



MARKET SNAPSHOT | SHEEPMEAT

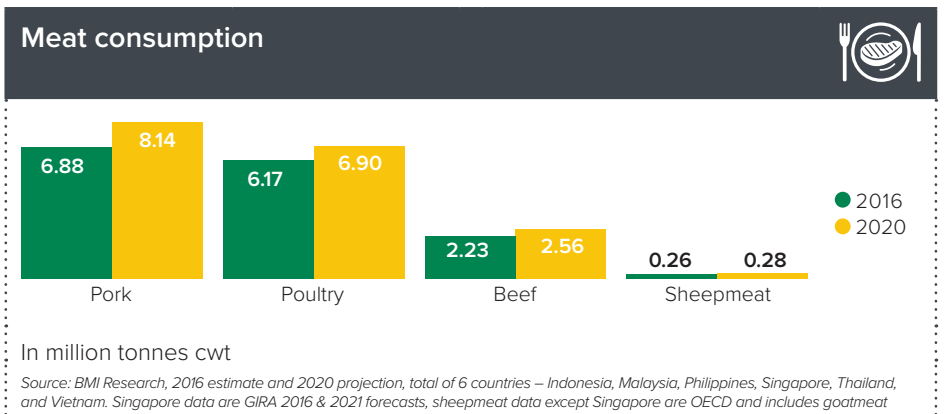
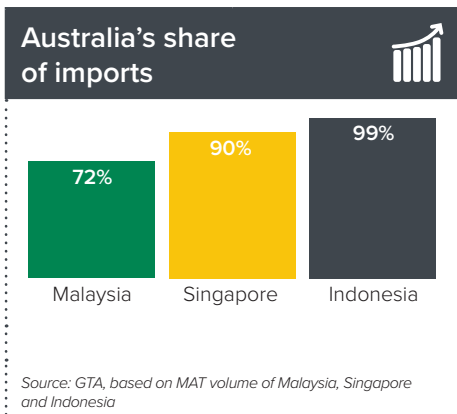
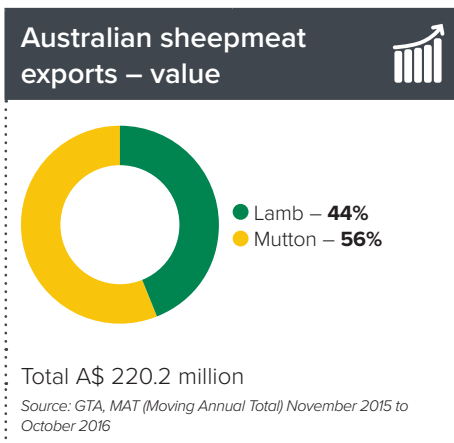
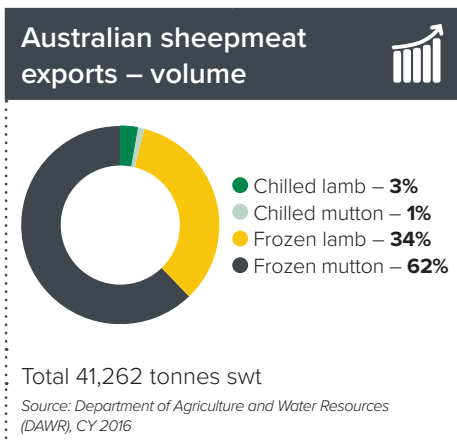
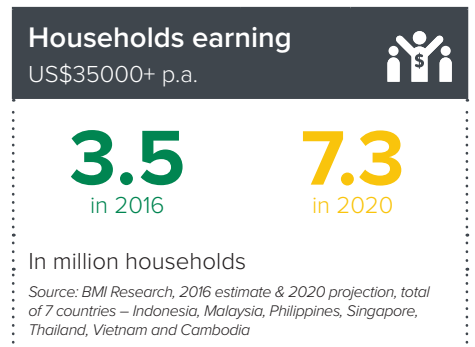
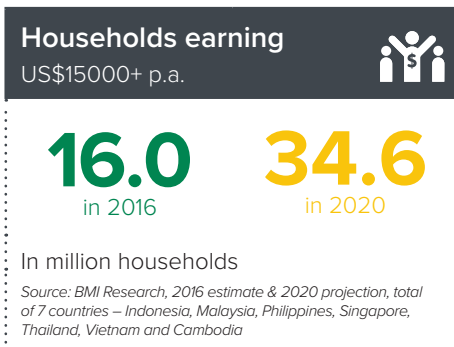
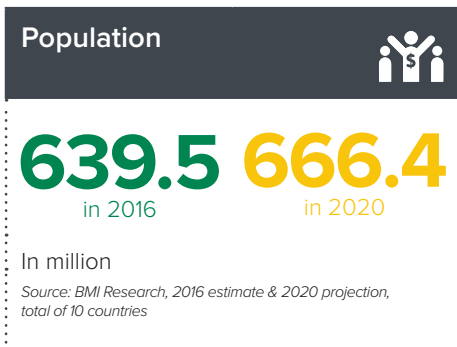
South East Asia (including Indonesia)

South East Asia (SEA*) is a diverse region with vast differences in wealth, religion and economy across countries. Meat consumption is steadily rising in line with the region's economic development and population growth. Key sheepmeat importing countries in SEA are Malaysia, Singapore, and Indonesia.

Challenges and opportunities in SEA for Australian sheepmeat include:

- Sheepmeat is a minor protein in the region, and some markets do not distinguish between lamb and mutton.
- Lamb awareness varies across countries with up to 55% of target consumers being aware of lamb in Malaysia vs only 11% in Thailand.
- Unlike pork or beef, sheepmeat is consumed across a range of religions – an ideal protein for multicultural consumers in SEA, as well as international visitors to the region.
- The period of strong demand for red meat is Ramadan.
- Tourism is significant in the region and growing in some areas. High end foodservice tends to follow this growth, which bodes well for chilled lamb growth.

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



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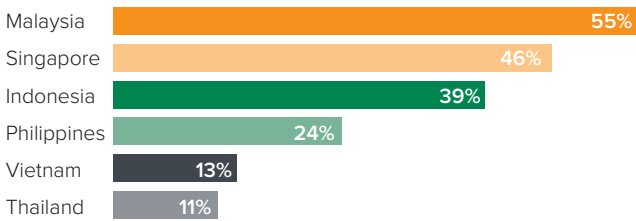


Consumers



- The SEA region is diverse in many aspects, and there is a vast difference in wealth (Singapore's GDP per capita is almost 40 times Cambodia's), in religion (Buddhist, Muslim, Roman Catholic and Hindu) and economic/political systems.
- Sheepmeat awareness and consumption vary across the markets in the region. In Malaysia and Singapore, sheepmeat is a common part of diets, although consumption volume is still low in comparison with other proteins.

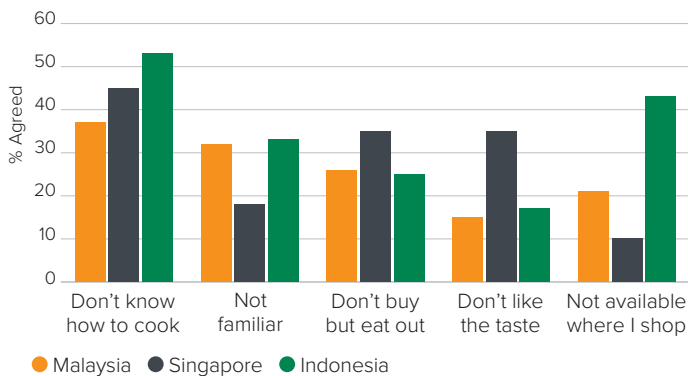
Lamb – awareness



Source: MLA Global Consumer Tracker, 2016

- In some markets, sheepmeat and goatmeat are not clearly differentiated. Similarly, there is little distinction between lamb and mutton among the majority of consumers in Malaysia, while lamb is an established protein category in markets such as Singapore, Thailand and Indonesia.
- Lack of knowledge/confidence in cooking is the major obstacle for consumers who haven't bought lamb, rather than taste.

I don't buy lamb because...



Source: MLA Global Consumer Tracker, 2016

- Sheepmeat demand surges during festive seasons, including Ramadan month. In Indonesia, serving imported lamb is becoming more popular than local goatmeat.
- Ramadan dates are based on a lunar calendar, and migrate throughout the seasons. Subsequently, the timing of the demand spike for red meat changes with it every year.

Ramadan schedule

Year	First day	Last day
2016	7 Jun	6 Jul
2017	27 May	25 Jun
2018	16 May	14 Jun
2019	6 May	4 Jun
2020	24 Apr	23 May
2021	13 Apr	12 May
2022	3 Apr	2 May

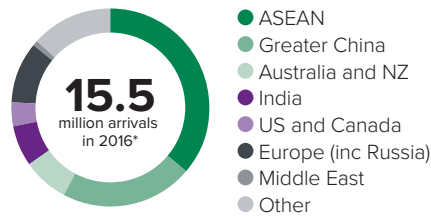
Note: Ramadan start day may vary by country as it depends on when the new moon is first sighted

Foodservice



- Lamb is a minor protein but consumed in a most diverse way in the SEA foodservice sector – from western style cuisine, to Malay, Chinese, Indian or Middle Eastern flavoured dishes.
- In Malaysia, sheepmeat is a popular protein when dining out during the annual Ramadan month banquets.
- In Singapore, there are over 15 million people who visit the country every year, and more than one third of these visitors come from countries where sheepmeat is commonly consumed – such as China, Australia, the US, Europe and the Middle East. Demand from Singapore locals, as well as these international visitors makes Australian sheepmeat indispensable on restaurant menus.

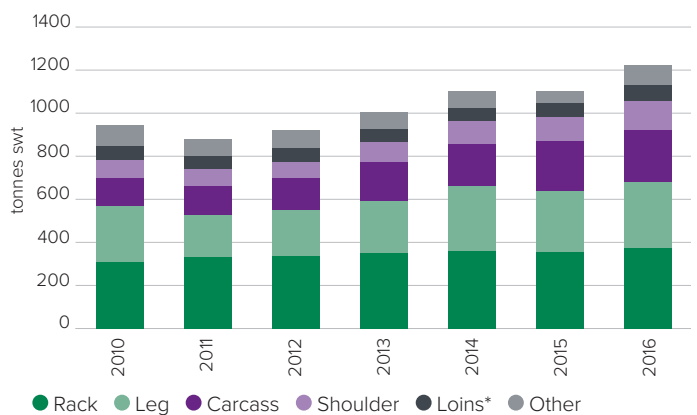
Total number of arrivals into Singapore, by country



Source: BMI Research, 2016 estimate

- In SEA, demand for chilled Australian lamb in the high-end foodservice sector is expected to grow steadily, underpinned by a rising number of tourists into the region.

Australian chilled lamb exports to SEA



Source: DAWR.

* Backstrap, shortloin, bone-in and bone-less loins



Retail



- A large proportion of the retail sector in South East Asia is still dominated by traditional and locally owned businesses. That said, the modern retail format is quickly expanding, with imported lamb readily available at supermarkets in Singapore and urban Malaysia.

- When buying lamb, consumers in both countries seek freshness and naturalness cues on a pack. In terms of image, Australian lamb is seen by these consumers to have good taste, consistent quality, and produced in an environmentally sustainable manner (Source: MLA Global Consumer Tracker, 2016).

Malaysia

Where do consumers in KL buy Australian lamb?

- Supermarket – **46%**
- Hypermarket – **46%**
- Butcher – **4%**
- Wet market – **2%**
- Online – **0%**
- Other – **2%**

Source: MLA Global Consumer Tracker, 2016

Key retailers

Supermarket	Cold Storage, Jaya Grocer
Hypermarket	Jusco, Tesco

Source: MLA Global Consumer Tracker, 2016

What things do consumers look for on lamb retail pack?

Freshness	56%
All natural	52%
Date packed	50%
Colour of meat	42%
Country of origin	42%

Source: MLA Global Consumer Tracker, 2016

Singapore

Where do consumers buy Australian lamb?

- Supermarket – **69%**
- Hypermarket – **17%**
- Butcher – **8%**
- Wet market – **5%**
- Online – **0%**
- Other – **1%**

Source: MLA Global Consumer Tracker, 2016

Key retailers

Supermarket	NTUC FairPrice, Giant, Cold Storage
Butcher	Hubers, Culina

Source: MLA Global Consumer Tracker, 2016

What things do consumers look for on lamb retail pack?

Freshness	49%
All natural	47%
Date packed	44%
Colour of meat	42%
Country of origin	42%

Source: MLA Global Consumer Tracker, 2016



Meat sold at a local market (Vietnam)



Modern retail counter in Malaysia (Maxvalue)

Other suppliers

- Australia is the largest supplier of sheepmeat to the SEA region, followed by New Zealand.
- For New Zealand, Malaysia is the 9th largest export destination of sheepmeat (in volume, the 13th in value). New Zealand's export volume to the region has been relatively stable, in comparison to its growth in exports to China.

Sheepmeat exports – Australia and New Zealand



Source: GTA. SEA = total of 10 ASEAN countries (Indonesia, Singapore, Malaysia, the Philippines, Thailand, Vietnam, Laos, Cambodia, Brunei and Myanmar) * YTD Jan-Oct





Market Access Overview

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
AANZFTA* ASEAN-Australia-New Zealand FTA	0%** Except Indonesia, Cambodia, Laos and Myanmar	NZ Import tariff – same as Australia under AANZFTA	N/A	Indonesia, Malaysia and Brunei maintain import regulations in accordance with Halal

Best access Major challenges

Source: Trade agreements, DFAT, MLA

* Australia also has independent free trade agreements (FTAs) with Singapore, Malaysia and Thailand

** Tariff will be 0% in Myanmar (2020), Cambodia and in Laos (2021). Cambodia will maintain 35% tariff on bone-less products. Indonesia = 5% for chilled bone-in and all frozen products, including goatmeat.

Australian sheepmeat exports to SEA* – 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 av.	
								%	in tonnes swt
Total		41,262	100	40,195	100	31,517	100	31	9,745
by storage	Chilled	1,583	4	1,495	4	1,306	4	21	277
	Frozen	39,679	96	38,699	96	30,211	96	31	9,469
by meat type	Lamb	15,336	37	14,401	36	12,160	39	26	3,176
	Mutton	25,926	63	25,793	64	19,357	61	34	6,569
by storage/ meat type	Chilled lamb	1,222	3	1,145	3	1,041	3	17	182
	Chilled mutton	361	1	350	1	266	1	36	95
	Frozen lamb	14,113	34	13,256	33	11,119	35	27	2,994
	Frozen mutton	25,566	62	25,443	63	19,091	61	34	6,474

Source: DAWR. * Includes SEA 10 countries – Indonesia, Malaysia, Singapore, the Philippines, Thailand, Vietnam, Brunei, Laos, Myanmar and Cambodia

value – in A\$ 000

		2016	%	2015	%	5 year average (2011-2015)	%	%	in A\$ 000
Total		220,179*	100	229,285	100	169,262	100	30	50,917
by meat type	Lamb	97,161*	44	98,236	43	82,038	48	18	15,123
	Mutton	123,019*	56	131,049	57	87,224	52	41	35,795

Source: ABS/GTA. 2016* = Moving Annual Total (MAT), November 2015 to October 2016.

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

		2016	%	2015	%	5 year average (2011-2015)	%	%	in tonnes swt
Lamb	Leg	730	34	667	33	608	33	20	122
	Carcase	357	17	353	17	289	16	23	67
	Shoulder	319	15	269	13	213	12	50	106
	other	735	34	738	36	714	39	3	21
Total	Total	2,141	100	2,027	100	1,824	100	17	316
Mutton	Carcase	5,057	54	4,615	52	3,867	53	31	1,190
	Leg	2,879	31	2,766	31	2,185	30	32	694
	Manufacturing	1,102	12	960	11	917	13	20	185
	other	295	3	542	6	304	4	-3	-9
Total	Total	9,333	100	8,883	100	7,273	100	28	2,060

Source: DAWR

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

		2016	%	2015	%	5 year average (2011-2015)	%	%	in tonnes swt
Lamb	Shoulder	7,332	75	6,427	72	4,391	67	67	2,941
	Carcase	883	9	1,058	12	855	13	3	28
	Leg	445	5	524	6	526	8	-15	-81
	other	1,081	11	891	10	812	12	33	269
Total	Total	9,741	100	8,901	100	6,584	100	48	3,157
Mutton	Carcase	8,138	54	8,875	59	5,274	52	54	2,864
	Manufacturing	2,743	18	2,578	17	2,396	23	14	347
	Shoulder	2,470	17	2,304	15	1,495	15	65	974
	other	1,583	11	1,206	8	1,051	10	51	532
Total	Total	14,933	100	14,963	100	10,216	100	46	4,717

Source: DAWR