



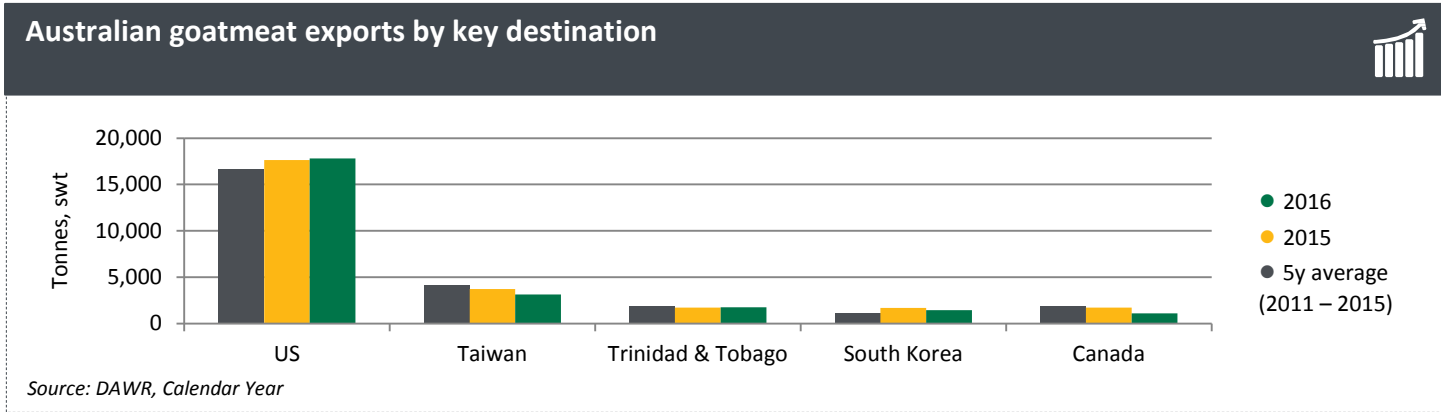
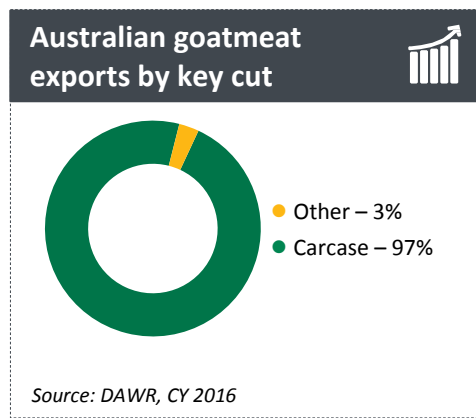
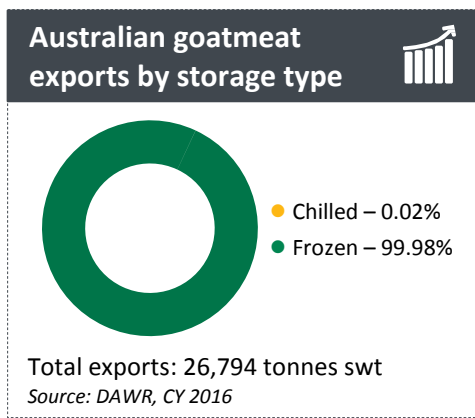
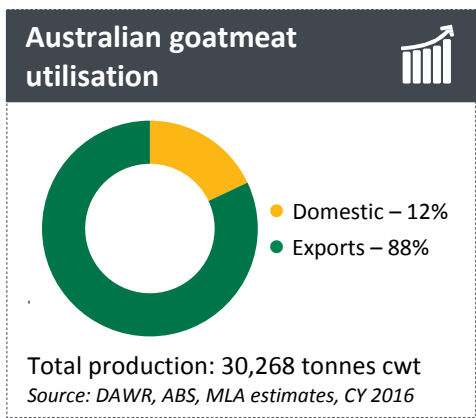
MARKET SNAPSHOT | GOATMEAT

Global

Goatmeat is consumed around the world, but rate of consumption varies across countries. The key challenges and opportunities for Australian goatmeat include:



- When specifically asked, consumers generally like the idea of goatmeat – seeing it as safe, strong on animal welfare, and better for the environment.
- The main barriers for goatmeat are practical concerns about taste and how to prepare it.
- The largest and most valuable export market for Australian goatmeat is the US, with demand largely underpinned by increasing numbers of consumers with Hispanic, Muslim and Caribbean backgrounds.
- In Australia, many consumers are unsure of how goatmeat is produced, but goat is often seen as ethical and sustainable.
- Another opportunity in Australia is to capitalise on the perception of goatmeat as a lean red meat, playing into health trends.
- In terms of market access, import tariff into Australia’s current key export markets is relatively low.



US/Canada: Goatmeat consumers

I like it because ...

It tastes delicious

Source: MLA Global Consumer Tracker 2016, associations with goatmeat by past month buyers

China: Goatmeat consumers

I like it because ...

It has high nutritional value

Source: MLA Global Consumer Tracker 2016, associations with goatmeat by past month buyers

Taiwan: Goatmeat consumers

I like it because ...

It tastes delicious

Source: MLA Global Consumer Tracker 2016, associations with goatmeat by past month buyers

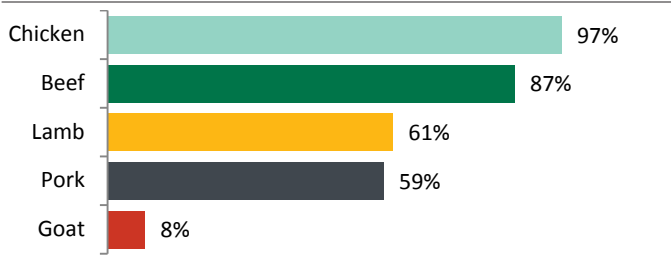
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Australia



- In Australia, goatmeat consumption levels are low compared to other proteins.

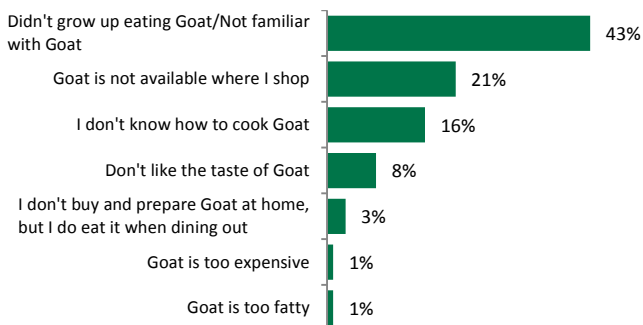
% of Australians who buy and eat regularly



Source: Pollinate Consumer Tracker 2016

- One third of Australians would currently consider eating goat (Source: MLA Domestic Consumer Tracker 2016). Those who have bought goatmeat are likely to be young singles, couples and families with a mid-high household income (\$60,000+), and skew towards a non-European ethnic background, especially Indian (12%) and Chinese (9%) (Source: MLA Global Consumer Tracker 2016).
- 76% of consumers perceive goatmeat as one of the leanest meats (Loneragan Research 2015), presenting an opportunity for health-conscious consumers. 56% say it is important to choose a meat that is “a good source of lean protein” (Source: MLA Usage & Attitude Study 2015).

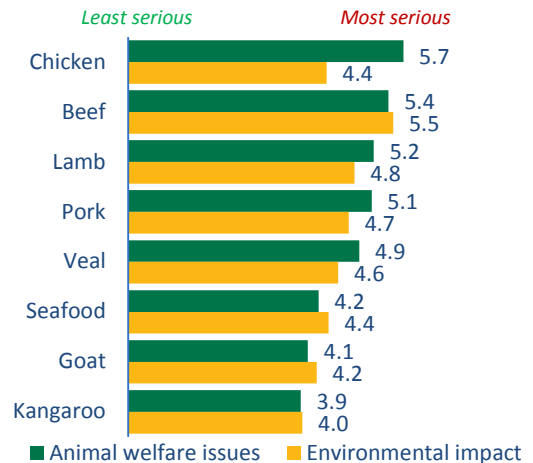
Reasons for not buying goatmeat



Source: MLA Global Consumer Tracker 2016

- Familiarity and availability are key challenges for goatmeat consumption. Some consumers are also concerned with flavour (seen as too strong) and texture (seen as tough). Consideration is highest amongst engaged home cooks – who are potentially seeking a challenge. For these consumers, a strong taste and an association with exotic cuisines may be an advantage.
- A large factor in people not considering goatmeat is that they're “not sure where it comes from” (Source: Loneragan Research 2015). Most people don't know about goatmeat production systems, but compared to major proteins, goat is seen as ethical, sustainable and safe.

Perception of meat industry (8 point scale)



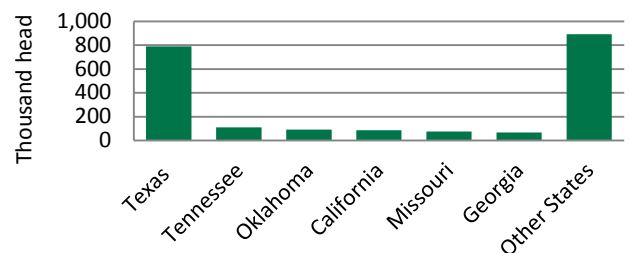
Source: Pollinate Consumer Tracker 2016

The United States



- The United States is Australia's largest export destination for goatmeat, accounting for 66% of exports in 2016, with the majority going to the East Coast.
- Goatmeat production in the US is mainly driven by demand, with an increase in consumption primarily related to a growing population from traditional goat consuming countries. Ethnicities driving demand includes Hispanic, Muslim, Caribbean and Chinese consumers.
- US goat herd* totalled 2.12 million head as of January 2017, remaining relatively unchanged from the same period in 2016 (up 1%) (Source: USDA, NASS).
- Texas has the largest population of meat goats at 790,000 head, and 3% share of the meat goat herd market (Source USDA, NASS).

US goat herd* by State, as of January 2017



Source: USDA, NASS

* Goat herd refers to meat goat.

- With the growth in immigrant populations in the US, higher consumption of goatmeat is expected around religious festivities such as Easter (Catholic Hispanic population) and Ramadan and Eid (Muslim population).
- Other drivers of demand include goatmeat being perceived as lower in fat, appealing to the health conscious consumer.



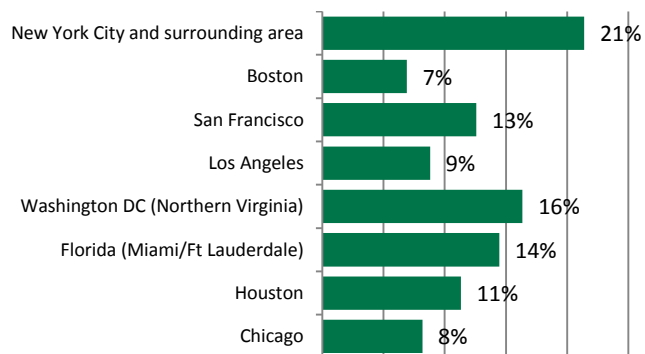
Top associations with goatmeat

1	The animal is well cared for
2	Is becoming more popular

Source: MLA Global Consumer Tracker 2016

- Goatmeat consumption in the US varies by city with New York City and surrounding areas consuming the most. Washington DC and Florida (Miami, Ft Lauderdale) are not far behind.
- About half of the goatmeat consumed in the US is imported from Australia. (Source: AGF, Fundamentals of Marketing Meat Goats and Goatmeat, Dr Frank Pinkerton, July 2016).

% who have purchased goatmeat in the past month*



Source: MLA Global Consumer Tracker, 2016

* based on people surveyed

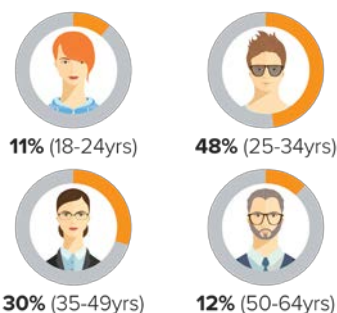
- Goat on menus is growing in popularity in the US as consumers become more open to new dining experiences and untraditional flavours.



Roast goat rack

- The majority of consumers of goatmeat in the US out of the people surveyed are high income earners, aged between 25-34 years old.

% of consumer by age who have purchased goat in the past month based on people surveyed



Source: MLA Global Consumer Tracker 2016

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Canada



- Demand for goatmeat in Canada outstrips domestic supply, attributed to a growing ethnic population driving growth. The majority of the immigrant population is based in Ontario, Quebec and British Columbia (Source: Statistics Canada, based on 2011 data).

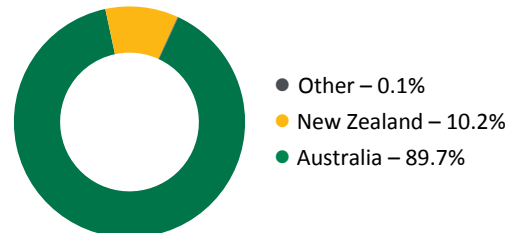
Top associations with goatmeat

1	The animal is well cared for
2	Guaranteed safe to eat

Source: MLA Global Consumer Tracker 2016

- In 2016 Australian goatmeat shipments to Canada declined by 36% year-on-year to 1,109 tonnes swt, with 57% of Australian goatmeat exported to Canada going to the East Coast.
- The decline in exports was largely a result of limited supply and competition from the US where strong demand resulted in greater export volumes, and therefore restricting supplies for other markets including Canada.
- Canada imports the majority of goatmeat from Australia, taking 89.7% share of the market in 2016.

Canada goatmeat imports by supplier – CY 2016



Source: GTA

Taiwan



- Taiwan has consistently been Australia's second largest goat export market after the US since 1996.
- Goatmeat comprises quite a small proportion of the total dietary protein that Taiwanese consume.
- Goatmeat is considered a 'warming' food and hence understood to be beneficial for strengthening and warming the body.
- Taiwan consumers have a preference for skin-on goat, which is used in slow wet cooking recipes such as stews and hot-pots, together with traditional herbs.

Top 3 associations with goatmeat - Taiwan

1	Has high nutritional value
2	Tastes delicious
3	Can be used in a variety of meals

Source: MLA Global Consumer Tracker 2016



In Taiwan, skin-on goat is typically consumed at restaurants. It is often slow-cooked with Chinese herbs to make nutritious and healthy, functional stews and hot pots.

Top 3 barriers to buying goatmeat

1	Don't like the taste of goat
2	I don't prepare at home but eat out
3	Goat isn't available where I shop

Source: MLA Global Consumer Tracker 2016

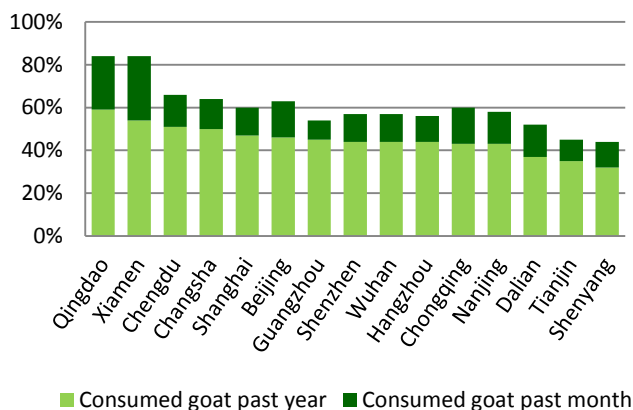
- The bulk of goatmeat in Taiwan, including Australian goat, is consumed in restaurants that specialise in cooking goat and sheepmeat dishes, though some frozen pre-cooked product is available in retail in the cooler months.
- A small volume of Australian goat is available through some modern retail channels, whilst the vast bulk is sold to foodservice buyers via wholesalers.

China



- A significant proportion of Chinese consumers enjoy consuming goatmeat, though some regions consume it more frequently than others.

Goat consumption by city



Source: MLA-Canada China Attractive Cities Study, 2016

- In China, as in Taiwan, goatmeat is known as a nutritious and 'warming' meat, with consumption occasional, seasonal and generally prepared using slow wet cooking.

Top 3 associations with goatmeat - China

1	Has high nutritional value
2	Is becoming more popular
3	Is guaranteed safe to eat

Source: MLA Global Consumer Tracker 2016

- In both China and Taiwan, consumers that are familiar with goatmeat know it as "mountain sheep" (山羊). However, a large proportion of consumers in both countries refer to goats, lamb and mutton all as "sheep" (羊).

South Korea



- Traditionally, goatmeat is consumed for medicinal purposes rather than for dietary purposes in South Korea.
- Goatmeat, particularly from the Korean indigenous breed, 'Black goat', is also used as a medicinal ingredient, recorded in the country's 'Traditional herbal medicine guidebook'. It is believed to have a variety of health effects and is recommended for body invigoration, for the elderly, and for pregnant or nursing women.

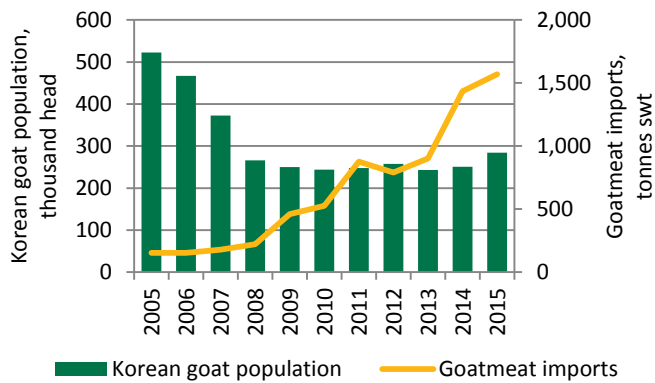


Korean black goat

- Goatmeat is mostly served in specialized restaurants, as a favourite dish for consumers seeking a functional food, or on some special occasions, such as a social meeting, family gathering, or reception dinner.
- However, consumption of goatmeat in South Korea has been expanding from medicinal purposes. New recipes adopted from popular beef or pork dishes such as bulgogi and suyuk have been introduced.
- South Korea has domestic goatmeat production, mainly from southern regions. However, goat production dropped significantly over the past decade.



Korean goat population and goatmeat imports



Source: MAFRA – Agriculture, Food and Rural Affairs Statistics Yearbook, 2003, 2013, 2016; GTA

- Consequently, imports have been on the rise. South Korea imported 1,617 tonnes of goatmeat in 2016, up 45% compared to the previous 5 year average. Imported goatmeat is estimated to account for approximately 50% out of total goatmeat market (Source: Chuncheon Livestock-Agriculture Cooperative Federation), in which Australia dominates the market with import share of 99.8% (Source: GTA).
- The trend is forecast to continue, underpinned by growing demand, falling domestic supply, and competitive prices of imported goatmeat.
- Consumers' familiarity with the meat, and availability remain to be key barriers to consumption, and challenges for players in the market.

Trinidad & Tobago



- Trinidad and Tobago comprises two islands in the Lesser Antilles, just off the north-eastern coast of Venezuela. The country's economy is largely based on offshore oil and gas production and it is a major financial centre in the Caribbean. In 2013, Trinidad and Tobago remained Australia's largest trading partner in the Caribbean with total two-way merchandise trade at approximately A\$20 million in 2013. Australia's exports were primarily meat and cheese (Source: Department of Foreign Affairs, Australia).
- In 2016, Australia exported 1,765 tonnes swt of goatmeat to the country, valued at A\$ 12.3 million (Source: DAWR, GTA).
- Caribbean Agricultural Research & Development Institute (CARDI) website states that there are over 6 million sheep and goats being raised on farms across the Caribbean and meat from these small ruminants is a highly desirable commodity.
- Goatmeat cuisine is widely enjoyed in the Caribbean region, with curry goat being a common traditional

Indo-Caribbean dish, often served at celebratory occasions.

- The large disparity between GDP per capita and spending per household likely stems from the market's economic challenges (in terms of inequality and earning), and suggests price sensitivity among local consumers. That said, the average export value of Australian goatmeat in 2016 to Trinidad and Tobago was significantly higher than Vietnam and Taiwan, and was equivalent to Canada.

Trinidad & Tobago's demographics

	2010	2016e	2020f
Population (in million)	1.3	1.4	1.4
GDP per capita (in US\$)	16,620	16,637	14,715
Total spending per household (in US\$)	1,605	1,650	1,592

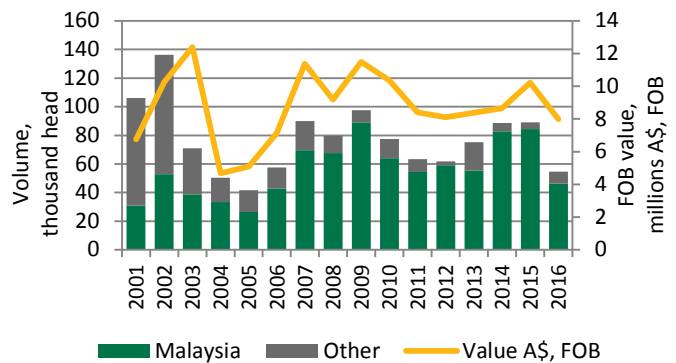
Source: BMI Research

Live goat exports



- Australia exported 54,703 head of live goat in 2016, down 39% year-on-year. Malaysia is a dominant buyer of Australian goat.

Australian live goat exports



Source: ABS

- Malaysia is a long-term buyer of Australian live goats. The Malaysian live goat industry is well-established; Australian rangeland goats are fed in custom-built feedlots/goat sheds where they are held until slaughter. Goats are important for special celebrations for local consumers.
- The increase in Australian rangeland goat prices in the past two years has put pressure on live goat importers in Malaysia, resulting in a decline in shipments during 2016. Importers have started purchasing cheaper goats from Myanmar and Thailand. Australian live goat exports to Malaysia are anticipated to remain subdued in 2017, due to reduced availability and high prices from Australia.

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Market Access Overview – key export markets



North America	Trinidad and Tobago	China	Taiwan	Korea	MENA
Trade Agreement Australia-United States FTA (AUSFTA, Entry into Force 2005) US Import tariff – 0% Technical access - Issues include point of entry inspection, label approvals and port mark compliance. Canada Import tariff – 0%	Import tariff - 0% under CARICOM (Common external tariff of the Caribbean Community)	Trade Agreement China- Australia Free Trade Agreement (ChAFTA) Import tariff 2017 (13.3%) – 0% from 2023. 14% for chilled offal (2017) – 0% from 2024. 11.3% for frozen offal (2017) – 0% from 2022.	Import tariffs NT\$11.3/KGM or 15% whichever is higher.	Trade Agreement - Korea-Australia Free Trade Agreement (KAFTA). Import tariff - 13.5% in 2017 – 0% in 2023 under KAFTA. 13.2% for offal (2017) – 0% from 2028.	GCC countries: UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain Import tariffs – 0% for chilled, 5% for frozen and offal. 0% on live goats.

Note: China - China also applies a 13% VAT on most items (muscle cuts, offal) and 17% on processed.

Sources: World Trade Organisation, Canada Border Services Agency, MLA, Customs Administration, Republic of China, DFAT.

Australian goatmeat exports – summary table



volume – in tonnes swt	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	Change 2016 vs 5-yr avr	
							%	in tonnes swt
Total	26,794	100	29,965	100	30,680	100	-13	-3,887
by storage	Chilled	5	1	0.004	73	0.2	-93	-68
	Frozen	26,789	99.98	29,964	99.996	30,608	99.8	-12

Source: DAWR

value – in A\$ 000

Total	2016	2015	5 year average (2011-2015)	Change 2016 vs 5-yr avr
Total	200,487	243,167	181,081	11

Source: ABS/GTA

Australian goatmeat exports to the US

	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	%	tn swt/A\$ 000
Carcase	17,090	96	16,761	95	15,832	95	8	1,258
Total volume in tonnes swt	17,807	100	17,626	100	16,687	100	7	1,120
Total value in A\$ 000	138,378		158,926		97,832		41	40,546

Source: DAWR, GTA

Australian goatmeat exports to Canada

	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	%	tn swt/A\$ 000
Carcase	1,109	100	1,713	99.6	1,818	96	-39	-710
Total volume in tonnes swt	1,109	100	1,720	100	1,888	100	-41	-780
Total value in A\$ 000	8,851		10,976		9,730		-9	-879

Source: DAWR, GTA

Australian goatmeat exports to Taiwan

	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	%	tn swt/A\$ 000
Carcase	3,140	100	3,721	100	4,092	99.6	-23	-952
Total volume in tonnes swt	3,140	100	3,721	100	4,107	100	-24	-967
Total value in A\$ 000	18,127		19,252		17,997		1	130

Source: DAWR, GTA

Australian goatmeat exports to South Korea

	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	%	tn swt/A\$ 000
Carcase	1,462	100	1,677	100	1,165	99.9	26	297
Total volume in tonnes swt	1,462	100	1,677	100	1,166	100	25	296
Total value in A\$ 000	11,740		11,675		6,749		74	4,991

Source: DAWR, GTA

Australian goatmeat export to Trinidad and Tobago

	2016	% out of total	2015	% out of total	5 year average (2011-2015)	% out of total	%	tn swt/A\$ 000
Carcase	1,765	100	1,711	99.5	1,790	96	-1	-25
Total volume in tonnes swt	1,765	100	1,719	100	1,855	100	-5	-90
Total value in A\$ 000	12,260		9,549		8,233		49	4,026

Source: DAWR, GTA

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