	4	2,490	4	46	1,134
	Frozen grassfed	47,639	71	49,347	72	45,278	74	5	2,361
	Frozen grainfed	8,934	13	9,176	13	7,484	12	19	1,451

Source: DAWR. *SEA includes Brunei Darussalam, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

Value – in A\$ 000

								%	in A\$ 000
Total		518,141		475,974		474,001		9	44,140
Storage	Chilled	166,800	32	145,060	30	123,981	26	35	42,819
	Frozen	351,340	68	330,914	70	350,020	74	0	1,320

Source: ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian beef exports to Singapore – volume (in tonnes swt)

								%	in tonnes swt
Total		6,344		5,660		7,901		-20	-1,557
Storage	Chilled	4,265	67	3,859	68	3,601	46	18	664
	Frozen	2,079	33	1,801	32	4,301	54	-52	-2,222
Value – in A\$ 000	Total	\$91,459		\$80,862		\$81,196		13	\$10,263

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian beef exports to Malaysia – volume (in tonnes swt)

								%	in tonnes swt
Total		10,096		11,274		11,905		15	-1,810
Storage	Chilled	2,198	22	2,082	18	2,035	17	8	163
	Frozen	7,898	78	9,192	82	9,870	83	-20	-1,972
Value – in A\$ 000	Total	\$83,554		\$79,761		\$76,168		10	\$7,386

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian beef exports to Philippines – volume (in tonnes swt)

								%	in tonnes swt
Total		31,786		36,612		30,801		3	985
Storage	Chilled	793	2	838	2	815	3	-3	-22
	Frozen	30,993	98	35,775	98	29,985	97	3	1,007
Value – in A\$ 000	Total	\$172,391		\$177,791		\$140,400		23	\$31,991

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian beef exports to Vietnam – volume (in tonnes swt)

								%	in tonnes swt
Total		11,503		7,337		4,551		153	6,952
Storage	Chilled	1,220	11	914	12	708	16	72	512
	Frozen	10,283	89	6,422	88	3,843	84	168	6,440
Value – in A\$ 000	Total	\$88,908		\$58,900		\$35,350		152	\$53,558

Source: DAWR, ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)



Sheepmeat

CONSUMERS



- Per capita sheepmeat consumption is low compared to other meat proteins and varies between SEA markets. While it's a less popular meat in the Thai and Vietnamese diet, sheepmeat is widely featured in Malaysian and Indonesian cuisine.
- Sheepmeat consumption typically spikes during the Islamic festive seasons in Malaysia, Indonesia, Singapore and Brunei, particularly around the months of Ramadan and Idul Fitri.
- Despite being a less frequently consumed meat, lamb is associated with superiority, an attribute driving consumers to pay a premium when making meat purchases (Source: MLA Global Tracker).

- A lack of familiarity and cooking knowledge remain major barriers to growing sheepmeat consumption. However, many young aspirational and affluent SEA consumers show a strong interest in learning how to cook exciting dishes with sheepmeat, as well as trying it at restaurants when they dine out.

What would convince consumers to buy lamb?

Indonesia	Malaysia	Thailand
Trying it at a restaurant	Recipe ideas	Trying a free sample
Trying a free sample	Trying it at a restaurant	Trying it at a restaurant
Tips on preparation	Tips on preparation	Recipe ideas

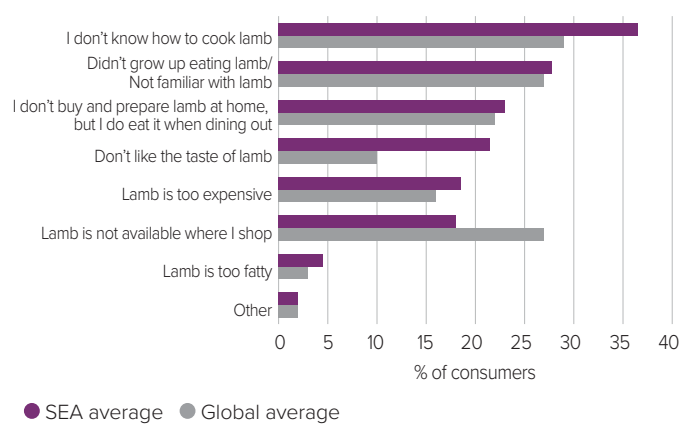
Source: MLA Global Consumer Tracker Indonesia, Malaysia and Thailand, 2018

FOODSERVICE



- Foodservice continues to be a strategic channel for sheepmeat in SEA as the majority of consumers lack confidence in cooking lamb at home, finding it more beneficial to enjoy the meat in foodservice venues (Source: MLA ASEAN Attractive Cities Study).
- Sheepmeat is served in a wide variety of restaurants, ranging from low to high end and from local to international. However, Australian sheepmeat is mostly utilised in high-end restaurants, while local products cater to the lower end of the segment.
- Increasing disposable incomes and evolving needs and aspirations of a rising generation of consumers in SEA, the so-called Millennials and Gen Z, as well as continued development of the SEA foodservice sector, are expected to continue to drive growth in demand for high quality sheepmeat products.

% of consumers surveyed who have never purchased lamb



Source: MLA Global Consumer Tracker

RETAIL



- Australian lamb has strong penetration across modern retail chains in the region, with New Zealand a key competitor.
- Increasing consumer awareness and confidence in sheepmeat cooking will be one of the key drivers to grow sales.

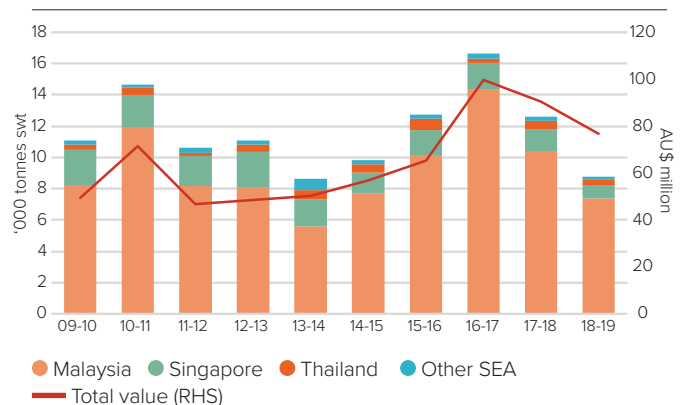
- Providing convenient cuts with recipe recommendations, as well as information about nutritional benefits of sheepmeat in retail stores, remain a priority for players.

OTHER SUPPLIERS



- Australia has long been the leading supplier of sheepmeat in SEA. It maintains a market share of about 70%, followed by New Zealand, whose shipments have declined recently due to supply constraints and strong demand from China.

NZ sheepmeat exports to major SEA markets



Source: IHS Markit.





Market access overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)* Conclusion of negotiations	0% Except Indonesia, Cambodia, Laos and Myanmar**	NZ same access conditions as Australia	Zero	Indonesia, Malaysia and Brunei maintain import regulations in accordance with Halal requirements

Best access Major challenges

Source: Trade agreements, DFAT, MLA. * Indonesia: IA-CEPA, on entry into force, tariff cut to 2.5% (from 5%) and eliminated after five years. ** Indonesia: 5% for chilled bone-in and all frozen products; Cambodia: 15% (except a 35% tariff on frozen boneless products); Myanmar: 5%; Laos: 10%. Tariff will be 0% in Myanmar and Cambodia in 2020, and in Laos in 2021.

Australian sheepmeat exports to SEA* – summary table



Volume – in tonnes swt		2018–19		2017–18		5-year average (2013–14 to 2017–18)		change 2018–19 vs 5-year average	
			% out of total		% out of total		% out of total	%	in tonnes swt
Total		43,515		41,078		40,411		8	3,104
Storage	Chilled	1,772	4	1,705	4	1,555	4	14	218
	Frozen	41,742	96	39,373	96	38,856	96	7	2,886
Meat type	Lamb	14,155	33	13,817	34	14,295	35	-1	-140
	Mutton	29,360	67	27,261	66	26,116	65	12	3,244
Storage/ meat type	Chilled lamb	1,392	3	1,332	3	1,205	3	16	187
	Chilled mutton	380	1	373	1	350	1	9	30
	Frozen lamb	12,762	29	12,485	30	13,090	32	-3	-328
	Frozen mutton	28,980	67	26,888	65	25,766	64	12	3,214

Source: DAWR. *Includes ASEAN-10: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

Value – in A\$ 000

								%	in A\$ 000
Total		330,375		277,317		227,415		45	102,960
Meat type	Lamb	131,773	40	107,686	39	95,961	42	37	35,811
	Mutton	198,602	60	169,631	61	131,454	58	51	67,149

Source: ABS/IHS Markit, 2018-19 = MAT (12 months ending May 2019)

Australian sheepmeat exports to Singapore – by major cut (in tonnes swt)

								%	in tonnes swt
Lamb	Leg	749	33	775	34	727	34	3	22
	Carcase	523	23	452	20	358	17	46	165
	Shoulder	284	12	259	12	269	13	5	15
	Other	740	32	762	34	789	37	-6	-49
Total		2,297		2,249		2,144		7	153
Mutton	Carcase	4,964	54	3,638	42	4,565	51	9	399
	Leg	2,751	30	3,209	37	2,857	32	-4	-105
	Manufacturing	802	9	1,382	16	1,151	13	-30	-349
	Other	669	7	431	5	423	5	58	246
Total		9,186		8,661		8,996		2	190

Source: DAWR

Australian sheepmeat exports to Malaysia – by major cut (in tonnes swt)

								%	in tonnes swt
Lamb	Shoulder	5,434	68	5,044	66	5,973	71	-9	-540
	Carcase	890	11	834	11	897	11	-1	-6
	Leg	765	10	810	11	572	7	34	193
	Other	922	12	972	13	955	11	-4	-34
Total		8,011		7,660		8,397		-5	-387
Mutton	Carcase	10,123	57	9,358	55	8,156	55	24	1,967
	Shoulder	3,152	18	3,042	18	2,491	17	27	661
	Leg	2,318	13	2,311	14	1,322	9	75	996
	Other	2,241	13	2,217	13	2,830	19	-21	-590
Total		17,834		16,927		14,800		21	3,034

Source: DAWR

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