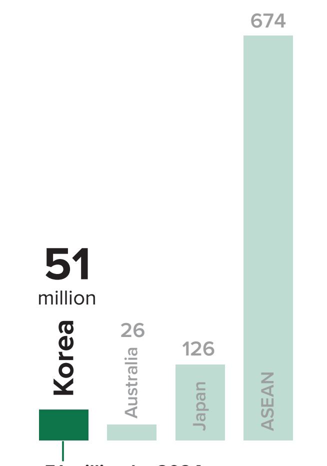
# MARKET SNAPSHOT | BEEF & SHEEPMEAT

MEAT & LIVESTOCK AUSTRALIA

# Korea

Korean consumers love meat and are the highest per capita consumers across Asia. Korea is also one of the most affluent markets in the region, with over 80% of total households estimated to be earning a disposable income over US$35,000/year by 2024. Meat consumption is forecast to grow further, highlighting an ongoing need for quality imports. Australian red meat is well known and most favoured among imports, backed by Korean consumers' strong awareness of country of origin and preference for quality product.

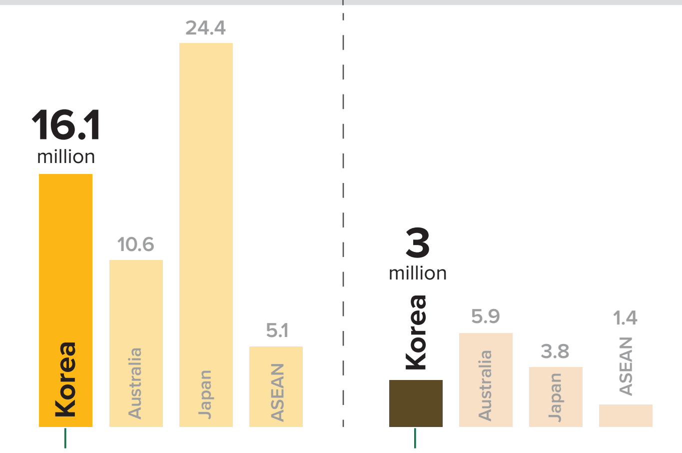
## Population[1]




**51 million by 2024**
(No change from 2021)

## Household number by disposable income[2]

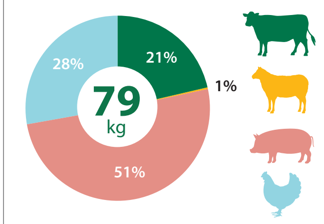
US$35,000+ | US$75,000+




**75% of total households**
(83% by 2024)

**14% of total households**
(20% by 2024)

## Meat consumption per capita[3]

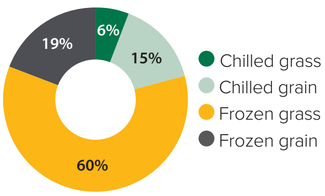



## Grocery spend[4]

A$
**2,896**
per person

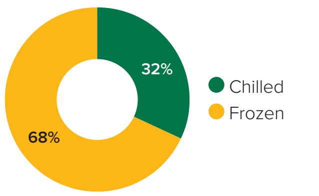
Korea has long been one of the top-ranking export destinations for Australian beef, and is now the fourth largest market after the US. It is also the second largest export customer of Australian chilled grainfed beef.

## Australian beef exports – volume[5]



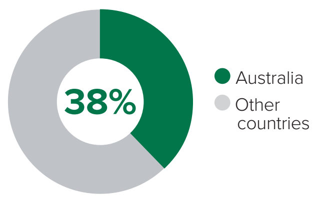

Total 159,000 tonnes swt

## Australian beef exports – value[6]




Total A$1.47 billion

## Australia's share of beef imports[7]

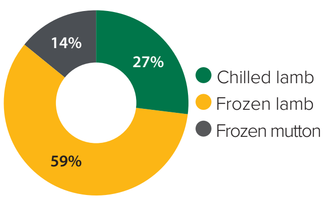



## Country of origin[8]

**93%** of Korean consumers know the country of origin of the beef they purchase

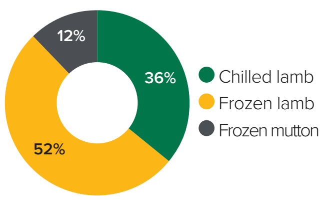
Australian sheepmeat exports to Korea have grown consistently over the past decade, making Korea the second largest Australian lamb customer in Asia.

## Australian sheepmeat exports – volume[5]



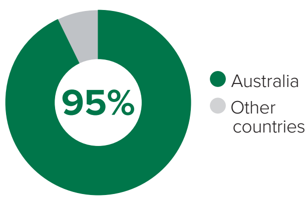

Total 15,275 tonnes swt

## Australian sheepmeat exports – value[6]




Total A$155 million

## Australia's share of sheepmeat imports[7]




## Chilled lamb exports[9]

Grown by: **683%**

since: **2014–15**

*Data source for charts: [1]Fitch Solutions 2021, ASEAN = Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam, [2]Fitch Solutions 2021 (disposable income = earnings after taxes and social security charges), ASEAN = Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), [3]Fitch Solutions, GIRA (per person per year in cwt excluding fish/seafood) 2020 and 2021, [4]IGD 2021 (defined as the total annual grocery retail market turnover in a given year, divided by the population for the same year. Grocery retail market data excludes VAT/sales tax), [5]DAWE (FY 2019–20), [6]ABS/IHS Markit (FY 2019–20), [7]IHS Markit (most recent 12 months due to data availability), [8]MLA Global Tracker 2019, [9]DAWE*

# Beef

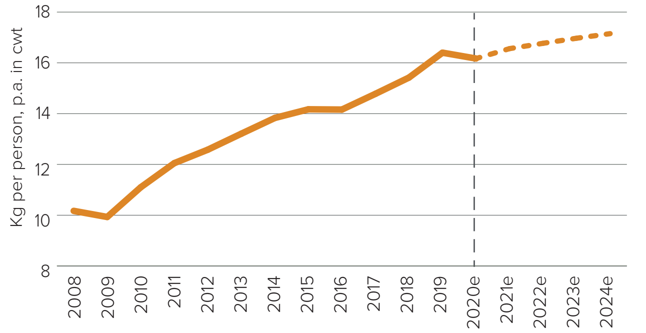
## CONSUMERS

- Beef is considered a premium protein, and the market's per capita beef consumption is the highest in Asia *(Source: Fitch Solutions)**.
- Among imported beef, Australian beef is the most favoured by Korean consumers *(Source: MLA Global Consumer Tracker Korea, 2019)*, while highly marbled domestic *Hanwoo* is generally regarded as the most superior. Pork is the most consumed meat in Korea, but chicken consumption is forecast to grow fastest, backed by its affordable price and versatility for pre-prepared meals.
- Country of origin is very important to Korean beef buyers, as the country relies on imports for about 65% of its beef requirements *(Source: Fitch Solutions)*.
- Australian and US beef have similar levels of awareness among consumers, with Australian beef perceived as being safer and of superior quality. US beef appeals mainly for its 'lower price', 'convenience to purchase' and 'cuts suited for everyday cooking' *(Source: MLA Global Consumer Tracker Korea, 2019)*. Further building on consumer confidence and trade loyalty to Australian beef will remain crucial for maintaining Australia's position in the market.

** 2020 data and 2024 forecast, total of beef, excludes Australia, New Zealand (NZ) and Hong Kong.*

- In Korea, the number of single and two-person households has been on the rise, accounting for 55% of total households in 2020 *(Source: Fitch Solutions)*. This has been accelerating consumers' demand for portion controlled, convenient meals.

**Beef consumption per capita**




*Source: Fitch Solutions*

## FOODSERVICE

- Korea's foodservice market is valued at A$2.5 trillion *(Source: Statistics Korea, 2018 data)*.
- Korean consumers enjoy eating out, and traditional Korean flavours remain popular across generations. Almost half of all foodservice outlets serve Korean-style dishes *(Source: MLA Korea industrial statistics, estimated figure 2019)*. Localised flavours infused into western fast foods are commonly seen, such as *bulgogi* burgers and pizzas (Australian beef burger with local *bulgogi*-style sauce).

**Korean foodservice sector – key users of Australian beef**

| Category | Major brands | Major cuts used |
|---|---|---|
| Fast food | Hamburger (Lotteria, Burger King, McDonald's) | Manufacturing beef |
| Casual eatery | Brisket soup (Shinsun Seolongtang, Hanchon SLT), Shabu shabu (Chasundang), various small BBQ outlets | Chuck roll, briskets, ribs, skirts, tail, oyster blade (BBQ style), offal |
| Mid-end | Steak (Outback Steakhouse), family restaurant (TGI Fridays, VIPs, Mad for Garlic), various BBQ chains | Chuck roll, loins, bone-in rib eye, various fore/hind cuts, offal |
| High-end | Five-star hotels, independent restaurants, celebrity chef venues | Loins |
| Canteen and catering* | LG ourhome, Samsung Wellstory, CJ Freshway | Brisket, chuck roll, clod |

*Source: MLA*

** Largely supplying to institutions (schools, hospitals) and businesses.*

- While full-service restaurants are the largest channel and value leader in the market, it is also highly competitive and fragmented with a high proportion of small, independent operators.
- The sector has been impacted by COVID-19, with many consumers opting not to dine out during the height of the pandemic. While the Korean foodservice sector was never fully shut-down by the government, restaurant sales have been slow in 2020. Many companies suspended business dining, and the catering sector (school canteens, banquet buffets and hotels) also suffered from a decline in revenue.
- The COVID-19 outbreak has also seen the ongoing growth of *Honbap* (solo dining), with some operators launching single-serve dishes and set menus, to allow consumers to enjoy their meals safely, on their own.
- Australian beef is consumed across the whole foodservice sector, with products ranging from frozen manufacturing beef to highly marbled Australian Wagyu loin cuts. In the traditional Korean barbecue sector, highly marbled domestic beef is the most popular product, followed by US beef, Australian Wagyu then grainfed products.

### Demand for convenience

The rise of single-person households has seen growing demand for convenience by Korean consumers, increasing interest in Home Meal Replacements (HMR) products and use of e-commerce platforms.

HMR are fully or partially prepared foods including ready to eat, ready to heat and ready to cook products.

In 2019, the Korean HMR market was worth A$4.07 billion, *(Source: Industry estimate)*. The segment has seen substantial growth over the past few years with further opportunities emerging for Australia. Most HMR products are made in Korea, using key ingredients such as imported beef. Among HMR products, Australian beef is used in soup, *Jjigae* (pot stew), porridge dishes, marinated steaks and meal kits. The COVID-19 outbreak has accelerated the existing HMR trend, with more consumers choosing to prepare and eat meals at home.

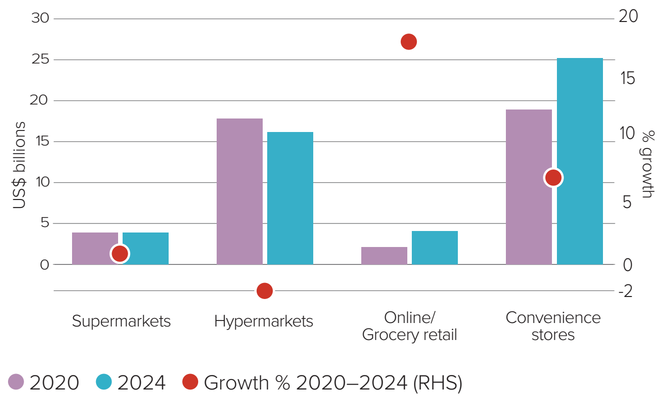
# RETAIL

- The Korean retail sector is highly sophisticated and modernised, but also fragmented, with a high number of second-tier and regional chains. This drives strong price competition, with consumer and trade loyalty crucial to maintaining market position.
- It is estimated that approximately 45% of Australian beef is distributed via retail and e-commerce, including fresh, value-added and cooked products *(Source: Trade research, MLA)*. Hypermarkets and supermarkets are key channels for Australian (and other imported) beef, while domestic *Hanwoo* has a particularly strong presence in department stores.
- Korea's retail sector has been experiencing a decline over the past few years, however, the COVID-19 outbreak in early 2020 resulted in significant increases in retail sales, both online and offline. Beef sales were supported by strong growth in online sales.
- Korea's e-commerce channel is well developed and among the largest in the world. Consumers can purchase Australian beef and lamb across several online platforms. The uptake of online delivery and "untact"* services in Korea by some consumer groups has been fast-tracked by the COVID-19 outbreak.
- E-commerce retail channels including SSG.com, Coupang, Market Kurly, GS Fresh, Homeplus and Lotte mart online malls, have recently boosted their sales of Australian beef.

** contactless services such as delivery or ordering and picking up groceries from an offline store.*

- Besides fresh beef for home cooking, demand for Home Meal Replacements (HMR) has further accelerated on the back of the pandemic outbreak and more consumers staying home rather than dining-out (see page 2 for more on HMR).

### Grocery retail sales by channel



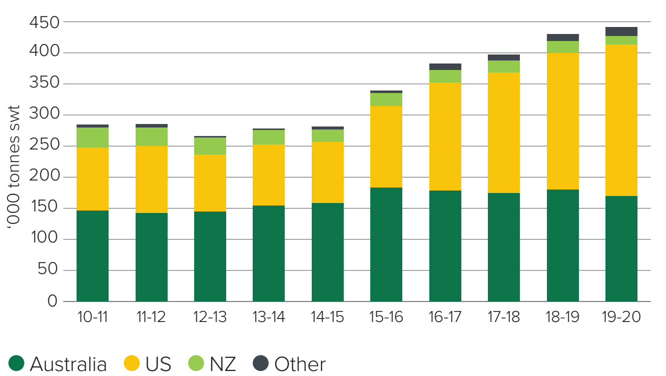

*Source: IGD, Growth % = Compound annual growth rate (CAGR) 2020–2024, IGD forecast*

- Korean shoppers place a greater emphasis on where beef comes from compared to the global average. On-pack information about country of origin, along with environmental and 'naturalness' credentials, are highly important considerations at the point of purchase *(Source: MLA Global Consumer Tracker Korea, 2018)*. The COVID-19 wave has further increased consumer needs for safe, healthy and natural products.

# COMPETITIVE LANDSCAPE

- Local beef production is relatively small, at around 250,000 tonnes per year, supplying approximately 36% of total beef consumption. Growth in production is likely to remain limited in coming years, largely due to producer uncertainty over future cattle prices, an ageing farmer population and rising costs.
- Major suppliers of imported beef to Korea are the US and Australia. US beef imports into Korea have continued to grow during 2019–20, reaching 441,549 tonnes shipped weight (swt), up 3% year-on-year and the highest on record for the period. Growth in total imports was predominantly due to increased imports from the US, with imports from Australia and New Zealand registering a decline of 6% and 26%, respectively.

### Korea beef imports by supplier



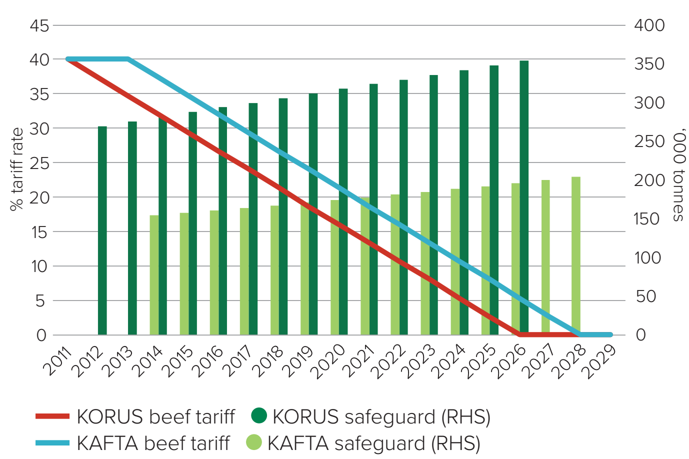

*Source: IHS Markit, Korea Customs and Trade Development Institution*

- The tariff for Australian beef into Korea has been reduced to 21.3% in 2020 under the Korea-Australia Free Trade Agreement (KAFTA). However, the tariff on US beef is 5.3% lower than Australia (at 16%) under their trade agreement, providing them with a competitive advantage.
- The US also has a significantly larger safeguard triggering volume* under its trade agreement (KORUS). It has not been triggered since the agreement came into effect in 2012, in comparison to Australia which has triggered the restrictive mechanism every year since the signing of the KAFTA.

**318,000 tonnes swt for 2020.*

- Brazil and India do not have access to the market due to Korea's stringent animal health and food safety requirements. Holland and Denmark were granted access into Korea in 2019 – however both are yet to make any significant shipments into the market.

### KAFTA and KORUS beef tariff schedules




*Source: Austrade and USDA FAS*

# Market access overview

| Trade agreements | Import tariffs | Competitors | Volume restrictions | Technical access |
|---|---|---|---|---|
| Korea-Australia Free Trade Agreement (**KAFTA**) | **2020 – 21.3%**<br>**2021 – 18.6%**<br>0% in 2028<br>Under **KAFTA** | **US**<br>**2020 – 16%**<br>**2021 – 13.3%**<br>0% in 2026 under **KORUSFTA***| **Safeguard**<br>Tariff bounces back to 30%** when Australian imports exceed trigger level*** | No major hurdles |

Best access — Major challenges

*Source: Trade agreements, DFAT, MLA*
**Korea-US Free Trade Agreement*
*** safeguard tariff drops to 24% in 2024*
**** 2020, safeguard volume does not include offal*

# Australian beef exports to Korea – summary table

**Volume – in tonnes swt**

| | | 2019–20 | % of total | 2018–19 | % of total | five-year average (2014–15 to 2018–19) | % of total | change 2019–20 vs five-year average % | change 2019–20 vs five-year average in tonnes swt |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **159,000** | | **176,094** | | **164,892** | | **-4** | **-5,893** |
| Storage | Chilled | 33,195 | 21 | 35,432 | 20 | 35,437 | 21 | -6 | -2,241 |
| | Frozen | 125,804 | 79 | 140,662 | 80 | 129,456 | 79 | -3 | -3,651 |
| Meat type | Grassfed | 103,998 | 65 | 118,846 | 67 | 113,686 | 69 | -9 | -9,687 |
| | Grainfed | 55,001 | 35 | 57,249 | 33 | 51,207 | 31 | 7 | 3,795 |
| Storage/meat type | Chilled grassfed | 9,025 | 6 | 9,219 | 5 | 10,652 | 6 | -15 | -1,627 |
| | Chilled grainfed | 24,171 | 15 | 26,213 | 15 | 24,785 | 15 | -2 | -614 |
| | Frozen grassfed | 94,974 | 60 | 109,627 | 62 | 103,034 | 62 | -8 | -8,060 |
| | Frozen grainfed | 30,831 | 19 | 31,036 | 18 | 26,422 | 16 | 17 | 4,409 |

*Source: DAWE*

**Value – in A$ 000**

| | | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in A$ 000 |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **1,466,411** | | **1,500,121** | | **1,259,188** | | **16** | **207,222** |
| Storage | Chilled | 462,993 | 32 | 470,798 | 31 | 406,471 | 32 | 14 | 56,522 |
| | Frozen | 1,003,418 | 68 | 1,029,323 | 69 | 852,717 | 68 | 18 | 150,701 |

*Source: ABS/IHS Markit*

**Volume – by major cut (in tonnes swt)**

| | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in tonnes swt |
|---|---|---|---|---|---|---|---|---|
| Chuck roll | 28,952 | 18 | 40,056 | 23 | 37,893 | 23 | -24 | -8,940 |
| Manufacturing | 26,134 | 16 | 21,149 | 12 | 20,360 | 12 | 28 | 5,774 |
| Blade | 19,807 | 12 | 23,551 | 13 | 25,065 | 15 | -21 | -5,258 |
| Brisket | 18,218 | 11 | 22,598 | 13 | 18,512 | 11 | -2 | -294 |
| Ribs | 15,695 | 10 | 13,447 | 8 | 12,724 | 8 | 23 | 2,970 |
| Short ribs | 10,503 | 7 | 10,634 | 6 | 11,188 | 7 | -6 | -685 |
| Silverside/outside | 10,500 | 7 | 12,700 | 7 | 10,503 | 6 | 0 | -3 |
| Thick flank/knuckle | 6,297 | 4 | 7,252 | 4 | 5,057 | 3 | 25 | 1,240 |
| Other | 22,893 | 14 | 24,707 | 14 | 23,590 | 14 | -3 | -697 |
| **Total** | **159,000** | | **176,094** | | **164,892** | | **-4** | **-5,893** |

*Source: DAWE*

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

| | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in tonnes swt |
|---|---|---|---|---|---|---|---|---|
| Intestines | 9,645 | 28 | 7,596 | 26 | 4,521 | 17 | 113 | 5,124 |
| Skirt | 5,983 | 18 | 5,435 | 19 | 5,346 | 21 | 12 | 637 |
| Tripe | 5,712 | 17 | 3,468 | 12 | 3,685 | 14 | 55 | 2,027 |
| Other | 12,523 | 37 | 12,680 | 43 | 12,499 | 48 | 0 | 24 |
| **Total** | **33,863** | | **29,179** | | **26,051** | | **30** | **7,812** |

*Source: DAWE*

**Value – in A$ 000**

| | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in A$ 000 |
|---|---|---|---|---|---|---|---|---|
| **Total** | **158,289** | | **140,339** | | **125,333** | | **26** | **32,956** |

*Source: ABS/IHS Markit*

# Sheepmeat

## CONSUMERS

- Lamb is not a frequently consumed protein in Korea and lacks the 'easy everyday' attributes that more common proteins (such as pork) are known for. Rather, consumers associate lamb with taste, nutritional benefits and quality.
- Taste is not a barrier to purchasing lamb in Korea; however, some consumers have concerns about lamb's smell and are hesitant to cook it at home. Considering Koreans are one of the largest per capita consumers of meat in Asia, inspiring consumers' curiosity to try lamb and improving familiarity will create growth opportunities.

## FOODSERVICE

- Australian sheepmeat exports to Korea have seen significant value growth over the past five years, with a CAGR* of 22% since 2015–16 *(Source: IHS Markit)*. Primarily used in foodservice, the proportion of high-value chilled lamb has grown over the past few years, reaching 36% of total sheepmeat export value to Korea in 2019–20 *(Source: IHS Markit)*.
- The growth in demand has been largely driven by the growing popularity of Chinese-influenced lamb barbecue/skewer restaurants. However, with the increased interest in sheepmeat, *Genghis Khan-style* (Japanese table-top sheepmeat barbecue-style cooking) restaurants are also growing in numbers, and more local chefs are beginning to experiment with various lamb cuts including whole leg barbecue and bone-in rib cuts.
- In recent years, *Huo Guo* and *Mala* soup (Chinese-style hotpot and soup) restaurants have risen in popularity among young Koreans. This cuisine leverages trimming from lamb shoulder cuts.

**Compound annual growth rate*

- While full-service restaurants are the largest channel and value leader in the market, it is also highly competitive and fragmented, with a high proportion of small and independent operators.

*Lamb – Genghis Khan Korean-style*

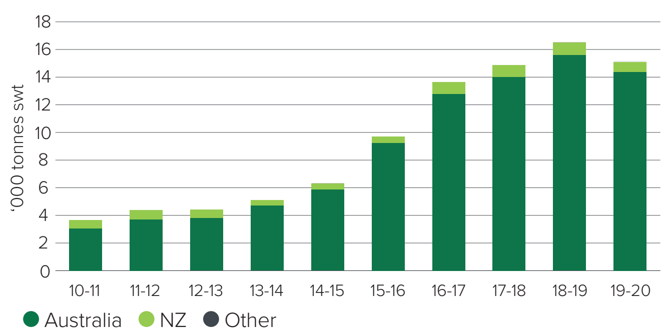
## RETAIL

- Lamb is not commonly available across major supermarkets in Korea, with consumers not yet readily thinking of lamb as an everyday protein option. When it is purchased, it is often either an impulse buy or for a specific meal *(Source: MLA Global Consumer Tracker Korea)*. However, lamb is regarded as having high nutritional value and being environmentally sustainable.
- Consumer interest in lamb is reportedly increasing, particularly after having enjoyed the protein at a restaurant. However, many outlets are focused on fast-selling, low-priced protein products, on the back of the fragmented and highly competitive retail environment, which works against comparatively expensive lamb.
- The presence and sales of lamb on online platforms have been increasing, with a growing number of consumers willing to try lamb at home. Major online only vendors such as Market Kurly and Coupang already have a diversified range of lamb available for purchase. Recently, lamb sales in the home shopping channel have also seen some growth.

## COMPETITIVE LANDSCAPE

- As the scale of the local lamb industry is limited, sheepmeat consumption in Korea is predominantly supported by imports. This means that any increase in sheepmeat demand in Korea will provide opportunities for a rise in imports.
- The Korean imported sheepmeat market has increased significantly over the past 10 years (from a very low base), with Australia mostly taking advantage of the growth, representing 95% of total imports in 2019–20. Total imports reached 15,072 tonnes swt in 2019–20, a decline of 9% year-on-year, on the back of tight Australian supply.
- New Zealand has also taken advantage of the rise in imports and remains the key competitor for Australia, although its market share remains small. Most New Zealand products into Korea are bone-in frozen cuts.

**Sheepmeat imports into Korea by supplier**




*Source: IHS Markit, Korea Customs and Trade Development Institution*

## Market access overview

| Trade agreements | Import tariffs | Competitors | Volume restrictions | Technical access |
| --- | --- | --- | --- | --- |
| Korea-Australia Free Trade Agreement (**KAFTA**) | **2020 – 6.7%**<br>**2021 – 4.5%**<br>0% in 2023 under **KAFTA** | **NZ**<br>**2020 – 9%**<br>**2021 – 6.7%**<br>0% in 2024 under **NZ-Korea FTA***| Zero | No major hurdles |

Best access — Major challenges

*Source: Trade agreements, DFAT, MLA*
** New Zealand-Korea Free Trade Agreement*

## Australian sheepmeat exports to Korea – summary table

**Volume – in tonnes swt**

| | | 2019–20 | % of total | 2018–19 | % of total | five-year average (2014–15 to 2018–19) | % of total | change 2019–20 vs five-year average % | change 2019–20 vs five-year average in tonnes swt |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | **Total** | **15,276** | | **15,347** | | **11,811** | | **29** | **3,465** |
| Storage | Chilled | 4,139 | 27 | 4,034 | 26 | 2,332 | 20 | 78 | 1,807 |
| | Frozen | 11,136 | 73 | 11,313 | 74 | 9,479 | 80 | 17 | 1,657 |
| Meat type | Lamb | 13,115 | 86 | 13,759 | 90 | 10,204 | 86 | 29 | 2,911 |
| | Mutton | 2,160 | 14 | 1,588 | 10 | 1,607 | 14 | 34 | 553 |
| Storage/meat type | Chilled lamb | 4,139 | 27 | 4,032 | 26 | 2,330 | 20 | 78 | 1,809 |
| | Chilled mutton | - | 0 | 2 | 0 | 2 | 0 | -100 | -2 |
| | Frozen lamb | 8,976 | 59 | 9,727 | 63 | 7,874 | 67 | 14 | 1,102 |
| | Frozen mutton | 2,160 | 14 | 1,587 | 10 | 1,605 | 14 | 35 | 555 |

*Source: DAWE*

**Value – in A$ 000**

| | | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in A$ 000 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | **Total** | **154,991** | | **147,651** | | **95,600** | | **62** | **59,391** |
| Meat type | Lamb | 135,420 | 87 | 135,779 | 92 | 85,232 | 89 | 59 | 50,188 |
| | Mutton | 19,571 | 13 | 11,872 | 8 | 10,369 | 11 | 89 | 9,203 |

*Source: ABS/IHS Markit*

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

| | 2019–20 | % of total | 2018–19 | % of total | five-year average | % of total | % | in tonnes swt |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Shoulder | 7,604 | 58 | 8,459 | 61 | 5,698 | 56 | 33 | 1,906 |
| Breast and flap | 2,516 | 19 | 2,599 | 19 | 2,178 | 21 | 16 | 338 |
| Rack | 1,067 | 8 | 848 | 6 | 709 | 7 | 51 | 358 |
| Manufacturing | 789 | 6 | 752 | 5 | 741 | 7 | 6 | 48 |
| Intercostals | 387 | 3 | 439 | 3 | 335 | 3 | 16 | 52 |
| Other | 752 | 6 | 662 | 5 | 543 | 5 | 38 | 209 |
| **Total** | **13,115** | | **13,759** | | **10,204** | | **29** | **2,911** |

*Source: DAWE*