MEAT & LIVESTOCK AUSTRALIA

MARKET SNAPSHOT | BEEF & SHEEPMEAT

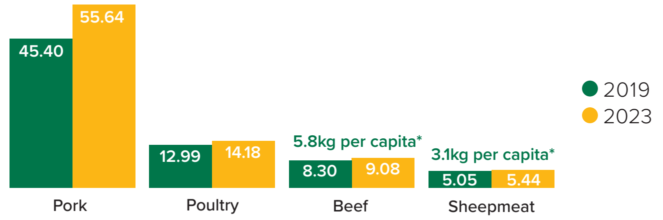
Greater China

(China, Hong Kong and Taiwan)

Despite being the most populous country in the world, the proportion of Chinese consumers who can regularly afford to buy high quality imported meat is relatively small in comparison to more developed markets such as the US or Japan. However, demand for premium imported beef is forecast to grow strongly, fuelled by a significant increase in the number of wealthy households. Focusing on targeted opportunities with a differentiated product will help to build preference in what is a large, complex and very competitive market.

Meat consumption China

52.8kg per capita* total meat protein**



in million tonnes cwt * 2019e per person per year in cwt ** Excluding fish/seafood

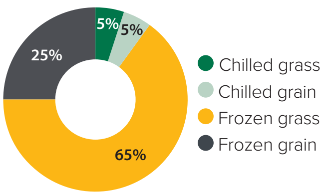
Source: Fitch Solutions (2019 estimate and 2023 forecast), OECD Agriculture Statistics: OECD-FAO Agricultural Outlook (Edition 2018), GIRA

Population	Households earning* >US$35k/year	Households earning* >US$50k/year	Households earning* >US$75k/year
1.45 in 2019	**19.0** in 2019	**7.9** in 2019	**2.9** in 2019
1.47 in 2023	**38.8** in 2023	**16.5** in 2023	**6.0** in 2023
in billion (Greater China)	in million households (Greater China)	in million households (Greater China)	in million households (Greater China)
Source: Fitch Solutions, 2019 estimate and 2023 forecast	*Source: Fitch Solutions, 2019 estimate and 2023 forecast*	*Source: Fitch Solutions, 2019 estimate and 2023 forecast*	*Source: Fitch Solutions, 2019 estimate and 2023 forecast*

*Disposable income: earnings after taxes and social security charges.

Australian beef exports to China have experienced rapid growth, increasing 60-fold over the past 10 years. The country is now the 3rd largest destination for Australian beef.

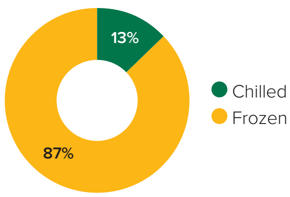
Australian beef exports – volume**



Total 206,307 tonnes swt

Source: DAWR, 2018–19

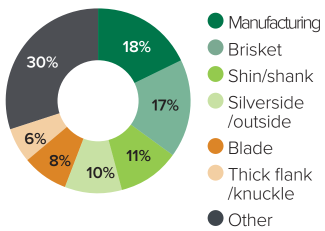
Australian beef exports – value**



Total A$1.66 billion

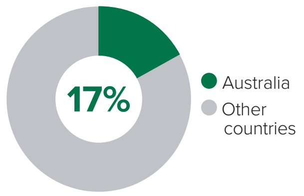
Source: ABS/IHS Markit, MAT (12 months ending May 2019)

Proportion of key cuts** (beef)



Source: DAWR, 2018–19

Australia's share beef of imports**

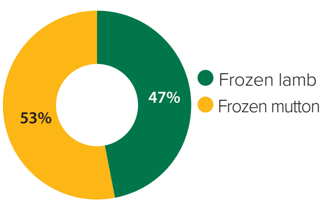


Source: IHS Markit, FYTD (July 2018 – May 2019)

** China data only

China has quickly become Australia's largest export destination for sheepmeat, registering more than 500% increase in the last 10 years. It is also by far the largest and most important customer of Australian mutton.

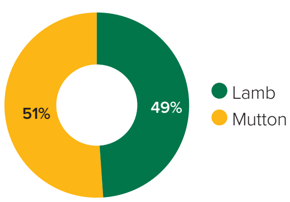
Australian sheepmeat exports – volume**



Total 126,064 tonnes swt

Source: DAWR, 2018–19

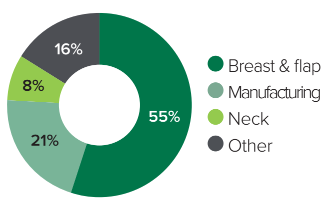
Australian sheepmeat exports – value**



Total A$838.6 million

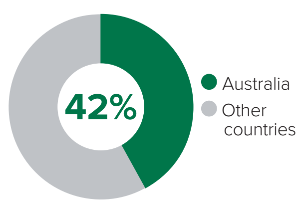
Source: ABS/IHS Markit, MAT (12 months ending May 2019)

Proportion of key cuts** (lamb)



Source: DAWR, 2018–19.

Australia's share of sheepmeat imports**



Source: IHS Markit, FYTD (July 2018 – May 2019)

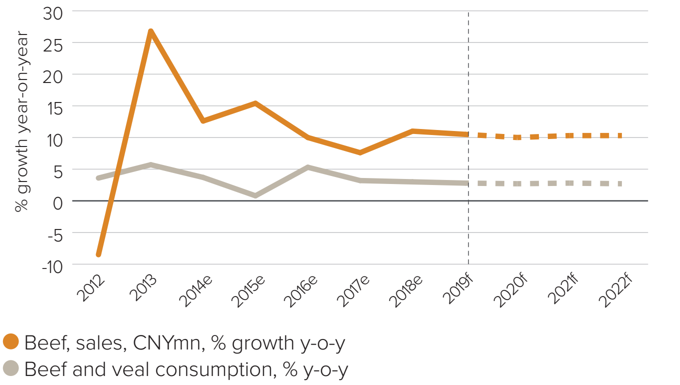
** China data only

China – Beef

CONSUMERS

- In China, beef comprises a small proportion of dietary protein compared to pork, fish and chicken. However, with rising incomes and continued urbanisation, per capita beef consumption is forecast to increase from 6.7kg in 2017e to 8.1kg in 2027f *(Source: GIRA)*.
- In addition to growth in beef consumption volume, the China market will also see growth in consumption value, as more consumers can afford to seek higher quality product.

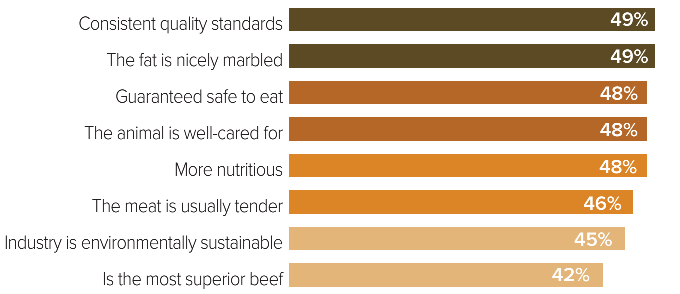
China beef sales value growth even stronger than volume growth



Source: Fitch Solutions

- Chinese consumers consider beef a superior protein that is a family favourite, with high nutritional value and great taste. Barriers to more frequent consumption, apart from price, are driven by perceptions that beef is considered more difficult to prepare, less fresh and less tender compared to other proteins.
- Beef and beef offal are used in a variety of slow-cooked, stir fry, soup, dumpling and hot pot dishes. In urban upper middle class households, there is increasing exposure to western-style steaks, sausages, pasta dishes and burgers, particularly via foodservice but also at home.
- There's a growing number of affluent consumers demanding higher quality branded beef products that offer higher safety, more consistent quality, more nutritional value and better taste. Australia is well-positioned to meet this demand as a widely-recognised and well-regarded supplier of premium beef.

Affluent* Chinese consumer perceptions of Australian beef



Source: MLA Global Consumer Tracker, 2018. % Agree.
**Consumers living in households earning >RMB200,000 p.a. in Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu and Chongqing cities*

- Busy urban consumers are also increasingly seeking convenience without having to compromise on quality and freshness, leading to growth in premium convenience food solutions.

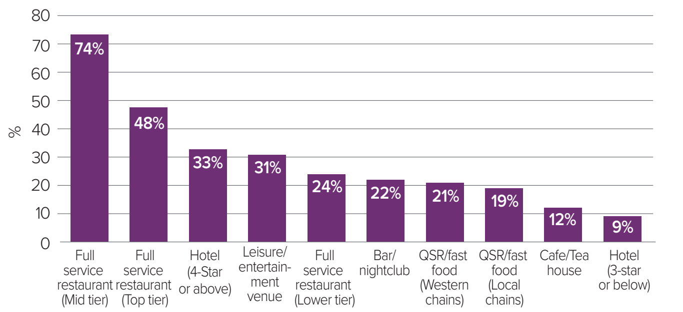
FOODSERVICE

- As a comparatively less familiar but premium protein, estimates are that about half the beef in China is consumed outside the home *(Source: GIRA)*, where consumers enjoy trying different cuisines.
- MLA estimates that around two-thirds of Australian beef goes into further processing items such as hot pot rolls, burgers, meatballs and sausages, much of it going into the foodservice sector.

Growing popularity of other Asian cuisines has increased beef consumption.

- Australian beef has a strong, established presence in China's premium western-style foodservice sector, as well as some upscale hot pot restaurant chains, where differentiation based on quality and country of origin is important to diners.
- Developments in the foodservice sector such as the growth in popularity of steakhouse restaurants, Korean and Japanese cuisine and home delivery services are presenting more opportunities for Australian beef.

Foodservice consumption of beef by affluent* consumers



Source: MLA China Attractive Cities Study, 2016. Consumed beef in the past month at.
**Consumers living in households earning >RMB80,000 monthly.*
Top tier: >RMB300/head. Mid-Tier: RMB51-300/head. Lower Tier: <RMB50/head

RETAIL

- China is home to the world's largest grocery market by total sales – valued at A$2,068 billion in 2020f – and is also among the most regionalised and fragmented *(Source: IGD)*.
- Of China's 300+ cities, MLA estimates that in the 15 cities where imported beef demand is strongest, the combined retail value of all beef sales will be around A$29.3 billion in 2020f *(Source: MLA China Attractive Cities Study)*.
- In the context of beef purchasing for home consumption, consumers prioritise naturalness, safety and markers of quality such as country of origin.

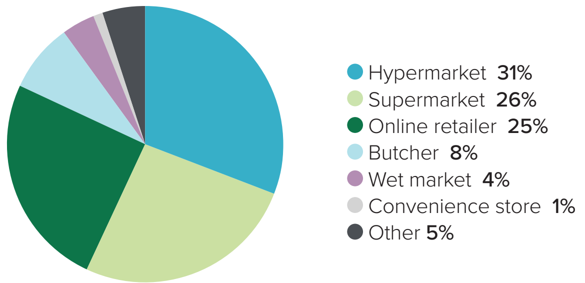
Chinese consumers' top 10 beef choice motivators

✓	100% All natural
✓	Safety certification
✓	Quality grading or guarantee
✓	Nutritional information
✓	Organic
✓	No added hormones
✓	Colour of the meat
✓	Country of origin
✓	Antibiotic-free
✓	Non-genetically modified

Source: MLA Global Consumer Tracker China, 2018

- As China has mandatory country-of-origin labelling, consumers are aware of where their beef comes from, particularly when purchased from modern retail channels.
- Affluent urban consumers are driving growth in branded beef products as a marker of not only the important 'basics' of quality and safety, but as a source of meaning that contributes to their consumption experience via factors such as provenance. Quality beef products are also given as gifts at important celebration occasions such as Spring Festival.
- China's grocery retail sector is undergoing significant change, with new business models and payment systems being trialled, presenting new opportunities for Australian beef. Retail sales value growth for beef is forecast to be fastest in the e-commerce channel in the coming years, as significant investments are being made in improving refrigeration capacity along the supply chain.

Where Chinese consumers buy Australian beef

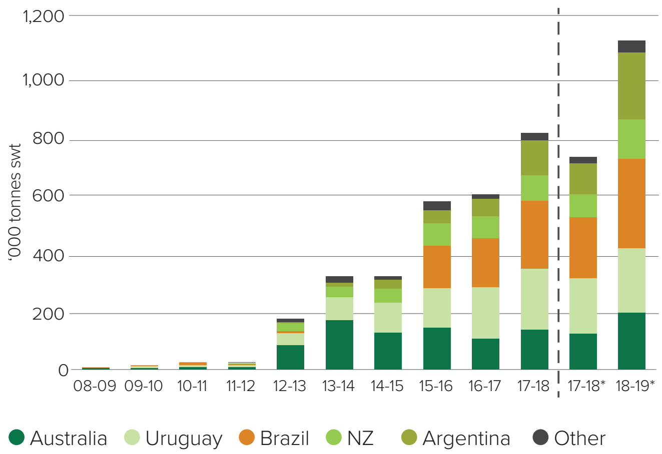


Source: MLA Global Consumer Tracker China, 2018
Consumers in Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu and Chongqing.

OTHER SUPPLIERS

- The China beef market is very competitive and is intensifying as more countries are granted market access. In 2018, some eight new supplier countries began exporting beef to China for the first time.
- China has a large beef cattle herd estimated at 54 million head in 2018 *(Source: GIRA)*. Although domestic beef production is expected to continue to grow over the coming years, there will remain a significant and growing domestic supply gap that will need to be met by imports.
- 2018 saw China's largest ever import volume of beef, with 1.04 million tonnes swt going through customs – this was up 50% on 2017 for volume. As an indication of growing demand for higher quality beef, import volumes were up 54% for July 2018 to May 2019 compared to the previous year and value up 70% *(Source: IHS Markit)*.
- Australia's key competitors for frozen beef are Brazil, Uruguay, Argentina and New Zealand.
- In the chilled beef market, Australia's main competitors currently are New Zealand and the US. Several other countries (mainly European) have begun supplying small, intermittent chilled volumes since 2018.

China direct beef imports by supplier



*Source: IHS Markit, China Customs. *FYTD Jul-May*

LIVESTOCK EXPORTS

- Despite high prices and the complexity of the live feeder/slaughter cattle protocol signed between Australia and China in 2015, Australia exported 24,064 live cattle for processing and 99,384 beef breeders to China in the 12 months to May 2019, a combined increase of 33% on the previous 12 months *(Source: DAWR, ABS)*.
- China also has a live feeder/slaughter cattle protocol agreement with Uruguay and imports mostly breeder cattle from New Zealand, Uruguay and Chile *(Source: IHS Markit)*.

Market access overview – China

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
China-Australia Free Trade Agreement **(ChAFTA)**	**2020** Chilled and frozen beef 4.8% Chilled carcases 8% Frozen carcases 10% **2024** Zero	**Brazil, Uruguay, Argentina, Canada and US** Meat – 12% Carcase – chilled 20%, frozen 25% **NZ** Zero from 2016	**Safeguard** Additional customs duty will apply if Australian imports exceed 174,454 tonnes swt in 2019 and 179,687 tonnes swt in 2020	Restrictions on the number of approved plants, chilled plants and restrictions on edible offal

Best access — Major challenges

Source: Trade agreements, DFAT, MLA
NB: China applies a 13% VAT on most items (muscle cuts, offal) and 17% on processed

Australian beef exports to Greater China – 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 %	change 2018–19 vs 5-year average in tonnes swt
	Total	**240,986**		**172,770**		**168,978**		**43**	**72,008**
Storage	Chilled	28,634	12	16,363	9	14,035	8	104	14,599
	Frozen	212,352	88	156,408	91	154,943	92	37	57,409
Meat type	Grassfed	175,738	73	132,999	77	141,238	84	24	34,500
	Grainfed	65,248	27	39,772	23	27,740	16	135	37,508
Storage/meat type	Chilled grassfed	16,329	7	9,801	6	10,117	6	61	6,212
	Chilled grainfed	12,304	5	6,562	4	3,918	2	214	8,386
	Frozen grassfed	159,409	66	123,197	71	131,121	78	22	28,288
	Frozen grainfed	52,943	22	33,210	19	23,822	14	122	29,121

Source: DAWR

Value – in A$ 000

		2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in A$ 000
	Total	**1,987,938**		**1,353,205**		**1,156,836**		**72**	**831,102**
Storage	Chilled	359,119	18	219,132	16	168,210	15	113	190,909
	Frozen	1,628,819	82	1,134,074	84	988,626	85	65	640,193

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

Australian beef exports to China - by major cut (in tonnes swt)

	2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in tonnes swt
Manufacturing	37,416	18	24,756	19	13,050	10	187	24,365
Brisket	35,020	17	29,122	22	28,427	22	23	6,594
Shin/shank	23,214	11	13,546	10	16,341	13	42	6,873
Silverside/outside	19,949	10	12,738	10	11,687	9	71	8,262
Blade	17,434	8	10,239	8	9,085	7	92	8,349
Thick flank/knuckle	11,914	6	6,356	5	7,094	6	68	4,820
Chuck roll	9,833	5	4,905	4	3,930	3	150	5,903
Ribs	8,875	4	5,618	4	4,474	3	98	4,401
Other	42,652	21	26,103	20	34,658	27	23	7,994
Total	**206,306**		**133,382**		**128,745**		**60**	**77,561**

Source: DAWR

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

	2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in tonnes swt
Tendon	2,309	54	807	36	1,645	41	40	664
Heart	946	22	884	39	1,516	37	-38	-570
Kidney	371	9	362	16	555	14	-33	-184
Other	682	16	219	10	337	8	103	345
Total	**4,308**		**2,272**		**4,053**		**6**	**255**

Source: DAWR

Value – in A$ 000

	2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in A$ 000
Total	**48,643**		**35,970**		**26,922**		**81**	**21,721**

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

Taiwan – Beef

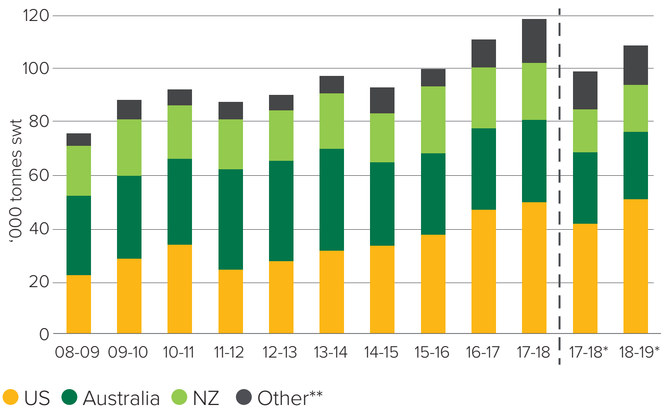
SUMMARY

- Taiwan has been a significant and consistent market for Australian beef over the past two decades.
- Beef consumption has increased in recent years, driven by a large young adult population with growing disposable incomes and more openness to western-style foods. Total beef imports reached an all-time high of 129,906 tonnes shipped weight (swt) for the year to May 2019.
- Taiwan consumers appreciate Australian beef, particularly for its safety and quality consistency.
- MLA estimates that around 70% of Australian beef goes into the market's foodservice sector, with shin/shank and intercostal cuts used in slow wet-cooking for local style dishes and thin-sliced product used in hot pot and shabu-shabu style recipes.

Taiwan's famous dish of beef soup noodles.

- The western-style fine dining segment has grown in recent years, using premium beef cuts such as cube roll/rib eye roll, striploin and tenderloin. Some consumer segments have developed a preference for highly marbled beef such as US prime, Australian Wagyu and Japanese Wagyu, while others seek quality, leaner grassfed beef.
- As a wealthy and urbanised population, Taiwan's retail sector is quite mature by global standards, with Australian beef bought mostly from hypermarkets and supermarkets.
- Australia's main competitor in the market is the US, followed by New Zealand.

Taiwan total beef imports by supplier



*Source: IHS Markit *FYTD Jul-Apr*
**Other includes: Paraguay, Nicaragua, Panama, Honduras, Costa Rica and Canada.

Market access overview – Taiwan

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
N/A	NT* $10/kg 15% tariff on offal	**US, Japan and Canada** access the same as Australia **Paraguay, El Salvador, Honduras, Panama, Guatemala, Nicaragua, New Zealand and Singapore** 0% tariff on beef	Zero	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, MLA.

* New Taiwan Dollar

Hong Kong – Beef

SUMMARY

- Hong Kong is an attractive market for premium Australian beef due to its large tourist visitor numbers plus a wealthy population that is open to western-style foods and can regularly afford premium imported meat products.
- Hong Kong beef sales are forecast to see the strongest growth of all meat proteins in coming years – over 6.5% year-on-year until 2023f (Source: Fitch Solutions). Increasing popularity of cuisines such as western, Japanese, Korean, and northern Chinese is also growing demand for beef.
- Australian beef enjoys a high profile in the market and is well-regarded by consumers.

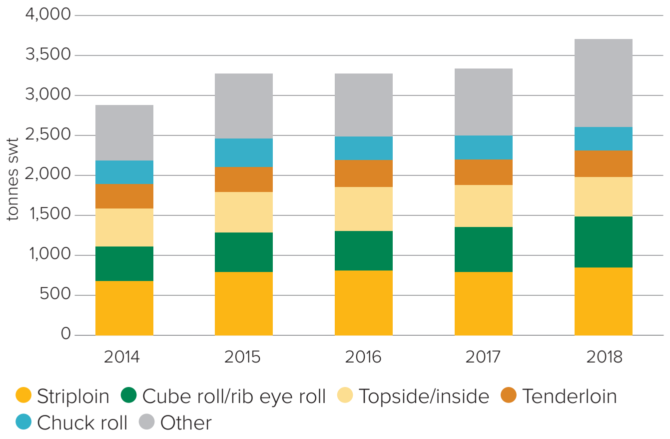
Hong Kong consumer perceptions of Australian beef

✓	Guaranteed safe to eat
✓	Offers variety of cuts to suit meals I make
✓	Is easy and convenient to buy
✓	Nutritional information
✓	Fresh
✓	Is my/my family's favourite beef
✓	Consistent quality standards

Source: MLA Global Consumer Tracker Hong Kong, 2018

- Australian beef is sold in a wide variety of foodservice channels from mid to high-end full service restaurants to mid-level fast casual and quick service restaurants. Diners also enjoy special occasion experiences with premium beef at western and Japanese cuisine restaurants, where product provenance is more prominent on-menu.
- Hong Kong's grocery retail sector – a vital channel for Australian beef – is highly developed and competitive. MLA estimates around 75% of Australian chilled beef is sold through retail, with demand growth benefiting from increased presence of food halls and gourmet/specialist stores.
- Key competitors for Australia at the premium end of the market are the US, Brazil, New Zealand and Japan.

Australian chilled beef exports to Hong Kong, top 5 cuts



Source: DAWR

A popular Hong Kong beef stir fry dish with rice flour noodles.

Market access overview – Hong Kong

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
A-HKFTA signed March, 2019. Locks in zero tariff rate. Yet to be ratified and EIF.	N/A	Australia has same access as other suppliers	Zero	No major hurdles

Best access — Major challenges

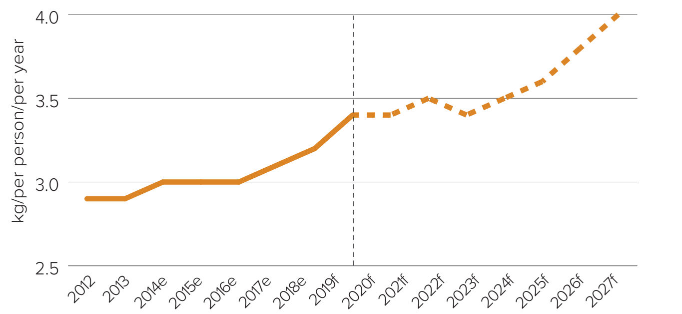
Source: Trade agreements, DFAT, MLA

China – Sheepmeat

CONSUMERS

- China has been Australia's single largest sheepmeat export market by volume since 2012, and the second largest by value after the US *(Source: DAWR)*.
- Sheepmeat currently accounts for only a very small proportion of dietary protein in China. However, with rising incomes and continued urbanisation, per capita sheepmeat consumption is forecast to increase significantly over the next decade.

China sheepmeat consumption per capita



Source: GIRA. Includes sheep and goat meat.

- Traditionally, sheepmeat consumption has been higher in the northern areas of the country and during the cooler months. However, interest in consuming sheepmeat has grown faster in coastal cities, where wealthier consumers seek more variety in their proteins from a taste and nutritional benefit perspective.
- Sheepmeat and sheepmeat offal are traditionally used in a variety of stew, soup and particularly hot pot dishes, and is also a popular street food in the form of spiced grilled kebabs.
- In urban upper-middle class households, there's increasing exposure to western-style lamb cutlets, meatballs and sausages. However, popular western cooking methods such as roasting are only available to the very small proportion of households that have an oven at home.
- Affluent urban consumers appreciate Australian lamb, which offers several advantages considered worth paying more for, such as safety, quality consistency and higher nutritional value *(Source: MLA Global Consumer Tracker, China 2018).*

Attributes associated with lamb compared to other proteins

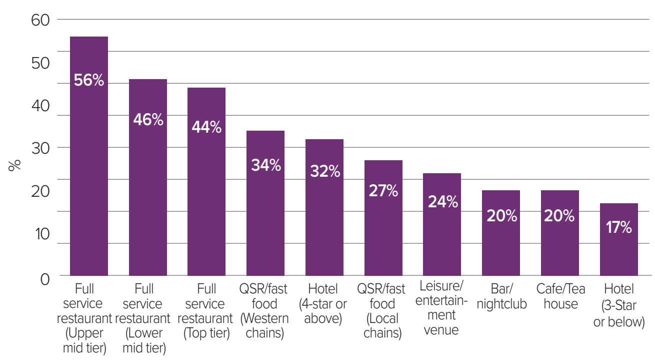
Strengths	Weaknesses
✓ Is the most superior meat	✗ Easy and convenient to purchase
✓ The meat is usually tender	✗ Can use in many different meals
✓ Animal is well-cared for	✗ Easy and convenient to prepare
✓ I pay more for this meat	✗ Cheaper
✓ Has high nutritional value	✗ My/my family's favourite meat

Source: MLA Global Consumer Tracker China, 2018

FOODSERVICE

- As a less familiar but premium protein, it's estimated that about 65% of the sheepmeat consumed in China is done so outside the home *(Source: USMEF)*.
- China's foodservice sector sales value of lamb is estimated at around U$12.5 billion in 2019 *(Source: GlobalData)*.
- A significant proportion of Australian sheepmeat in the form of breast and flap, manufacturing, carcase and neck cuts goes into processing for the foodservice sector, particularly in the form of hot pot rolls.
- Higher-end full service restaurants are the most popular venues for dining out on lamb among affluent consumers.

Foodservice consumption of lamb by affluent* consumers



Source: MLA China Attractive Cities Study, 2016. Consumed lamb in the past month at.
**Consumers of imported meat at least weekly, either at-home or out-of-home.*
Top tier: >RMB300/head. Upper Mid-Tier: RMB151-300/head. Lower Mid-Tier: RMB51-150/head. Lower Tier: <RMB50/head.

- Imported Australian lamb can be found on menus in high-end western-style restaurants and five-star hotels, as well as some reputable high-end hot pot restaurant chains.
- As urban consumers' disposable incomes grow, demand for dining out and meal-order for home delivery are increasing in larger cities. Increasingly health-conscious, these affluent consumers are less willing to sacrifice quality and nutrition for convenience. This, in turn, is expected to contribute to further growth in demand for higher quality meat, including imported lamb.

Hot pot is a popular way to eat sheepmeat.

RETAIL

- Of China's 300+ cities, MLA has identified 15 cities where demand for imported Australian sheepmeat will be strongest in the coming years. The lamb sales value in these cities combined is forecast to be around A$5.4 billion in 2020 *(Source: MLA China Attractive Cities Study)*. Sales value growth for lamb is forecast to be particularly strong in Tianjin, Beijing, Shanghai and Hangzhou cities, where there are large concentrations of affluent consumers who enjoy lamb.
- Lack of familiarity and knowledge about how to cook lamb are the key barriers to lamb at retail level. Among those who do purchase it, most use it in traditional 'slow wet cooking' recipes such as stews and hot pot.

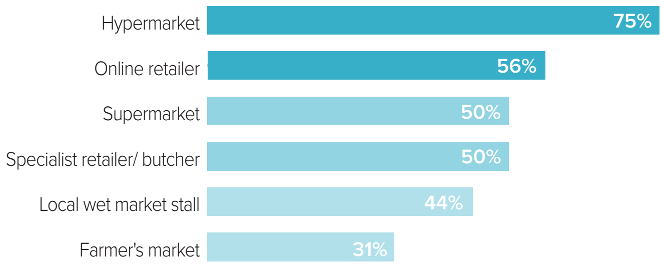
Chinese consumers' choice motivators for lamb

✓	100% / All natural
✓	Safety certification
✓	Quality grading or guarantee
✓	Nutritional information
✓	Organic
✓	No added hormones
✓	Country of origin
✓	Animal origin/provenance

Source: MLA Global Consumer Tracker China, 2018

- Retail has been a relatively small channel for Australian sheepmeat but branded lamb product is becoming available in stores in some larger cities and online. This is driven by affluent urban consumers seeking higher quality product offering not only safety and quality consistency, but also unique eating experiences and provenance characteristics.
- Frequent buyers of imported meat typically buy their lamb from modern retail channels. In China, e-retailers play an important role in making lamb more easily available to consumers.

Where affluent* urban consumers shop for lamb

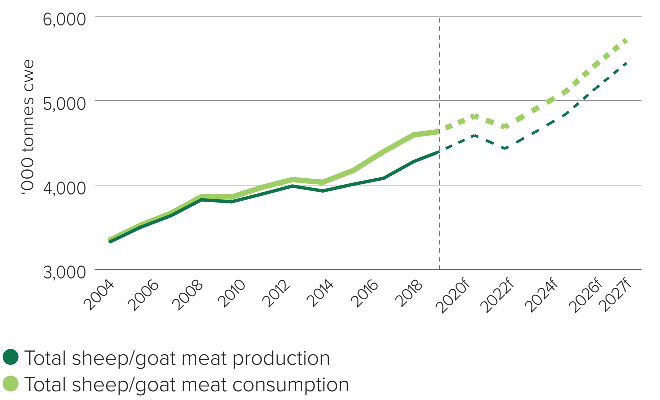


Source: MLA China Attractive Cities Study, 2016
**Affluent = living in households earning >RMB80,000 per month*

OTHER SUPPLIERS

- China is the world's largest producer of sheepmeat, with a sheep and goat flock estimated at 303 million head in 2018. Despite this, China is forecast to continue to remain a net importer of sheepmeat over the coming years.
- In 2018, imports were estimated to contribute around 6% of consumption volume *(Source: GIRA)*.
- The strength of import demand in China depends heavily on domestic production cycles, which are quite volatile due to the significant impact of small opportunistic producers on the industry.

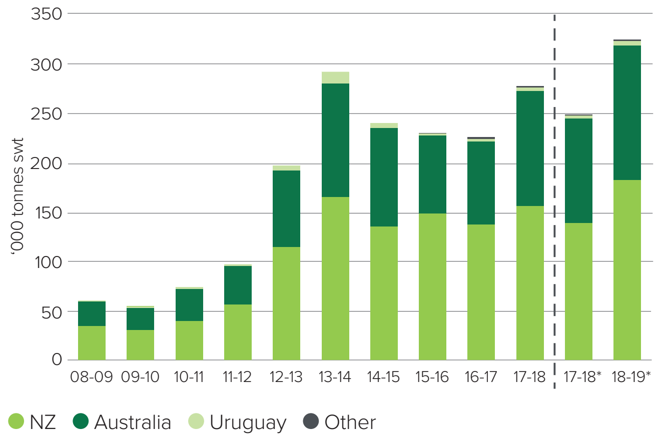
China sheepmeat import demand



Source: GIRA

- New Zealand is the lead imported sheepmeat supplier to China, followed closely by Australia. Smaller volumes are supplied by Uruguay, Mongolia and Chile.
- Australia and New Zealand are approved suppliers of chilled sheepmeat, though New Zealand has the advantage with a greater number of listed plants, including for tripe.

China direct sheepmeat imports by supplier



Source: IHS Markit
**FYTD Jul-May*

Market access overview – China

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
China-Australia Free Trade Agreement **(ChAFTA)**	Under ChAFTA: **2019 and 2020:** Chilled meat and carcases 6.7-10.2% Frozen meat and carcases 4.0-7.7% **2023:** Zero	**NZ** Import tariffs zero from 2016 Multiple plant listings for chilled sheepmeat and sheep tripe	Zero	Restrictions on the number of approved plants, chilled plants and edible offal

Best access — Major challenges

Source: Trade agreements, DFAT, MLA

Australian sheepmeat exports to Greater China – 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 %	change 2018–19 vs 5-year average in tonnes swt
Total		**136,651**		**111,161**		**94,238**		**45**	**42,413**
Storage	Chilled	681	0	733	0	661	1	3	20
	Frozen	135,970	100	110,428	99	93,578	99	45	42,392
Meat type	Lamb	62,861	46	58,403	53	48,923	52	28	13,938
	Mutton	73,790	54	52,758	47	45,316	48	63	28,474
Storage/meat type	Chilled lamb	680	0	733	1	660	1	3	20
	Chilled mutton	1	0	0	0	1	0	105	1
	Frozen lamb	62,181	46	57,670	52	48,262	51	29	13,919
	Frozen mutton	73,789	54	52,758	47	45,315	48	63	28,474

Source: DAWR

Value – in A$ 000

		2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in A$ 000
Total		**921,193**		**652,893**		**457,682**		**101**	**463,511**
Meat type	Lamb	449,752	49	341,435	52	254,455	56	77	195,296
	Mutton	471,441	51	311,458	48	203,227	44	132	268,215

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

Australian lamb exports to China – by major cut (in tonnes swt)

	2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in tonnes swt
Breast and flap	31,991	55	32,170	62	25,843	62	24	6,148
Manufacturing	12,177	21	11,463	22	7,912	19	54	4,266
Neck	4,874	8	5,181	10	3,795	9	28	1,079
Other	9,643	16	3,441	7	4,038	10	139	5,605
Total	**58,686**		**52,255**		**41,587**		**41**	**17,098**

Source: DAWR

Australian mutton exports to China – by major cut (in tonnes swt)

	2018–19	% out of total	2017–18	% out of total	5-year average	% out of total	%	in tonnes swt
Carcase	33,908	50	20,237	45	13,112	35	159	20,796
Breast and flap	14,828	22	16,883	38	16,349	44	-9	-1,522
Manufacturing	4,164	6	3,773	8	1,705	5	144	2,459
Other	14,478	21	3,697	8	6,359	17	128	8,119
Total	**67,378**		**44,590**		**37,526**		**80**	**29,852**

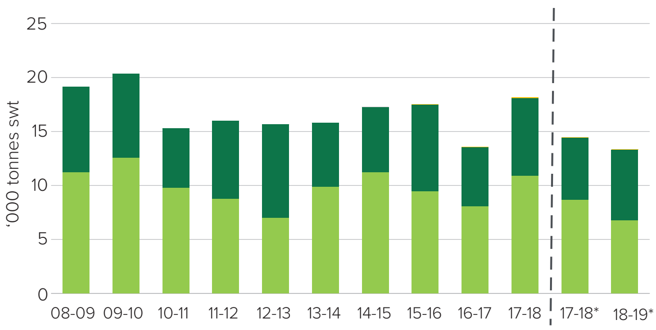
Source: DAWR

Taiwan – Sheepmeat

SUMMARY

- Taiwan has been a significant importer of sheepmeat for the past several decades, reaching a total import volume of 16,371 tonnes shipped weight (swt) in the 12 months ending May 2019.
- The vast majority of the market's imports are supplied by New Zealand and then Australia, with a small quantity supplied by the US more recently. Due to the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC), New Zealand product has preferential access over Australian, with zero tariffs applied.

Taiwan sheepmeat imports by supplier



*Source: IHS Markit. *FYTD Jul-Apr*

- The majority of Australia's sheepmeat exports to Taiwan are comprised of frozen lamb and mutton, particularly in the form of manufacturing, breast and flap and carcase.
- Australian exports of chilled lamb, though small in quantity, have grown over the years, particularly both shoulder and rack cuts.
- Slow-cooked recipes such as casseroles, soups and hot pot are among the more popular sheepmeat recipes. However, roasting, grilling and pan-frying of prime cuts are available at high-end western-style restaurants.

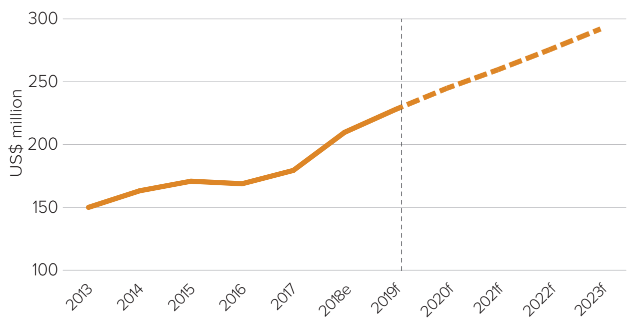
Slow-cooking with vegetables is a popular way to cook lamb at home across Greater China, including Taiwan.

Hong Kong – Sheepmeat

SUMMARY

- Hong Kong has been a significant importer of sheepmeat over the years. However, a significant proportion of the imported frozen product has traditionally been re-exported to other destinations such as China, Vietnam and Macau.
- Sheepmeat is a relatively small part of Hong Kong locals' diets, with per capita consumption in 2018 estimated at 1.1kg/year *(Source: GIRA)*. However, as an important tourism destination, a significant proportion of consumption occurs in the foodservice sector by non-locals. This is a key driver of strong growth in lamb sales forecast for the coming years – estimated at 8.8% year-on-year in 2020f *(Source: Fitch Solutions)*.

Hong Kong lamb sales



Source: Fitch Solutions. Household spend, all channels.

- The majority of the country's imports are supplied by Australia and New Zealand.
- Australian exports of chilled lamb, though small in quantity, have grown over the years, with rack cuts dominating, followed by leg and shoulder cuts.

Braising is among the most popular ways to cook sheepmeat at home.