MARKET SNAPSHOT | BEEF

South East Asia (excluding Indonesia)

South East Asia (SEA*) is one of the fastest-growing consumer markets in the world, underpinned by a young population, rapid urbanisation, and rising incomes. Increased demand for nutritional and high quality food represent growth opportunities for Australian beef exports. However, the SEA region is diverse, with consumer spending power, consumption habits and stage of market maturity varying greatly across countries.

Challenges and opportunities in SEA for Australian beef include:

- More than half of Australian beef exports to SEA consist of manufacturing beef. This product faces strong competition from Indian buffalo meat (in Vietnam, Malaysia, the Philippines) and Brazilian beef (in Singapore).
- The competitive landscape is anticipated to become more intense and complex as imports of European and US beef grow across the region.
- SEA's large consumer base, with its rising disposable incomes and the subsequent increase in standard of living, continues to drive demand for high quality food products, including imported beef.
- Robust growth in the tourism sector, coupled with expansion in retail and foodservice, represent growth potential for beef products, particularly chilled beef.

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

Population

383.5 in 2017 | **399.3** in 2021

In million

Source: BMI Research, 2017 estimate & 2021 forecast, total of 9 ASEAN countries excluding Indonesia

Households earning*
>US$35,000/year

2.9 in 2017 | **4.4** in 2021

In million households

Source: BMI Research, 2017 forecast & 2021 projection, total of 6 countries – Malaysia, Philippines, Singapore, Thailand, Vietnam and Cambodia

* Disposable income

Households earning*
>US$50,000/year

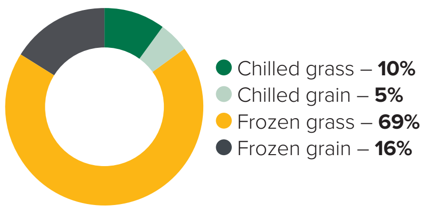
1.8 in 2017 | **2.7** in 2021

In million households

Source: BMI Research, 2017 forecast & 2021 projection, total of 6 countries – Malaysia, Philippines, Singapore, Thailand, Vietnam and Cambodia

* Disposable income

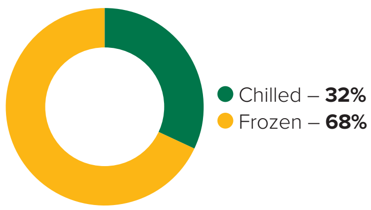
Australian beef exports – volume



Total 61,521 tonnes swt

Source: Department of Agriculture and Water Resources (DAWR), CY 2017

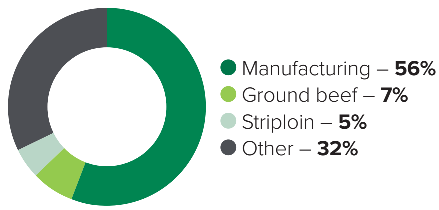
Australian beef exports – value



Total A$438.7 million

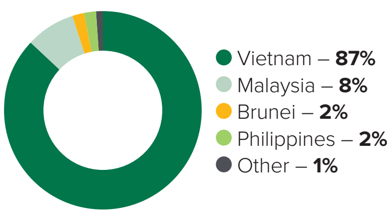
Source: ABS/GTA, MAT (Moving Annual Total) November 2016 to October 2017

Proportion of key cuts



Source: DAWR, CY 2017

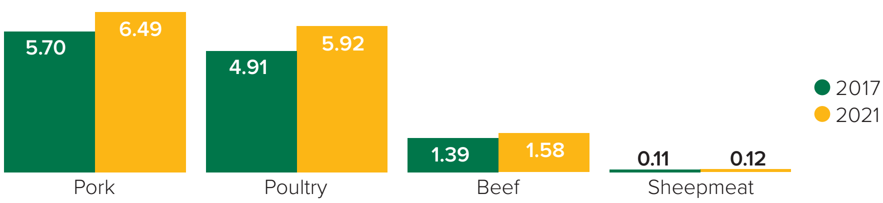
Australian live cattle exports – volume



Total 189,804 head

Source: DAWR. CY2017

Meat consumption



In million tonnes cwt

Source: BMI Research, 2017 estimate and 2021 forecast, total of 4 countries – Malaysia, Philippines, Thailand, and Vietnam.

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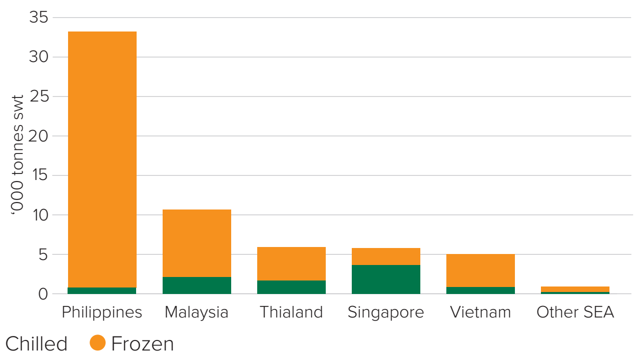
Consumers

- SEA is a culturally and socio-economically diverse market. Consumer lifestyles, dietary habits, household incomes and many other aspects vary widely across countries. For example, Singapore has one of the world's wealthiest consumer bases – its gross domestic product (GDP) per capita is almost forty times higher than that of Cambodia.
- In Malaysia, with more than half of its population practising Islam, pork remains the least consumed meat protein, however it is the most consumed protein in neighbouring Vietnam.
- Demand for Australian beef is also quite varied across the markets. Singapore remains the largest destination for Australian chilled beef exports in the region, while the Philippines is the largest destination for frozen manufacturing beef. Despite the small volume, Australian chilled beef exports to Vietnam and Cambodia have grown strongly in recent years, underpinned by rapid growth in household incomes and the expansion of modern retail and foodservice sectors.

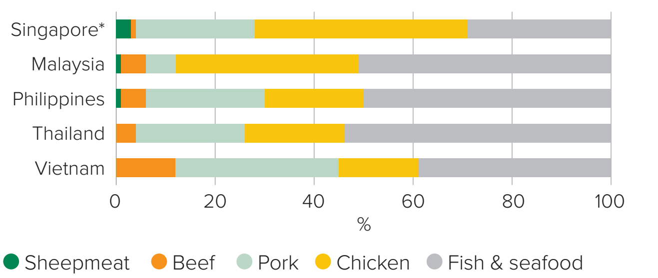
Australian chilled vs. frozen beef exports to SEA – 2017



Source: DAWR

- Fish, seafood and chicken are the most frequently consumed proteins in SEA due to their affordable prices and availability. However, demand for beef is growing fast, supported by rising incomes and the increasing appetite for high quality protein. Beef is also perceived as the most superior meat among the majority of consumers in SEA.

Per capita protein consumption (% out of total, 2017e)

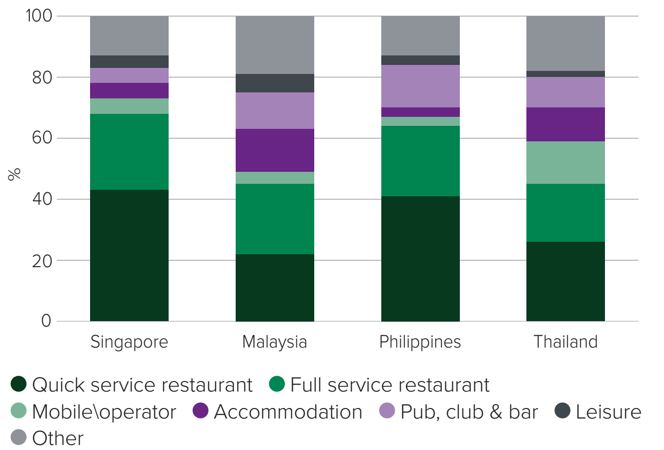


*Source: OECD, AVA. * Singapore's figures are of 2016.*

Foodservice

- The foodservice sector in SEA is vibrant and dynamic, with market structure and stage of maturity varying greatly across countries.
- Despite the small market size, Singapore remains the most lucrative market for foodservice in the region (in terms of average sales per outlet), underpinned by a large proportion of high income consumers (including local Singaporeans and international expats) and a strong tourism sector. Although competition is relatively high in Singapore, the sophisticated and highly developed foodservice industry is expected to continuously offer growth opportunities for Australian beef exports, especially in the premium foodservice segments.

Value share by major foodservice channel – 2017e*



Source: GlobalData
*Value does not include institutional sector (e.g. schools, hospitals, military services, etc.).

- Malaysia is forecast to be the fastest-growing market for foodservice in the region, largely supported by its rapid rise in number of high-income households and urban population.

Top hotel chains by foodservice sales – 2016

Singapore	Malaysia	Thailand	Philippines
AccorHotels	Marriott International	AccorHotels	AccorHotels
InterContinental	InterContinental	Anantara	Wyndham Hotels & Resorts
Pan Pacific Hotels	Shangri-La	Dusit International	InterContinental
Hilton Worldwide	Dorsett Hospitality International	Centara Hotels and Resorts	Crown Regency Hotels & Resorts
Millennium Hotels and Resorts	Resorts World Genting	InterContinental	

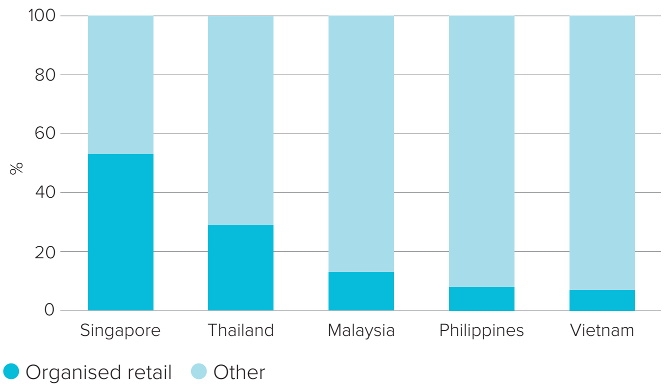
Source: GlobalData

- Young, urban consumers with increasing incomes in SEA tend to have a strong appetite for modern, trendy and international restaurants and menus. Western-style menus including beef steak, Japanese-style hotpot *(shabu-shabu)* and Korean barbecue *(bulgogi)* are among international cuisines that are growing in popularity.
- SEA attracts more than 100 million international tourist visitors annually, generating more than US$100 billion/year on average *(Source: WorldBank, 2015 data)*. The strong tourism sector is expected to continue to drive demand for beef in the foodservice across SEA's countries.

Retail

- With the exception of Singapore – which has a developed and sophisticated retail market – the grocery retail sector in SEA remains highly fragmented, and dominated by traditional channels including wet markets and small, family-owned stores. The modern retail sector is growing, however remains limited to major top-tier cities across the region.

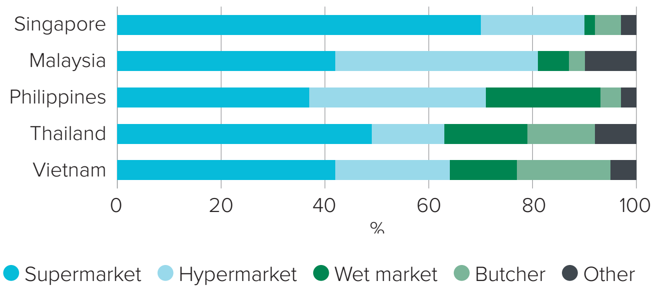
Market share of grocery retail – 2017



Source: IGD. 2017 forecast

- Consumers in SEA purchase beef across retail channels, from wet markets to modern retail outlets. However, supermarket and hypermarket remain the most common channels of beef purchase among consumers in large and urban cities.

Where do consumers go and buy Australian beef?



Source: MLA Global consumer Tracker (2017 – Singapore, Malaysia); (2016 – Philippines, Vietnam, Thailand)

- In a number of countries across SEA, religious beliefs have a strong influence on the meat purchase decisions of consumers.

Top five important themes motivating beef purchase

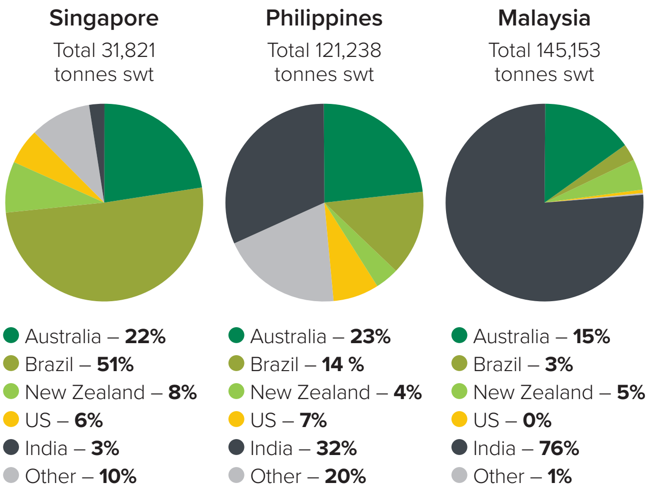
Malaysia	Singapore
Halal	Safety
Safety	Freshness
Freshness	Natural
Natural	Value
Value	Origin

Source: MLA Global Consumer Tracker 2017

Other suppliers

- India is a leading supplier of bovine meat – Indian buffalo meat (IBM) – to the region, particularly to Vietnam, Malaysia and the Philippines. However, the majority of IBM imports are frozen and channelled into wet markets and meat processing manufacturers.
- Although Brazilian beef exports to SEA lag behind India and Australia, it is the largest beef supplier in Singapore, and is expanding competition in chilled beef in the Singaporean modern retail sector.
- SEA's beef imports from Europe and the US increased strongly in 2017, largely underpinned by increased demand from the Philippines. In 2017 (January-August period), the total volume of beef imports to the Philippines from Europe and the US grew by 87% year-on-year, to 23,101 tonnes swt.
- Despite the small volume, Australia is the largest supplier of chilled beef to SEA, followed by New Zealand.

Beef imports by major supplier in selected markets

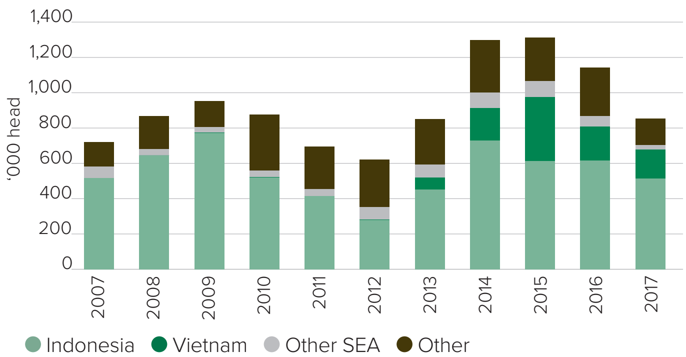


Source: GTA, MAT September 2016 to August 2017.

Live exports

- Vietnam is Australia's second largest destination for live cattle exports, behind Indonesia. In 2017, 165,172 cattle were shipped to the market, down 15% year-on-year. The change in trade reflects the shift of many feedlots transitioning from growth to maintenance placement levels. It was also influenced by a range of other factors, including Australia's tight supply and strong livestock prices along with strong IBM imports.

Australian live cattle exports



Source: ABS/GAT, DAWR. 2007-2014 export volumes are based on ABS, 2015-2017 are based on DAWR. There might be minor differences between the ABS/GTA data above and other reports published by DAWR owing to differences in the data extraction dates and source.

Market access overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
ASEAN-Australia-New Zealand Free Trade Agreement **(AANZFTA)**	**Singapore, Malaysia, the Philippines and Vietnam** Zero	**India** (buffalo meat) India-ASEAN FTA 0% tariff into **Malaysia**, 5% to the **Philippines**, 12% to **Vietnam**.	**Singapore, Malaysia, the Philippines and Vietnam** Zero	**Singapore, the Philippines, Vietnam and Thailand** No major hurdles
	Thailand 5.33% within quota, 50% out of quota in 2018. Zero in 2020	**Brazil** No FTA	**Thailand** Safeguard quantity of 1,463.26 metric tonnes in 2018	**Malaysia** Maintains import regulations in accordance with Halal

Best access — Major challenges

Source: Trade agreements, DFAT, MLA

Australian beef exports to SEA – summary table

Volume – in tonnes swt

		2017	% out of total	2016	% out of total	5-year average (2012-2016)	% out of total	change 2017 vs 5-yr av. %	change 2017 vs 5-yr av. in tonnes swt
	Total	**61,521**	**100**	**58,203**	**100**	**60,824**	**100**	**1**	**697**
Storage	Chilled	9,236	15	8,744	15	7,979	13	16	1,257
	Frozen	52,284	85	49,459	85	52,845	87	-1	-561
Meat type	Grassfed	48,989	80	44,929	77	52,494	86	-7	-3,505
	Grainfed	12,532	20	13,274	23	8,330	14	50	4,202
Storage/meat type	Chilled grassfed	6,340	10	5,834	10	5,919	10	7	421
	Chilled grainfed	2,896	5	2,910	5	2,060	3	41	836
	Frozen grassfed	42,649	69	39,095	67	46,575	77	-8	-3,926
	Frozen grainfed	9,636	16	10,364	18	6,270	10	54	3,365

Source: DAWR

Value – in A$ 000

		2017	% out of total	2016	% out of total	5-year average (2012-2016)	% out of total	%	in A$ 000
	Total	**438,679***	**100**	**382,513**	**100**	**345,563**	**100**	**27**	**93,116**
Storage	Chilled	142,529*	32	136,819	36	102,992	30	38	39,536
	Frozen	296,150*	68	245,694	64	242,571	70	22	53,579

Source: ABS/GTA. 2017 = Moving Annual Total (MAT), November 2016 to October 2017.*

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

	2017	% out of total	2016	% out of total	5-year average (2012-2016)	% out of total	%	in tonnes swt
Striploin	1,098	19	978	14	1,183	12	-7	-84
Rump	647	11	498	7	569	6	14	78
Cube roll/rib eye roll	621	11	521	7	597	6	4	24
Other	3,405	59	4,969	71	7,747	77	-56	-4,342
Total	**5,772**	**100**	**6,967**	**100**	**10,096**	**100**	**-43**	**-4,324**

Source: DAWR

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

	2017	% out of total	2016	% out of total	5-year average (2012-2016)	% out of total	%	in tonnes swt
Manufacturing	4,925	46	4,877	47	6,006	45	-18	-1,081
Brisket	1,091	10	296	3	319	2	242	772
Striploin	890	8	1,048	10	1,047	8	-15	-157
Other	3,725	35	4,170	40	6,092	45	-39	-2,368
Total	**10,631**	**100**	**10,391**	**100**	**13,464**	**100**	**-21**	**-2,833**

Source: DAWR

Australian beef exports to Philippines – by major cut (in tonnes swt)

	2017	% out of total	2016	% out of total	5-year average (2012-2016)	% out of total	%	in tonnes swt
Manufacturing	28,669	86	25,532	87	24,189	85	19	4,480
Ground beef*	2,153	6	1,758	6	869	3	148	1,284
Thick Flank/knuckle	345	1	332	1	370	1	-7	-25
Other	2,100	6	1,808	6	2,941	10	-29	-841
Total	**33,267**	**100**	**29,431**	**100**	**28,369**	**100**	**17**	**4,898**

*Source: DAWR. *includes hamburger patty and minced beef.*