

## AUTHORIZATION REQUEST FOR FY 21

CBB Budget Category: **Foreign Marketing**

Name of Contractor: **U.S. Meat Export Federation**

Name of Organization Subcontracting:

Start Date: **10/1/2020**

End Date: **9/30/2021**

### **AR OVERVIEW**

#### **AR Description:**

In support of the Beef Industry Long Range Plan to drive growth in beef exports, the United States Meat Export Federation (USMEF), funded in part by the beef checkoff, organizes its international programs in global markets around the following strategic priorities:

- Total Carcass Utilization – Maximize returns at each link in the marketing chain by building export demand for value-added products and the complete range of U.S. beef items, especially those underutilized in the U.S. market and including variety meat.
- Trade Support – Gather and disseminate market intelligence, provide export technical services per each market, and facilitate direct contact between U.S. exporters and targeted buyers in export markets.
- Buyer Education and Loyalty- Educate targeted buyers in export markets on the quality, consistency, and safety attributes of U.S. beef and beef products. Develop a strong and positive image for U.S. exports, and build buyer loyalty to products exported from the United States.
- Market Presence – Increase the presence and availability of U.S. beef and beef products in the HRI and retail sectors in targeted export markets to build familiarity among consumers and displace competitor product.
- Product Image – Establish positive images of U.S. beef with consumers in targeted export markets.
- Market Access – Secure meaningful, sustained access to new and existing export markets using all available means.

USMEF's programs in the international markets address the following strategic objectives:

- A) Market Access** – USMEF’s global staff monitor and manage the impact of government requirements and attitudes, consumer issues, and non-science-based regulations that limit or restrict U.S. beef exports. To maximize the impact of market access initiatives, USMEF prioritizes issues that are likely to have the greatest impact on exports and where USMEF is in the strongest position to impact.
- B) Market Development** – USMEF develops demand for U.S. beef among new and existing buyers by introducing new sectors to U.S. beef and expanding the volume and range of cuts purchased by current users is a key component of USMEF’s strategic program planning. USMEF focuses on opportunities to utilize a wide range of cuts, bringing value to an entire carcass by promoting alternative cuts and variety meat products where culturally appropriate. With the expertise of on-ground marketing directors and staff, USMEF identifies sectors and opportunities with the highest potential for export growth, and ultimately designs strategic objectives unique to each market. For sustained growth and expansion, markets may require a “**develop**”, “**displace**”, or “**defend**” approach depending on a variety of factors such as market access conditions, competitor performance, market penetration level, and future outlook.

**Develop** – The development of new markets or sectors for U.S. meat is a top priority for USMEF. An example is recent work conducted in West Africa to identify market potential, establish relations with importers, and introduce buyers to U.S. sellers. Research and initial market analysis are a part of this development process, where a market is evaluated for its constraints, potential opportunities, and feasible “next steps” plan of action. But development doesn’t necessarily occur only in markets new to U.S. meat exports. Rather, USMEF develops new outlets for U.S. meat and grows each market by penetrating new market *subsectors*, even in mature markets. An example would include targeting convenience stores within the retail sector. In some markets, this also includes developing demand and consumption of beef among consumers.

**Displace** – Competition is fierce globally, not only from domestic suppliers in each market, but also from other exporting countries. In markets where U.S. beef has a foothold, USMEF continues working to capture additional market share by further displacing the competition and creating loyal customers. The unique attributes of U.S. product and the industry provide the basis for influencing buyers to switch to U.S. beef, thus displacing the competing product.

**Defend** – In the face of ever-changing market dynamics, it is essential that the U.S. industry never assume that markets currently held will remain U.S.-dominated. Just as USMEF works to displace the competition, competing suppliers are constantly working to displace U.S. meat. Defense strategies must be employed to hold market share against aggressive tactics from competitors, especially in large markets or sectors in which the U.S. has a significant share. Establishing and maintaining loyalty among customers is a primary goal of USMEF, as changing trade dynamics and price differentials can threaten U.S. market share among inconsistent buyers.

Throughout the program development process, USMEF breaks each market into four sectors roughly corresponding to the distribution flow of product and reflective of the level of market penetration of U.S. beef as follows: Trade (importers, distributors, processors), HRI (hotel, restaurant, institution), Retail, and Consumer. To further create opportunities for U.S. beef in each market, each sector is further divided into smaller subsectors characteristic of each individual market. For example, HRI may be divided into family-style eateries, BBQ chains, white tablecloth restaurants, local cuisine, fast-food, etc. As consumer trends change these subsectors may evolve, representing opportunities for U.S. beef export growth. This “sector-oriented” approach allows USMEF to better design programs to meet the strategic objectives.

USMEF tactics and programs designed to achieve strategic objectives are similar in many markets; however, the implementation, target audience, and specific messages delivered through these initiatives are characteristic of each market. Examples of USMEF Market Access and Market Development activities are listed below.

**Trade Servicing:** This includes ongoing activities conducted in the market to build and maintain relationships, gather and disseminate relevant industry information between the market and the U.S. beef industry, connect buyers and sellers, and communicate the U.S. industry’s commitment to target accounts. Activities may include but are not limited to company visits, technical export support, exclusive “club” membership and meetings, etc. Through trade servicing USMEF can further design individual marketing programs and activities to best suit the goals and needs of U.S. beef customers.

**Trade Shows:** USMEF attends relevant trade shows in each market to bring buyers and sellers together with the opportunity to discuss business needs, reinforce relationships, exchange information about trends, and demonstrate current and new products. Trade shows may span a variety of sectors targeting the trade, HRI buyers, retail buyers, etc. Trade shows are a primary tool used to generate interest in U.S. beef and engage with new and existing buyers. Exhibitions often feature a U.S. or meat pavilion in which USMEF and U.S. beef suppliers have booths for displaying product. Shows may range from large-scale international events to smaller events focused on specific sectors or regions, as

well as very targeted importer-hosted showcases. USMEF currently hosts an annual showcase, the Latin American Product Showcase targeted at specific regions, and may opt to expand the USMEF-hosted showcase to serve a wider set of international markets.

**Seminars/Trainings/Cutting Demonstrations:** Targeted and customized seminars are used to introduce U.S. beef to new customers, to establish trust in U.S. product with existing buyers, and to showcase the range and versatility of available U.S. beef cuts in each market. USMEF recognizes that education at all levels, from importers/distributors to retail meat department staff is a key cornerstone of market development. Seminars may include hands-on cutting demonstrations, cooking demonstrations, menu development trainings, sales force seminars, webinars, etc. These activities may be customized for company-specific events and may even be directed towards the buyers of a specific importer/distributor as a support mechanism to generate more downstream sales.

**Trade Teams:** USMEF hosts numerous international trade teams of importers/distributors, decision-makers, from targeted foodservice and retail companies, and media influencers to give participants a thorough and interactive overview of the U.S. beef industry. Demonstrating U.S. beef production techniques, range of products available, safety and inspection procedures, and foodservice/retail trends, USMEF trade teams are an important means to facilitate business relationships between buyers and sellers, and a primary opportunity to showcase the superiority of U.S. product.

Due to the international onset of African Swine Fever (ASF) and international travel restrictions following COVID-19, USMEF will elect to limit trade teams based on the origin market's infection status and COVID-19 protocols. In some cases, USMEF may elect to cease all trade teams coming from a certain region in order to further protect the U.S. red meat industry. USMEF may also elect to direct trade teams to other export markets to demonstrate unique merchandising, menuing, and product development options.

**Communications:** USMEF may utilize traditional or online communication to distribute information about U.S. beef among targeted buyers and consumers. Using print material such as newspapers, advertisements, magazines, and even online materials such as social media posts, articles, and video content, these activities can help introduce new products, provide information about where to purchase U.S. beef, build consumer hype and generate goodwill, and promote the quality and safety of U.S. product.

**Promotions:** Supporting retailers and foodservice operators, USMEF utilizes promotions in conjunction with a full range of other activities (i.e. training, communications) to develop long-term sales of U.S. beef. Promotions may take many forms, including in-store tasting demonstrations, menu features, events/contests, etc. Results are often used to communicate the value in U.S.

beef to first-time users or to encourage buyers to expand the portfolio of U.S. beef products on their menu or on their shelves. In addition, promotions increase buyer familiarity with U.S. product, and are often used to deliver messages about the quality, taste, safety, and versatility of U.S. beef directly to targeted consumers.

**Issue Monitoring, Analysis, and Reporting:** As part of the Market Access initiative, USMEF is committed to monitoring U.S. beef access in international markets. USMEF frequently updates U.S. exporters, industry trade associations, and government agencies with information and analysis on import policies, requirements, and changes that have the potential to restrict U.S. beef exports, including traceability requirements and competitor programs. Attendance at conferences, formal communications, and informal meetings are examples of activities where market access information may be gathered and shared.

**Government and External Relations:** USMEF communicates information about U.S. production practices, U.S. meat safety systems, U.S. export requirements, and science-based assurances regarding the U.S. industry to foreign government authorities, opinion leaders, in-market port personnel, the media, the trade, and the general public in international markets. Specific activities may include hosting seminars or teams, production and distribution of educational material, relationship-building, public relations, and research. USMEF also has a role to communicate the objectives of the organization to the U.S. beef industry, and often presents in front of industry players including producers, attends industry meetings, and disseminates information about export programs publicly on the USMEF website and via social media.

**Technical Support:** USMEF provides details to the trade and local authorities on U.S. export specifications, certifications procedures, safety inspection measures, and quality assurance programs. In addition, USMEF offers customized technical services support to organization members, addressing export challenges and obstacles that prevent the steady flow of product to each market. Specific activities may include trade servicing visitations, conducting seminars, distributing educational material, and hosting teams.

In each tactic below, a description of current market conditions including key trends influencing the export marketing strategies for countries or regions covered by USMEF is provided. These descriptions are not exhaustive and remain fluid as a market evolves and changes.

Funding	Direct Costs	Implementation	Total
<b>CBB/BPOC Funding Request:</b>	\$5,867,170	\$2,483,000	\$8,350,170

Other Potential Funding	Direct Costs	Implementation	Total
Federation of SBCs Pledges: (Informational Only)	\$1,722,400	\$600,000	\$2,322,400
Other Funding: (Informational Only)	\$3,288,175	\$0	\$3,288,175

**Long Range Plan Core Strategies Addressed by this AR** (Check all that apply)

Grow Beef Exports	Consumer Trust	Protect & Enhance	Beef's Value Proposition
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

These marketing strategies are centered around growing beef exports; however, other components of the Long Range Plan are inherently incorporated in this AR including building consumer trust with international audiences, and improving beef's value proposition through total carcass utilization.

**PROGRAM INFORMATION FOR THIS AR**

**Tactic A**

**Tactic Name:** Africa – Market Development

**Tactic Description:**

*Market Assessment:*

Emerging markets demonstrating traits of rapid development, such as Sub-Saharan Africa, provide potential growth opportunities for the U.S. beef industry. According to the U.N., the African continent has the highest rate of population growth of any continent in the world, with more than half of global population growth between now and 2050 occurring in Africa. The region has seen sustained economic growth as well as a trend towards urbanization which lends favorably to increases in consumption of higher value proteins. However, political instability and high levels of corruption continue to hinder economic investment. Other challenges include underdeveloped energy and transportation infrastructure directly affecting cold chain management and transport times, tariffs and non-tariff trade barriers, and generally price-sensitive consumers.

Some of the major economies in Sub-Saharan Africa are dependent on oil exports, leaving the markets vulnerable to price fluctuations and foreign exchange challenges which reduces reliability. Additionally, the Coronavirus pandemic has had significant impact on economies in the region, particularly South Africa, where food security for large segments of the population has been further threatened.

South Africa has continued to be a prominent market for U.S. beef variety meats since the market opened to U.S. beef in 2016, and U.S. beef also gained access to Morocco in 2018, with opportunities for Prime and Choice beef and variety meats. Other markets such as Ghana, Gabon and Nigeria present long-term potential, assuming favorable access is granted for U.S. meat products. Current and pending trade agreements such as African Continental Free Trade Agreement (AfCFTA) as well as the U.S. - Kenya Free Trade Agreement present opportunities not only for increased trade between the U.S. and African nations, but also for increased trade between African nations. Beef is the second-most consumed protein, excluding fish, after poultry in sub-Saharan Africa.

	South Africa	Angola
Per Capita Beef Consumption	17.3 kg	4.1 kg
Total Beef Imports (not including variety meat) – all sources	15,686 mt	20,267 mt
Total Beef Variety Meat (BVM Imports – all sources)	50,853 mt	18,326 mt
U.S. Share of Total Beef/BVM Import Market	28%	9.6%
Other Beef/BVM Suppliers & Market Shares	Australia 19%	Brazil 33%
	Namibia 14.5%	India 28%
	Botswana 9%	EU-28 19%
Domestic Self Sufficiency	101%	78%
U.S. Beef Exports (not including variety meat)	28 mt	165 mt
U.S. Beef Variety Meat (BVM) Exports	11,218 mt	3,550 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	<1%	<1%
Customers for U.S. Beef Imports	Processing	10%
	HRI	5%

	Retail	90%	85%
Top imported U.S. Beef Cuts: middle meats, rib and chuck items, some thin meats			
Top Imported U.S. BVM Items: livers (cut and sliced for retail), kidneys, hearts, tongue, tripe			

2019 import and market share data is based on import data of South Africa, and reported export data to Angola, (from TDM) and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

### Market Development Strategies:

Focus on introducing U.S. beef to key market players, and elevate the image and reputation of U.S. beef by: A) Building relationships with key representatives of the trade; B) Educate buyers from all sectors and increase exposure to high-quality product while demonstrating the consistency and reliability in U.S. suppliers; C) Identify and respond to challenges in the market, while positioning U.S. beef as a stable protein source able to meet the dynamic needs of the market.

<b>Population Growth and Urbanization</b>	<ul style="list-style-type: none"> <li>• According to Euromonitor, Africa is home to the world's second largest population, after Asia Pacific, and will add an additional 450 million people to the global total by 2030. Currently, Africa is home to 19 percent of the global population.</li> <li>• Africa's population is the fastest growing globally, posting expected annual growth of 3% until 2030, well above the world average.</li> <li>• Africa's population is young, and the media age will rise from 21 in 2017 to only 23 in 2020. Sub-Saharan African countries are the main drivers for this growing young population as North African countries age more rapidly.</li> <li>• 39.5% of the Sub-Saharan African population lives in urban areas, growing near 4 percent annually. Urbanization growth will continue to improve cold chain infrastructure and increase demand for animal proteins.</li> <li>• Africa is expected to lead in disposable income, with the strongest growth globally by 2030, according to a Euromonitor report.</li> </ul>
<i>Strategic Objective</i>	Prioritize Africa as an emerging export market, monitoring economies and animal protein demand across countries. Facilitate communication between potential buyers and suppliers, offering trade servicing support to capitalize on growth.
<i>Tactical Response</i>	Organize trade teams to bring potential buyers to the U.S. and facilitate discussion with suppliers, while focusing on trade servicing to address market challenges, and develop new business by involving target accounts in educational in-market seminars.

<b>Modernizing Retail</b>	<ul style="list-style-type: none"> <li>• Retail is still dominated by traditional markets with little to no cold chain infrastructure, although South Africa is the outlier with a steady modern retail sector.</li> <li>• Cultural traditions encourage consumers to continue shopping at wet markets.</li> <li>• Variety meats are popular in wet markets.</li> <li>• Major international retailers, such as Walmart and Carrefour, have already entered the market in South Africa.</li> <li>• Most consumers are still price-sensitive, despite growth in the middle class.</li> </ul>
<i>Strategic Objective</i>	Identify new market segments appropriate for U.S. beef meats and expand awareness among buyers with direct communication and technical support.
<i>Tactical Response</i>	Focus on trade servicing, meeting the needs and demands of buyers while connecting buyers and suppliers via seminars, meet and greets, trade teams, etc. Develop downstream markets such as retail channels by familiarizing buyers with appropriate cuts, providing training and support and demonstrating proper cold chain management to various retail buyers.
<b>Processor Opportunities</b>	<ul style="list-style-type: none"> <li>• Demand for shelf-stable and canned products is growing with increasing retail due to lack of cold chain infrastructure.</li> <li>• Sausages and minced meats are increasingly popular in Ghana.</li> <li>• Competition for processing raw material is high, as cheaper, lower quality suppliers, like India, are already in the markets.</li> </ul>
<i>Strategic Objective</i>	Support processors with technical workshops, seminars, and downstream promotions to build demand for products made with U.S. beef raw materials.
<i>Tactical Response</i>	Meet with processors to identify opportunities to build demand via technical and product development workshops and trainings to further demonstrate the quality and affordability of utilizing U.S. beef raw materials.

### Other Key Initiatives

- Establish U.S. beef's presence in the market with consistent and customized trainings for importers interested in U.S. beef.
- Identify opportunities with processors for U.S. beef to fulfill volume and value requirements and displace competition. Demonstrate to these processors the quality and reliability of U.S. beef.
- Identify U.S. beef suppliers interested in growing exports to these markets and facilitate supplier and buyer communication to help establish strong relationships.

Offer technical services support to U.S. suppliers to assist in navigating country-by-country regulations.

- Monitor and target the growing hotel HRI sector, focusing on five-star hotels in markets with increasing tourism.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 45% of targeted importers and distributors understand the supply/quality/value relationships of U.S. beef based on information provided by USMEF.
- 45% of targeted HRI distributors promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.
- 41% of targeted retailers understand proper cold chain management, handling, and merchandising of U.S. beef.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic B

**Tactic Name:** Africa – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Pending changes to South Africa's microbiological standards for imported meat and the current state of inconsistent testing occurring at South African ports;
- B) No access for red meat to Nigeria or Namibia;
- C) Limited information on import requirements for African countries not listed in the FSIS Export Library.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.
- USMEF will collaboratively engage with key influencers within government, academia and industry in existing and potential African U.S. beef export destinations.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
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Adopt animal I.D. traceability systems

Increase market access

Promote unique attributes of U.S. beef

Ensure antibiotic stewardship

Certify & verify production practices

Ensure beef safety

Protect beef's image

Engage beef advocates

Research & innovate new production technologies

Ensure beef's inclusion in dietary recommendations

Motivate producers & stakeholders to engage in issues

Develop crises management plans

Defend beef's product identity

Revolutionize beef marketing & merchandising

Measure & improve our sustainability

Research & communicate beef's nutritional benefits

Connect & communicate directly with consumers

Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic C

**Tactic Name:** ASEAN – Market Development

**Tactic Description:**

*Market Assessment:*

In 2019, exports of U.S. beef plus variety meat to the ASEAN region were up 23 percent in volume to 60,790 mt, while value was up 8 percent to nearly \$295.5 million. Exports to Indonesia, the Philippines, and Vietnam, the three leading export markets for U.S. beef plus variety meats in the region, were all higher in 2019 with growth led by exports to Indonesia up 67 percent (+9,505 mt) in volume and 37 percent in value to \$85 million. Beef variety meat exports were led in volume by Indonesia, absorbing 12,688 mt of the total beef variety meat exports to the region, and growing 89 percent. Variety meat exports to the Philippines dropped 22 percent, while exports to Vietnam were up 15 percent. Heavy influences from Japan, Korea, and China drove demand for variety meats as ethnic cuisines (i.e. yakiniku) gained popularity throughout the ASEAN. Although Australia continues to dominate exports to this region, supply disruptions in 2019 resulted in some lost market share. U.S. beef is also exported to Singapore, Myanmar, and Cambodia, although in very small volumes. Some markets in the ASEAN reported cases of African Swine Fever (ASF) in 2019, perhaps shifting consumption patterns away from pork and to other proteins. This includes markets like Indonesia, Myanmar, Laos, Vietnam, Cambodia, and the Philippines.

Markets in the ASEAN implemented travel restrictions due to the prevalence of COVID-19. City-wide and country-wide lockdowns were implemented in early 2020, affecting tourist travel and foodservice operators. Many businesses turned to virtual communications and delivery platforms to continue operations. Although the impacts of COVID-19 are not fully realized, USMEF will remain agile in the market to re-direct strategies as necessary.

	Indonesia	Philippines
Per Capita Beef Consumption	3.6 kg	3.6 kg
Total Beef Imports (not including variety meat) – all sources	201,554 mt	125,581 mt

Total Beef Variety Meat (BVM) Imports – all sources	64,904 mt	10,406 mt	
U.S. Share of Total Beef/BVM Import Market	8.5%	11.5%	
Other Beef/BVM Suppliers & Market Shares	Australia 47.5%	Brazil 26%	
	India 35%	India 23%	
	New Zealand 5.5%	Australia 19.5%	
Domestic Self Sufficiency	50%	52%	
U.S. Beef Exports (not including variety meat)	10,903 mt	13,961 mt	
U.S. Beef Variety Meat (BVM) Exports	12,688 mt	4,487 mt	
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	2%	1%	
Customers for U.S. Beef Imports	Processing	10%	25%
	HRI	70%	60%
	Retail	20%	15%
Top Imported U.S. Beef Cuts: middle meats, rib and chuck items, some thin meats			
Top Imported U.S. BVM Items: livers, kidneys, hearts, tongue, tripe, tendon			

2019 import and market share data is based on import data of Indonesia and the Philippines (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### Market Development Strategies:

Educate key accounts about the quality and value of a wide range of U.S. beef products to A) Displace the competition by mitigating the perception that U.S. beef is not competitive; B) Develop the market through expanded purchases among trade, HRI and retail accounts; and C) Defend relationships with existing buyers.

<b>Mega-City Trends &amp; Evolving Consumer Preferences</b>	<ul style="list-style-type: none"> <li>• Consumers in this region are incredibly diverse. According to Euromonitor disposable income per capita (in USD) in 2019 was approximately \$1,900 in Vietnam, \$2,450 in Indonesia, \$2,500 in the Philippines, and \$32,000 in Singapore.</li> <li>• The middle and affluent class is growing in this region with other foreign investors taking notice. There will be 17 million middle class households in Vietnam by 2030, representing 1 in 2 households according to Euromonitor International. Meanwhile, 31% and 27%</li> </ul>
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	<p>of the population in Indonesia and Thailand, respectively, will be middle class by 2030.</p> <ul style="list-style-type: none"> <li>• Euromonitor reports that Indonesia’s median household disposable income is set to almost double by 2030. Jakarta will remain the second largest city in the world in 2030 with a large and wealthy (with a growing GDP) consumer base.</li> <li>• Megacity development in SE Asia will challenge infrastructure, causing obstacles such as traffic build up.</li> <li>• According to OECD &amp; UN-FAO, increased buying power of Filipino consumers will double the country’s meat imports by 2027.</li> <li>• As incomes rise in SE Asia, consumption of savory snacks and packaged foods are also expected to increase as will the demand and need for convenient shopping methods.</li> <li>• Premiumization is trending throughout SE Asia, a product of an emerging affluent class and proximity to major markets such as China and Japan. High quality foods, such as wagyu or Prime grade U.S. beef, are symbols of status among consumers in Singapore, Indonesia, Vietnam, Thailand, and Cambodia.</li> <li>• Other ethnic foods are trending in the region, with Chinese restaurants growing in popularity, yakiniku and hot pot also becoming popular.</li> <li>• Traditional markets, such as wet markets, dominate the retail space in this region as consumers prefer to purchase “warm” or very freshly slaughtered meat products. Consumers remain generally unaware of the attributes of chilled meat products; however, purchasing patterns are showing signs of modernization. In Vietnam, the Ministry of Science and Technology recently issued national standards on chilled meat.</li> <li>• Food safety scandals and rampant corruption are fueling consumer distrust in government agencies and domestic product throughout the region, while consumers become increasingly interested in personal health and nutrition. Consumers show a willingness to pay more for “natural” or environmentally sustainable products.</li> </ul> <p>Delivery services are becoming more popular with consumers, although local restaurants are hesitant to partner with large platform brands like GrabFood, which charge high commission fees.</p>
<i>Strategic Objective</i>	Capitalize on evolving consumer trends regarding new food concepts, delivery, convenience, and quality to gain market share while the region is still in its “developing” stage and the imported beef market is not fully saturated.
<i>Tactical Response</i>	Educate consumers about the quality and safety behind U.S. beef, while increasing consumer exposure to grainfed product via chef interactions, labelling at retail, etc.

<p><b>Retail Sector Modernization</b></p>	<ul style="list-style-type: none"> <li>• Traditional markets are still very prevalent throughout the region, selling low quality beef options like Indian buffalo meat.</li> <li>• The retail sector across the region is transitioning to modern supermarkets, though most consumers are not very knowledgeable about frozen or chilled meat.</li> <li>• Expansion of foreign retailers familiar with U.S. beef such as Aeon (Japan), Emart (Korea), and Lottemart (Korea) present opportunities to further penetrate the retail sector.</li> <li>• Consumers demonstrate a willingness to pay more for imported beef products, especially the growing middle class as food safety becomes a top priority.</li> <li>• Some importers are adding cutting/processing facilities to their operations to produce retail tray-pack items for easy inventory replenishment.</li> <li>• Traditional grocery retailers such as mom and pop shops are starting to move into the ecommerce market to maintain sales, reflecting consumer preferences for convenience. However, consumers in the region generally prefer the traditional shopping experience over ecommerce for grocery items.</li> <li>• Similar to other Asian markets, convenience stores continue to establish a presence in the region, creating opportunities for ready-made fresh products. In Vietnam, the number of convenience stores has quadrupled since 2012 with additional growth on the horizon as young consumers seek ready to eat options.</li> <li>• Consumers in the region are accustomed to thin-sliced product. Frozen U.S. beef, which is preferable for slicing, is gaining more space in the meat case at retail.</li> <li>• Although wet markets still dominant the retail sector, according to an international grocery research organization, Vietnam is expected to be the fastest growing convenience store market in Asia by 2021, with growth rates of 37.4%.</li> <li>• The convenience store sector in the Philippines is putting more emphasis on hot meal offerings. Importer/processors that supply these CVS chains are target accounts.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Work with distributors to provide merchandising assistance to help retailers effectively handle and promote U.S. beef (e.g., make frozen meat and the freezer case more attractive), and increase exposure and availability of U.S. chilled beef in high-end retail outlets.</p>
<p><i>Tactical Response</i></p>	<p>Team up with the trade to enhance U.S. beef's retail presence through more point of sale activities, both in-store and online, including cooking/tasting demos, with specific tactics customized for each retailer and focusing on corn-fed U.S. beef.</p>

<b>Foodservice Demand</b>	<ul style="list-style-type: none"> <li>• International restaurant brands are popular with consumers who look to these brands for quality and status.</li> <li>• Growth in tourism continues to fuel increased demand for quality and consistency among foodservice operators, although tourism may continue to be negatively impacted by COVID-19.</li> <li>• Ethnic flavors are becoming more popular throughout the region thanks to increased tourism including Japanese cuisine, hot pot, steak, burger, and BBQ, increasing demand for high-quality U.S. beef.</li> <li>• High-end restaurants in Myanmar and Cambodia are seeking high-quality Prime and Wagyu beef to differentiate.</li> <li>• Labor shortages, especially in Singapore, are forcing foodservice operators to utilize more value-added products and alternative cuts to reduce in-house costs.</li> <li>• Local restaurants in Vietnam are preparing tray-pack meals to be sold in local supermarkets.</li> <li>• Lack of infrastructure and education continues to limit this region; however, as consumers become more health conscious, local foodservice operators will adhere to more modern health standards.</li> <li>• Street food options, especially in Vietnam, remain popular among busy consumers despite lack of safety monitoring.</li> </ul>
<i>Strategic Objective</i>	<p>Introduce HRI buyers to a diverse set of U.S. secondary cuts such as hanging tender, short plate, heel muscle, and rib fingers that only require simple preparation but present a higher perceived value.</p>
<i>Tactical Response</i>	<p>Conduct seminars and other activities to teach foodservice end-users about the profitability of underutilized U.S. beef cuts and demonstrate innovative cooking options. Target key food distributors, chefs, purchasing managers and restaurant owners to address company-specific opportunities and challenges.</p>
<b>Diversifying Sources</b>	<ul style="list-style-type: none"> <li>• Increased supplies of low-end Indian buffalo meat, and Spanish/Irish beef are displacing Australian sources, although Indian buffalo meat must go to further processing in the Philippines and cannot be sold as table meat.</li> <li>• Displaced Australian beef previously marketed to the processing sector is now moving into “premium” beef territory and competing more directly with U.S. beef; thus, necessitating modifications, including different grades, cuts or preparation methods to differentiate U.S. supply.</li> <li>• Australia and New Zealand benefit from several tariff-eliminating FTA’s in this region.</li> <li>• The EU is aggressively pushing for FTAs in the ASEAN.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will phase out duties for beef in Malaysia, Singapore, and Vietnam for participating competitors.</li> </ul>
<i>Strategic Objective</i>	Demonstrate the attributes of utilizing U.S. beef items (such as short plate, cow ribeye, chuck roll and beef loin tail) to highlight consistency, taste profile, and cost efficiency to the HRI and processing sectors.
<i>Tactical Response</i>	Use specialized company-specific training on incorporating a variety of U.S. beef alternative items into meals and processed products, while also gearing the trade to support their downstream customers more directly to defend market share.

### Other Key Initiatives

- Explore the untapped market opportunities in Laos, Cambodia, and Myanmar with initial trade servicing to gather information on current market needs.
- Further develop HRI opportunities for U.S. bone-in beef in Thailand, where market access was granted in late 2017 and buyers are still unfamiliar with U.S. bone-in cuts.
- Respond to consumer concerns regarding food safety by positioning U.S. beef as a safe, reliable, and consistent protein source.
- Emphasize the benefits of grain-fed U.S. alternative cuts (vs. grass-fed traditional cuts from other sources) in this developing region.
- Educate processors on using U.S. beef variety meat such as hearts and livers as standard input material.
- Explore expanded use of sirloin and round cuts and increase the market for >30-month and no-roll items.
- Continue to focus on new opportunities, including expanding the marketing reach to new HRI and retail subsectors in targeted markets, and continue to support new outlets for U.S. beef with merchandising suggestions, POS material, etc.
- Monitor the presence of alternative protein sources in the region.

### **Measurable Objectives** (*List relevant outcome-based objectives for this tactic*):

- 93% of targeted trade accounts understand the profit potential of and have a favorable attitude towards U.S. beef based on information provided by USMEF.
- 88% of targeted HRI accounts understand the unique quality and profit potential of U.S. beef compared to competing products based on information provided by USMEF.
- 100% of targeted HRI accounts regularly feature and promote U.S. beef on their menus.
- 100% of targeted retail accounts understand the quality attributes of U.S. beef based on information provided by USMEF.
- 100% of targeted retail accounts regularly stock U.S. beef.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic D**

**Tactic Name:** ASEAN – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Singapore's ban on certain pathogen reduction treatments and EV requirements for beef from imported Canadian cattle;
- B) Vietnam's non-transparent import requirements for "white offal", and plant-by-plant registration process;
- C) The Philippines non-transparent reference pricing system cat customs clearance;
- D) Indonesia's requirement for on-site audits for plant approval;
- E) Thailand's ban on the import of U.S. beef offal;
- F) Other non-science based barriers throughout the region.

USMEF’s strategies for addressing these issues- in cooperation with U.S. industry organizations- focus on educating government decision makers about U.S. production standards, presenting science-based technical material to industry stakeholders and the appropriate import-regulating body, and supporting the U.S. government’s efforts to negotiate expanded access for beef in the region. In addition, USMEF will closely monitor the presence of ASF in the region and has created internal biosecurity measures on trade teams and other international travel to protect the U.S. red meat industry.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- USMEF will provide factual information to traders in the ASEAN to help improve confidence in the U.S. beef industry.
- 92% of USMEF members will report that they receive the information the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef’s Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef’s image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef’s inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Defend beef’s product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input type="checkbox"/> Research & communicate beef’s nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic E****Tactic Name:** Caribbean - Market Development**Tactic Description:***Market Assessment*

With many of the islands well on the road to recovery from the widespread devastation brought on by the historic hurricane season of 2017 and the destruction from Hurricane Dorian in Grand Bahama and the Abaco Islands in 2019, U.S. beef buyers in the region were seeing a return to normalcy as new properties in the Bahamas and Cayman Islands and a growing middle class in the region were driving growth. However, the global coronavirus pandemic hit the tourism dependent region particularly hard to begin 2020 with the region relying on tourists from the U.S., the EU, and Canada. The Caribbean region is extremely diverse in culture as well as consumer and culinary tradition. The HRI sector within the Caribbean region is highly dependent on tourism and is the primary volume driver for U.S. high quality beef within the region. More affordable, alternative U.S. beef cuts are sold at both local foodservice establishments as well as through the retail channel, with U.S. frozen beef mainly sold through the retail channel as portion-controlled steaks and burgers. For 2019, beef and beef variety meat exports held steady against 2018 volumes at 19,467 mt, while value increased by 7.1 percent to \$118 million.

	Bahamas	Jamaica
Per Capita Beef Consumption	n/a	n/a
Total Beef Imports (not including variety meat) – all sources	4,148 mt	6,209 mt
Total Beef Variety Meat (BVM) Imports – all sources	279 mt	6,494 mt
U.S. Share of Total Beef/BVM Import Market	77%	47%
Other Beef/BVM Suppliers & Market Shares	Brazil 20%	Brazil 18%
	EU-28 3%	Australia 9%

		Australia <1%	Panama 14%
Domestic Self Sufficiency		n/a	n/a
U.S. Beef Exports (not including variety meat)		3,352 mt	1,855 mt
U.S. Beef Variety Meat (BVM) Exports		45 mt	4,152 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		<1%	<1%
Customers for U.S. Beef Imports	Processing	<1%	22%
	HRI	69%	48%
	Retail	30%	30%
Top Imported U.S. Beef Cuts: top sirloin, inside round, strip loin, rib eye, ground beef, tenderloin			
Top Imported U.S. BVM Items: liver, kidney, heart, feet, oxtail			

2019 import and market share data is based on reported exports to the Bahamas and Jamaica (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### Market Development Strategies:

Keep U.S. beef top-of-mind among buyers in the Caribbean by distinguishing its quality, consistency and eating experience. Reinforce U.S. beef as the best source of dietary protein while educating consumers and easing concerns surrounding sustainability, food safety, and health in order to A) Defend market share against the competition and other alternative protein sources, B) Further develop demand for a wide range of items, especially those targeted for high-end food service and BBQ concepts, and continue to displace competitor product, and C) Offer support and high-quality meat options to islands continuing to rebuild from hurricanes as well as the economic devastation caused by the coronavirus pandemic.

<b>Foodservice Sector</b>	<ul style="list-style-type: none"> <li>• Throughout the entire region, the foodservice sector essentially shut down in early 2020 as a result of measures put in place to halt the spread of coronavirus.</li> <li>• Price Volatility and variable supply present problems for promotional planning.</li> <li>• Restaurateurs are seeking affordable cuts while retaining well-marbled characteristics.</li> <li>• There is growing interest in portion-controlled cuts (i.e. pre-cut steak-ready) that reduce labor and excess trim costs.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Foodservice operators express a need to differentiate, presenting potential for U.S. beef alternative cuts.</li> <li>• The BBQ trend continues to thrive, with brisket and short ribs appearing on more menus, and chef willingness to use different BBQ techniques driving menu and cut diversification to include cuts such as top sirloin, coulotte, tri-tip, prime rib.</li> <li>• Alternative cuts also present an opportunity for resorts to add an affordable protein to menus developed for staff.</li> <li>• HRI buyers have inquired about ways to use high quality beef to improve local burgers.</li> </ul>
<i>Strategic Objective</i>	Maintain a presence for U.S. beef on restaurant menus by illustrating the cost benefits of purchasing underutilized U.S. beef cuts at the highest possible/affordable quality grade.
<i>Tactical Response</i>	Proactively partner with foodservice operators as a source of product and service ideation. Train chefs on value cuts such as bottom sirloin flap/ball tip/tri-tip, brisket, chuck eye roll, shoulder clod and top sirloin, reiterating the impact of quality and consistency on profitability while offering support with menu development and methods to differentiate between food service outlets. Demonstrate the value equation on portion control and “new looks for old cuts”.
<b>Transitioning Retail</b>	<ul style="list-style-type: none"> <li>• Retail outlets continue to transition from frozen to chilled beef products but are challenged with a “frozen” mindset.</li> <li>• Retailers face issues such as shrink, inconsistent cold chain infrastructure, price volatility and high employee turnover.</li> <li>• There is new demand for smaller case-ready cuts with &gt;21 days shelf life - both fresh and frozen.</li> <li>• Demand for high-quality value-added products such as dry-aged beef, all-natural, or organic beef is rising in the retail marketplace.</li> <li>• Anti-U.S. sentiments and a popular focus on ‘buy-local’ linger with local populations presenting a challenge for country of origin labelling at the retail level.</li> <li>• Consumers want to see brands on products for the story and transparency.</li> </ul>
<i>Strategic Objective</i>	Build retailer confidence by educating employees on the value/quality benefits of U.S. beef, train staff on proper handling and marketing of products, and support the launch and merchandising of value-added or niche high-quality chilled items.
<i>Tactical Response</i>	Continue to train retailers and their employees on proper merchandising techniques by incorporating store walk-throughs and audits into tailored seminars and workshops. Work with retailers to embrace brands as part of their marketing strategies, and demonstrate proper cold storage and

	handling techniques to maintain product quality. Communicate quality issues hindering trade to U.S. exporters.
<b>New Cooking Styles</b>	<ul style="list-style-type: none"> <li>• Locals predominantly use slow cooking methods and stew recipes for beef due to the availability of low-quality beef and price point of stew meat.</li> <li>• Increased availability of high-quality beef has spurred interest in other cooking techniques like grilling and barbecuing, although BBQ is still excluded from many culinary training programs and BBQ training in HRI is inconsistent.</li> <li>• Retailers are seeking to introduce new items suitable for the grill.</li> <li>• Shareable dishes/small bites are becoming more prevalent due to factors related to convenience and flexibility for kitchen staffs.</li> </ul>
<i>Strategic Objective</i>	Demonstrate a variety of grilling techniques to chefs, retailers, and their customers to increase sales of appropriate mainstream and lesser-known U.S. beef cuts suitable for grilling and move consumers away from just stewing meat.
<i>Tactical Response</i>	<p>Develop educational materials for the meat case that include recipes promoting “Protein Power” concepts and provide training for meat department staff on promoting cuts for grilling. Encourage integration of formal barbecue courses into local culinary curriculums and partner with pit-master experts to improve the quality of BBQ training.</p> <p>Introduce the popular one-pot or slow cooker method to replace the stewed meat concept and develop menus around “one meat, many applications.”</p>

### Other Key Initiatives

- Elevate the image of U.S. beef, focusing on recapturing the memories of great steak eating moments to recreate positive consumer experiences.
- As tourism recovers, capitalize on the number of American tourists in the market, re-define how a great American burger should taste with juiciness and texture.
- Facilitate communication between potential buyers and U.S. suppliers via participation in events such as USMEF’s Latin American Product Showcase and Americas Food and Beverage Show.
- Promote U.S. beef as a guilt-free premium source of protein and dietary tool for promoting good health via a “pack more protein on your plate” theme.
- Focus on pairing and promoting U.S. beef with other complimentary products at both retail and through training foodservice establishments.
- Enhance buyer understanding of the U.S. beef grading system and highlight the value/price relationship between quality grades and affordable cuts.
- Present the maximum SKUs (individual items) from each cut and identify ways distributors can work with their customers to broaden menu and retail offerings.

- Demonstrate the profit potential of case-ready and portion control products (e.g. strip, ribeye, top sirloin, burgers and flat iron) to retail and HRI accounts, plus share new co-product ideas—beyond vein steaks.
- Introduce U.S. exporters to buyers looking for chilled and portion control beef cuts.
- Educate chefs and wait staff on the attributes of U.S. beef and new cooking methods (e.g. low & slow BBQ or sous vide) and support targeted restaurant promotional efforts.
- Work with retailers to review their fabrication and storage facilities, meat case setup, pricing, and product labeling and provide recommendations for improvement to maintain the integrity of U.S. beef products and increase sales.
- Support the development of a modern cold chain and educate buyers on proper handling techniques.
- Reinforce the U.S. beef story of farmers and ranchers, aligning with consumer interests in brand stories.
- Capitalize on cooking trends, such as Sous Vide and provide further training on how to cut and cook U.S. beef to provide maximum quality and flavor.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 98% of targeted importer and distributor accounts understand the supply, quality, value relationship of U.S. beef based on information provided by USMEF.
- 77% of targeted HRI distributors promote new ways to use popular cuts or alternative cuts of U.S. beef to their downstream customers.
- 95% of targeted retailers understand proper cold chain management, handling, and merchandising of U.S. beef.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic F**

**Tactic Name:** Caribbean – Market Access

**Tactic Description:**

Noteworthy market access issues include:

A) Jamaica’s excessively high import duties on U.S. beef at 86%.

USMEF’s strategies for addressing these issues- in cooperation with U.S. industry organizations- support U.S. government initiatives to eliminate trade-restrictive policies and requirements in the Caribbean region and keep the U.S. industry informed on crucial changes in local government regulations and emerging issues in the region.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.
- USMEF will collaboratively engage with key influencers within government, academia and industry in existing and potential U.S. beef export destinations within the Caribbean region.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef’s Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> Adopt animal I.D. traceability systems | <input type="checkbox"/> Ensure antibiotic stewardship         | <input type="checkbox"/> Engage beef advocates           | <input type="checkbox"/> Research & innovate new production technologies    |
| <input checked="" type="checkbox"/> Increase market access      | <input type="checkbox"/> Certify & verify production practices |  | <input type="checkbox"/> Ensure beef’s inclusion in dietary recommendations |
| <input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure beef safety                    | <input checked="" type="checkbox"/> Protect beef’s image |   |

- Motivate producers & stakeholders to engage in issues
- Revolutionize beef marketing & merchandising
- Develop crises management plans
- Measure & improve our sustainability
- Defend beef's product identity
- Research & communicate beef's nutritional benefits
- Connect & communicate directly with consumers
- Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic G**

**Tactic Name:** Central America & the Dominican Republic - Market Development

**Tactic Description:**

*Market Assessment*

With continuing record large exports to the mainstay markets of Guatemala and the Dominican Republic (DR) and surging growth in other markets, particularly Panama, beef exports to Central America were pushed to record highs in volume (23,190 mt, up 7.5 percent) and value (\$152 million, up nearly 10 percent) in 2019. Although more expensive, U.S. beef maintained an advantage in its cut specifications and as a superior quality product in the region. Training and education is still a vital component to continued growth, as both the trade and consumers alike are more accustomed to grass-fed beef and benefit greatly from understanding the quality attributes and product consistency of U.S. corn-fed beef. The Central American economy has been hit particularly hard by the coronavirus pandemic in the first half of 2020 and will continue to adjust to the economic fallout going forward. Strictly enforced curfews have caused issues at not only foodservice, but retail channels as well. Demand from all-inclusive hotels had driven record exports to the Dominican Republic, with most all-inclusive hotels utilizing Choice beef or higher, and the U.S. supplying nearly all imported beef into the market. Tourism in the Dominican Republic had already slowed due to negative press in North America, with the pandemic severely affecting business in the second quarter of 2020.

		Dominican Republic	Guatemala
Per Capita Beef Consumption		7.6 kg	5.3 kg
Total Beef Imports (not including variety meat) – all sources		6,622 mt	18,214 mt
Total Beef Variety Meat (BVM) Imports – all sources *		1,632 mt	1,241 mt
U.S. Share of Total Beef/BVM Import Market		96%	34%
Other Beef/BVM Suppliers & Market Shares		EU-28 2%	Nicaragua 47%
			Honduras 8%
			Costa Rica 7%
Domestic Self Sufficiency		89%	78%
U.S. Beef Exports (not including variety meat)		6,387 mt	5,309 mt
U.S. Beef Variety Meat (BVM) Exports *		1,647 mt	574 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		<1%	<1%
Customers for U.S. Beef Imports	Processing	10%	10%
	HRI	70%	80%
	Retail	20%	10%
Top Imported U.S. Beef Cuts: strip loin, outside skirt, coulotte, flatiron, ranch cut, round, clod, gooseneck, inside skirt, ribeye bone in, shortloin, Tri Tip			
Top Imported U.S. BVM Items: liver, heart, tongue, tripe			

2019 import and market share data is based on import data of Guatemala and reported exports to the Dominican Republic (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. \* Historical discrepancy between import data and U.S. export data.

### Market Development Strategies:

Defend U.S. market share from lesser-quality competitor product by educating the trade and end-users across sectors on the quality, consistency, and profit potential of U.S. beef. Introduce value cuts and the appropriate suppliers to buyers throughout the region to build demand and foster export growth.

<p><b>Favorable Access</b></p>	<ul style="list-style-type: none"> <li>• The U.S.-Panama FTA presents increased export opportunities for both top-graded cuts and variety meats.</li> <li>• Access growth for a range of items continues in Guatemala and Costa Rica with the CAFTA-DR FTA. Tariffs on Choice and Prime product immediately eliminated in some countries within a TRQ limit. In general, annual duty reductions to zero by 2020/2023 depending on country.</li> <li>• Decreased domestic supplies presents opportunities for U.S. beef; however, Nicaragua is a significant supplier to the region despite declining market share in 2019.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Leverage the benefits of the region's FTAs by identifying niche HRI and retail segments for high-grade U.S. beef, identify retailers willing to bring in Select grade beef to build consumer familiarity with the product, and increase demand in segments willing to utilize variety meats.</p>
<p><i>Tactical Response</i></p>	<p>Develop region-wide programs with large regional retailers such as Walmart and local retail chains and aggressively pursue new sectors to move a variety of products.</p>
<p><b>Opportunities in Diverse Retail Segments</b></p>	<ul style="list-style-type: none"> <li>• Retail sales were impacted by the coronavirus pandemic as restrictive curfews and quarantine measures made it difficult for consumers to purchase items through retail.</li> <li>• Although retail in the region is still modernizing, major players, such as Walmart, are continuing to invest and expand in the region.</li> <li>• Trendy meat boutiques are beginning to offer high-end cuts, including: T-bone, porterhouse, tomahawk, cowboy, ribeye, striploin, flank steak, etc.</li> <li>• Traditional wet markets still present vast opportunities for variety meats in this region.</li> <li>• U.S. Select grade beef competes with the price of domestic Guatemalan beef products.</li> <li>• Training is key as most buyers are not well-versed in the unique attributes of U.S. beef, and inexperience in proper meat handling hinders perceived quality.</li> <li>• Consumers are generally accustomed to low quality, grass-fed domestic beef and need education on the culinary advantages of corn-fed beef and new ways to cook and utilize U.S. beef so as to not overcook and jeopardize the eating experience.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Support the recovery efforts of the retail sector after the economic devastation of the coronavirus pandemic. Educate buyers on the U.S. beef products available to expand their portfolios, and train them on proper meat merchandising techniques and cold chain practices for</p>

	optimal yields and profits. Educate final consumers through cooking classes inside of meat boutiques, encouraging them to properly prepare high-end cuts to with a focus on differentiating U.S. beef based on corn-fed attributes versus lower quality grass-fed domestic product to eventually increase demand. Expand reach of retail-focused activities to second tier cities within the region.
<i>Tactical Response</i>	Conduct activities to develop new business by directly bringing local buyers together with U.S. suppliers, while also providing training on handling and merchandising of unfamiliar cuts, and further supporting downstream buyers with USMEF's "continuous improvement program" to enhance presentation techniques and handling practices at the retail level. Conduct goodwill activities to support retail recovery.
<b>Foodservice Growth</b>	<ul style="list-style-type: none"> <li>• The foodservice sector was significantly impacted by the coronavirus pandemic, with restaurants largely shuttered by the second quarter of 2020, and take-out options limited due to strict curfew and quarantine requirements.</li> <li>• A need for "price friendly" cuts is still prominent in this region, especially with rising beef costs. Restaurants could benefit from adding value cuts to menus such as clod, chuck tender, top sirloin butt, and brisket.</li> <li>• Traditionally, local beef is cooked "medium-well" and marinated, while U.S. beef cooked "medium" offers the same taste quality without requiring extra prep.</li> <li>• Costa Rica and Panama have highest per capita incomes, where consumers are more likely to break traditional eating habits and dine out more often.</li> <li>• Growth in tourism, especially to Dominican Republic, presents opportunities for U.S. beef in meals at resorts for guests and staff alike.</li> <li>• Foodservice importers are creating their own training kitchen centers to teach their customers about the characteristics that distinguish American beef and how to properly handle the product for the best yields.</li> </ul>
<i>Strategic Objective</i>	Support the recovery efforts of the foodservice sector after the economic devastation of the coronavirus pandemic. Assist leading importers and distributors in sourcing additional U.S. beef cuts and introduce foodservice buyers to a diverse set of value cuts while emphasizing proper cooking techniques to maximize taste and tenderness.
<i>Tactical Response</i>	Demonstrate trade servicing advantages to directly support importers of U.S. beef. Provide cutting and cooking training on specific cuts to help foodservice operators improve their menu options and reach a wider

	range of consumers. Conduct goodwill activities to support the foodservice sector recovery.
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### **Other Key Initiatives**

- Educate buyers and consumers in the region on optimal cooking styles to not overcook U.S. beef for a better eating experience.
- Focus on building relationships with integrated importers, processors, and distributors to maximize efficiency in training and create the most impact in downstream sectors.
- Continue to facilitate strong partnerships with major retailers, such as Walmart and other local retail chains.
- Collaborate with regional distributors, retailers, and restaurateurs to promote USDA Choice beef to end consumers to build customer loyalty and differentiate quality U.S. corn-fed beef from the competition.
- Introduce the trade and their downstream customers to lower-cost alternative cuts (e.g., chuck tender, shoulder clod, top sirloin butt) to address relatively high beef prices.
- Further advance channel development in the region and build demand by broadening the reach of educational programs to more countries and into more locally owned supermarket and meat shop chains.
- Work with the Dominican Republic foodservice sector to increase use of value cuts, especially at resorts for both guest and staff meals, and target new retail chains to further expand the market. In addition, work with processors to target the local market with more affordable, processed products.
- Educate the trade as well as new segments of consumers on various cooking applications such as barbeque techniques to expand the range and volume of U.S. beef cuts through barbeque challenges and chef competitions.
- Target high-end consumers by developing a previously unexplored channel by expanding U.S. beef into popular hotel & restaurant brunch menus. Presenting profitable menu options that are unique and easy to prepare.
- Further social media capabilities and reach with channels dedicated specifically to the Central American region, targeting local consumers.
- Connect and engage Central American buyers of U.S. beef with suppliers and exporters through relationship building opportunities at the Latin American Product Showcase.

### **Measurable Objectives** *(List at least three outcome-based objectives for this tactic):*

- 90% of targeted importer and distributor accounts consistently source and successfully promote U.S. beef to their downstream customers.
- 100% of targeted HRI accounts understand the quality and profit potential of U.S. beef based on information provided by USMEF.
- 100% of targeted retailers consistently incorporate suggested merchandising methods to promote the quality attributes of U.S. beef.

**LRP Strategic Initiatives Addressed by this Tactic** (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** (Check all that apply)

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic H**

**Tactic Name:** Central America - Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Regulations in some countries that do not allow for frozen meat to be thawed for sale at retail;
- B) Necessary clarification on Nicaragua microbiological requirements and standards for imported red meat.

USMEF's strategies for addressing these issues- in cooperation with U.S. industry organizations- focus on building alliances with importers, researchers, and others, encouraging them to lobby their governments to drop unreasonable restrictions on beef imports from the U.S.; educating government decision makers about the safety of U.S. beef; and working with U.S. and regional government agencies to resolve trade-restrictive issues.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.
- USMEF will collaboratively engage with key influencers within government, academia and industry in existing and potential U.S. beef export destinations within the Central American region

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |  |   |  |  |
|--|---|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input type="checkbox"/> Defend beef's product identity | <input type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|--|---|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic I

**Tactic Name:** China & Hong Kong – Market Development

**Tactic Description:**

*Market Assessment*

Exports to Hong Kong were down in 2019, falling 25 percent to 92,582 mt with value decreasing 23 percent to \$743 million. Exports to mainland China, on the other hand, were up 46 percent to 10,638 mt with value also growing 42 percent to \$86.1 million. U.S. beef was granted access to mainland China in mid-2017; however, access was short-lived as retaliatory tariffs were imposed on U.S. beef beginning in July 2018 with a 25 percent tariff that was increased to an additional 35 percent by September 2019.

While eligible U.S. supplies remain limited due to China's import restrictions, the market holds significant growth potential as the U.S. is one of few high-quality grain-fed suppliers to this market. China's global imports of all beef in 2019 increased 56% to over 1 million mt with significant growth from Brazil, Uruguay, Argentina, Australia, and New Zealand. While the majority of beef imported into China is grass fed, demand for grain-fed beef is growing as consumers become more sophisticated, and competitors such as Australia are exporting more of their grain-fed production to China and less to Japan and Korea. China's imports of chilled beef from all suppliers has grown 6x since 2017 levels with 2019 volumes reaching 37,853 mt. Australia is the dominant chilled supplier, but opportunities for U.S. product to gain a significant share of this market will continue to develop as demand grows. Impacts of African Swine Fever (ASF) have driven additional consumption of beef as an alternative protein option.

Despite retaliatory tariffs, access for U.S. beef has expanded with the signing of the U.S.-China Phase One Economic and Trade Agreement, which entered into force February 14, 2020, with the beef market access changes implemented by late March. Under this new deal, China agreed to purchase \$12.5 billion over 2017 levels, or about \$36 billion of U.S. agriculture products, in calendar year 2020 including beef. The Phase 1 expanded access for all U.S. beef products from cattle of all ages, and China agreed to recognize the U.S. traceability system; to adopt maximum residue levels for growth promoting hormones; and to conduct a risk assessment toward adopting MRLs for ractopamine. Although the deal did not address retaliatory tariffs, China temporarily implemented exclusions from Section 301 (intellectual property related) retaliatory duties to Chinese importers beginning in March 2020. However, political tensions still pose a risk to U.S. beef market access and thus add a degree of uncertainty. The U.S. is not alone in this challenge; China suspended imports from 4 of Australia's biggest plants in May 2020.

As the center of coronavirus, China underwent severe lockdowns throughout the nation as cities boarded up and transit pathways were blocked in early 2020. Travel restrictions and closures slowed product movement throughout China and some ports experienced congestion issues as they attempted to manage the record volume of imported meat amid a partially closed economy, social distancing requirements and limited workers. Closed wholesale markets also contributed to the backlogs and freezer inventories bulged without the demand from foodservice, including over the important Chinese New Year holiday. Delivery services were adapted to implement “no touch” services for takeout items and helped the foodservice industry survive the shutdown. Consumers shifted their consumption patterns to retail, where sales sizzled. Retailers not already integrated with ecommerce platforms have expanded to online sales. Some fresh food delivery services experienced sales growth near 350 percent year on year during the height of the COVID-19. Cities throughout China have recovered from COVID-19 sporadically, with some cities back to near normal foodservice levels as of June 2020. Some foodservice operators will not be able to recover. USMEF will monitor individual target account recovery, identifying opportunities to support key players but remaining efficient and diligent in the market as some foodservice operators face uncertainty.

Hong Kong was largely successful at containing the virus, by closing its borders including to almost all travel between Hong Kong and the Mainland; and by enforcing strict test and trace measures as well as social distancing and mask wearing, temperature checks and so on. However, Hong Kong was already experiencing economic contraction prior to the coronavirus, partially due to the ongoing protests against China’s proposed rules governing Hong Kong; this issue has heightened in 2020. Uncertainty about China’s relationship with Hong Kong and related U.S. relations with both China and Hong Kong will remain at the forefront. At the same time, Hong Kong’s restaurants were recovering strongly in June 2020 and accordingly demand for U.S. grain-fed beef, of which we are the primary supplier.

	China	Hong Kong
Per Capita Beef Consumption	5.9 kg	25.8 kg
Total Beef Imports (not including variety meat) – all sources	1,205,721 mt	418,620 mt
Total Beef Variety Meat (BVM) Imports – all sources	24,172 mt	335,591 mt
U.S. Share of Total Beef/BVM Import Market	<1%	15.5%

Other Beef/BVM Suppliers & Market Shares		Brazil 27.5%	Brazil 59.5%
		Uruguay 20%	Argentina 4.5%
		Argentina 19%	Australia 4%
Domestic Self Sufficiency		61%	1%
U.S. Beef Exports (not including variety meat)		10,508 mt	78,433 mt
U.S. Beef Variety Meat (BVM) Exports		130 mt	14,149 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		<1%	7%
Customers for U.S. Beef Imports	Processing	10%	0%
	HRI	65%	80%
	Retail	25%	20%
Top Imported U.S. Beef Cuts: middle meats, boneless/bone-in short rib, chuck short rib, short plate, chuck roll			
Top Imported U.S. BVM Items: omassum, backstrap, pizzle, tripe, tendon, diaphragm, oxtail, tongue, inside skirt, outside skirt, feet			

2019 import and market share data is based on import data of China and Hong Kong, excluding reported imports from China (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### Market Development Strategies:

- A) Build customer loyalty with increased support for downstream buyers including trainings and promotions; B) Educate buyers about U.S. beef safety/inspection systems, unique production capabilities, grading and quality, product range, and profitability; C) Create demand in untapped segments in the China/Hong Kong region and deepen distribution channels in China, focusing on a broad range of cuts and specifications to ensure that U.S. beef is affordable to a large segment of the population; D) Introduce chilled beef branded products to U.S. buyers and support communication between suppliers and importers to increase product availability and improve logistics; E) Where appropriate, counter negative perceptions of U.S. products and design and implement positive image building campaigns utilizing various media platforms.

<p><b>Retaliatory Tariffs and Growing Demand for Beef</b></p>	<ul style="list-style-type: none"> <li>• The U.S. is enjoying expanded access for beef due to commitments by China to loosen import conditions (e.g. acceptance of CODEX MRLs for hormones) under the Phase I trade agreement.</li> <li>• China initiated a 25% tariff on U.S. beef in July 2018. An additional 10% duty was imposed September 1, 2019 effectively bringing the total retaliatory tariff rate to 35% for U.S. beef in addition to a 12% VAT. China temporarily implemented exclusions from retaliatory duties to Chinese importers beginning in March 2020.</li> <li>• Some loyal buyers of U.S. beef are consistently purchasing product despite retaliatory tariffs, although trade tensions with China have affected the U.S. beef industry's reputation as a reliable supplier in this market. Importers and end-users believe that volatile relations with China could result in delayed customs clearance, revoked access, consumer boycotts, etc., putting importers on edge.</li> <li>• USMEF's relationships with traders, such as the members of the U.S. Meat Trader's Club, has allowed the U.S. beef industry to constantly communicate with potential customers in the region. The U.S. Meat Trader's group platform has grown from 150 to 950 participating individuals.</li> <li>• Duties in Hong Kong remain at 0% for all beef items.</li> <li>• China has placed a renewed focus on diversifying meat supplies with new players such as Ireland, Serbia, Panama, the Netherlands, Namibia, and others emerging as newly approved beef suppliers. Imports have increased for nearly all suppliers.</li> <li>• Imports of chilled beef increased nearly 137% in 2019. Although a small percentage of total beef imports, this growth is reflective of growing demands for quality and freshness from consumers. Chilled beef from Australia dominated imports in 2019 with 73% market share, followed by New Zealand with 24.5% share.</li> <li>• Consumers are purchasing more China-made products with nationalism growing and anti-U.S. sentiments stirring among buyers.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Maintain loyalty among current U.S. beef buyers with renewed levels of trade servicing and support. Continue to build and support relationships with buyers that initially purchased U.S. beef upon market reopening in 2017, even if such buyers have ceased purchasing amid trade differences.</p>
<p><i>Tactical Response</i></p>	<p>Identify opportunities for U.S. beef and offer increased and intensified levels of support for loyal U.S. beef buyers with additional trainings, POS material, and promotions while remaining sensitive to growing anti-U.S. consumer attitudes. Further develop the objectives and interactions</p>

	within Meat Trader's group platform participants to foster relationship building and continue to exchange information with buyers in China.
<b>Education Remains Key</b>	<ul style="list-style-type: none"> <li>• While U.S. beef buyers are enthusiastic about U.S. product, buyers remain relatively unfamiliar with U.S. product as the market reopening only just occurred in June 2017.</li> <li>• The growing middle class in China and Hong Kong is showing a willingness to pay premiums for higher quality beef, and has greater spending power for pricier items such as chilled beef. In addition, some consumers are willing to pay slightly more for reliable brands they perceive as safe and high-quality, but overall, consumers remain relatively price sensitive.</li> <li>• Affluent consumers are showing increased interest in food safety and are ultimately shifting towards consuming more imported product due to perceived quality differences with scarce domestic product.</li> <li>• U.S. competitors, including Australia, Uruguay, and Argentina, have increased their grain-fed production and shipments to meet China's ever-growing demand for premium grain-fed product.</li> <li>• Traders, importers, and distributors in China continue to benefit from trainings regarding U.S. beef safety, quality, consistency, and grading.</li> <li>• The U.S. maintains a competitive advantage in its ability to supply a range of single cuts to buyers looking to import and utilize a narrow range of items. Improved access conditions for U.S. beef negotiated under the Phase 1 trade deal is enhancing that competitiveness.</li> <li>• Alternative cuts or middle meats are cost effective substitutes to more popular and more expensive cuts.</li> <li>• Other competing beef suppliers are putting more emphasis and focus on chilled beef to China, realizing the potential for volume and value growth in this market. However, the benefits of chilled beef are not widely known among all consumer demographics and across different regions.</li> </ul>
<i>Strategic Objective</i>	Increase buyer knowledge on the safety, quality and availability of U.S. beef to build awareness, and reestablish relationships.
<i>Tactical Response</i>	Create customized, hands-on training for both retail and HRI segments to renew buyer knowledge of U.S. beef, highlighting the affordability and versatility of alternative cuts, while highlighting the differences in Australian grain fed product and U.S. product.

<p><b>Diverse Retail Sectors</b></p>	<ul style="list-style-type: none"> <li>• Retail in mainland China is still fragmented, with mom and pop shops and wet markets dominating the retail sector. Wet markets have modernized for improved hygiene, logistics, etc.</li> <li>• Modern retail is still developing in this market; however, international players with the ability to move large volumes of product (i.e. Costco, Sam’s Club) via warehouse-style outlets are expanding with increased focus on second and third tier cities.</li> <li>• Sales of imported beef in supermarkets are growing by double digits annually.</li> <li>• Fierce competition among large retailers has led to exclusive beef store brands.</li> <li>• Retailers are allocating more space to portioned, case-ready packaged products.</li> <li>• Merchandising techniques for beef are still underdeveloped and unsophisticated but improving quickly.</li> <li>• Chain retail store growth has slowed as e-commerce has taken sales away from brick and mortar operations. However, e-commerce companies are expanding into the traditional retail environment and online beef sales are growing by strong double-digit percentages annually. This trend accelerated during the COVID-19 outbreak during early 2020.</li> <li>• According to the Chinese Academy of Social Science (CASS)’s China Ecommerce Interim Report in 2019, in 2018 70% of the population in China was utilizing ecommerce platforms.</li> <li>• Online sales of fresh foods, including meat, is still a small percentage of total fresh food retail sales, but is still growing as consumers demand more convenience.</li> <li>• Ecommerce sector is expanding with double-digit growth in 2019 (12% CAGR in 2019 according to Euromonitor). Prior to Covid-19 this industry was focusing on expansion into rural areas for sustained growth and improved access.</li> <li>• Livestreaming has become a popular tool among ecommerce platforms to reach consumers directly.</li> <li>• JD.com, Alibaba.com, and Suning.co are the largest ecommerce platforms in China.</li> <li>• The quality and diversity of products from ecommerce retailers continues to improve. Despite trade tensions, Chinese consumers have an appetite for imported products.</li> <li>• In Hong Kong, gourmet independent meat shops are gaining market share from large retail chains by offering a wider range of items and expert service.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Explore new lower-cost chilled U.S. beef cuts with mass retail chains, including ecommerce platforms, in Hong Kong and China. Focus on training for new U.S. beef users and work with distributors to promote</p>

	portion-controlled U.S. beef items- chilled and frozen- in both China and Hong Kong.
<i>Tactical Response</i>	Develop recipes and merchandising ideas for new cuts at retail and introduce value-added convenience items including U.S. beef pre-packaged products, while developing customized training opportunities for both online and offline retailers. Adopt a “flagship” store approach to perfect the meat case with high traffic outlets of targeted modern retailers that have the potential to expand in the market and who are visible and watched closely by the industry.
<b>Foodservice Expansion</b>	<ul style="list-style-type: none"> <li>• Some foodservice operators will not recover from the loss of business from COVID-19.</li> <li>• Hong Kong’s foodservice sector is the main outlet for imported beef and restaurant chains are building centralized kitchens, improving food safety, and offering better value.HK operators have an interest to expand to mainland China.</li> <li>• Intensifying competition in the foodservice sector, along with high rents, is pressuring HRI operators to keep food costs low, even as rising incomes and more imported beef options stimulate overall beef consumption.</li> <li>• Grain-fed beef demand is increasing steadily, led by the proliferation of hot-pot, Korean barbecue, steakhouses, and western and family style restaurants, and is further driven by overall consumer interest in beef as a center-of-the plate protein option.</li> <li>• Despite foodservice diversification, hot pot remains the most popular cuisine in China with over 350,000 hot pot restaurants.</li> <li>• Increased tourism to lower-tier mainland cities may drive foodservice upgrades to these regions.</li> <li>• Chain restaurants are launching new brands to reach a more diverse customer base.</li> <li>• China’s middle class now includes 430 million people, and overall per capita beef consumption is growing.</li> <li>• Grain-fed beef imported directly is generally distributed in Tier 1 &amp; Tier 2 cities.</li> </ul>
<i>Strategic Objective</i>	Maintain loyalty with U.S. beef buyers in the HRI sector, while demonstrating the value in utilizing U.S. beef to differentiate among menus and improve perceived restaurant quality.
<i>Tactical Response</i>	Position U.S. beef alternative cuts and dry-aged product as ideal for menu differentiation in both mainland China and Hong Kong and offer increased levels of support for buyers interested in continuing long-term use of U.S. beef on menus. Utilize promotions, celebrity endorsements, social media events (e.g. livestreaming) and other

	means to target consumers and drive the perception that U.S. beef is superior to other imported product. Highlight visible U.S. beef “success story” establishments, whose attributes are widely distributed on social media.
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### Other Key Initiatives

- Continue to build relationships with government officials and key industry influencers, including local beef industry stakeholders to draw attention to the benefits of the U.S. beef production system and product quality and safety. Work with U.S. government officials and relevant Chinese organizations, especially port inspectors, to resolve commercial and technical trade issues.
- Help match and facilitate communication between U.S. beef suppliers and buyers and share Chinese market needs gathered from the interaction between the USMEF Meat Trader’s group club and the U.S. beef industry.
- Educate the trade on applications for new-to-market cuts in Hong Kong, Macau and mainland China.
- Build a following for U.S. beef integrity and culture with restauranters and lifestyle media by hosting consumer-oriented events including BBQs, cooking demos, cooking classes, etc. including utilization of consumer-generated and professional live-broadcasting platforms to capture the attention of end users.
- Utilize mass/social media to educate consumers on both high-end and value U.S. beef options, and inform them about ongoing U.S. beef promotions, activities/events, and successful U.S. beef-utilizing retail and foodservice outlets.
- Identify social media influencers and celebrity chefs to represent and endorse the quality in U.S. beef.
- Partner with health and gym clubs to demonstrate to health-conscious members the nutrition and quality in U.S. beef through sampling demonstrations and tasting promotions.
- Work with HK independent meat retail shops to feature more U.S. beef.
- Expand interaction with large HRI operators, such as high-end and casual dining establishments in Macau.
- Use educated and well-versed professionals to convey the message that U.S. beef production exceed environmental sustainability standards.

### **Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 85% of targeted HK and China importers and distributors understand the supply capabilities and quality attributes of U.S. beef based on information provided by USMEF.
- 90% of targeted mainland China importers and distributors have a favorable attitude toward U.S. beef and are knowledgeable about the range of U.S. beef products available based on information provided by USMEF.
- 66% of targeted Hong Kong HRI outlets and chains regularly feature 4 U.S. beef cuts including at least 1 underutilized cut.

- 57% of targeted HK HRI outlets and chains actively participate in and or contribute to USMEF promotions to their customers.
- 25% of targeted mainland China national or regional foodservice chains actively participate in and or contribute to USMEF promotions not their customers and regularly use U.S. beef.
- 62% of targeted Hong Kong retailers regularly feature 5 U.S. beef cuts.
- 60% of targeted mainland china online or offline retailers feature or actively promote U.S. beef to end consumers.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic J**

**Tactic Name:** China and Hong Kong – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) China's zero tolerance policy on the presence of beta-agonists, hormones, and pathogens in red meat imports;
- B) China's threat of additional tariffs on U.S. beef as a result of trade tensions;

- C) China’s opaque and inconsistent quarantine clearance procedures/regulations;
- D) China’s registration requirements for processed meat exporters;
- E) Bans on specific beef products (selected beef offal products);
- F) Inspection rates of 100% on beef shipments, which substantially delays customs clearance times.

USMEF’s strategies for addressing these issues- in cooperation with U.S. industry organizations- include leading or participating in joint research projects; food safety, food security, agricultural sustainability, red meat technology and related conferences; academic and industry forums or study groups. In addition, USMEF will aid in the collection and dissemination of information from local analysts, and guidance to exporters for proper export certification procedures.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- USMEF will collaboratively engage with key influencers within China’s government, academia and industry.
- 92% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef’s Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef’s image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef’s inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Defend beef’s product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input type="checkbox"/> Research & communicate beef’s nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic K**

**Tactic Name:** Europe – Market Development

**Tactic Description:***Market Assessment:*

In August of 2019, the U.S. gained a significant win in the European market with the signing of the agreement reached between the EU and the U.S., which grants the United States a U.S.-only share of the European Union’s 45,000 mt duty-free, high-quality beef quota (HQB). The agreement establishes a U.S. share of the quota starting at 18,500 mt in the first year, and expanding to 35,000 mt over 7 years, with projected value of EU imports of U.S. beef to increase from \$150 million to an estimated \$420 million when fully implemented. The U.S. beef industry as well as European importers of high-quality U.S. beef have faced supply chain challenges as previously, the U.S. share of the quarterly quota was exhausted within the first few weeks of each quota period. This made it very difficult for European importers, retailers and the HRI sector to effectively plan for and feature a consistent supply of U.S. beef. 2019 also brought significant changes to the U.K. market with Brexit uncertainty that continues through 2020. Uncertainty regarding the level of access that will be granted to U.S. beef with an eventual U.S. – U.K. FTA remain, and will be watched closely as negotiations proceed. The UK and EU also continue negotiations on their trading relationship, with the UK’s transition period out of the EU ending on Dec. 31, 2020. The trade conditions between the UK and the EU will heavily impact the red meat situation across Europe. Finally, beginning in the first quarter of 2020, the coronavirus pandemic has heavily affected the E.U. market for U.S. beef which is heavily reliant on the foodservice channel, an outlet which has been impacted to a disproportionate level.

EU imports of U.S. beef were relatively steady in the 2017/18 and 2018/19 quota years, totaling just under 15,000 mt, valued at just under \$190 million for both years. U.S. beef accounted for just over 30 percent of the beef imported within the HQB. The U.S.-specific share therefore enables growth in EU imports of U.S. beef, at about a 25 percent growth rate in each of the first two years, although the COVID-19 situation has dramatically slowed overall EU beef demand in the first half of 2020.

Per Capita Beef Consumption	15.5 kg
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Total Beef Imports (not including variety meat) – all sources	240,068 mt
Total Beef Variety Meat (BVM) Imports – all sources	2,327 mt
U.S. Share of Total Beef/BVM Import Market	5%
Other Beef/BVM Suppliers & Market Shares	Brazil 41%
	Argentina 21%
	Uruguay 14%
Domestic Self-Sufficiency	100%
U.S. Beef Exports (not including variety meat) *	17,788 mt
U.S. Beef Variety Meat (BVM) Exports *	52 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	1.4%
Customers for U.S. Beef Imports	Processing 0%
	HRI 80%
	Retail 20%
Top Imported U.S. Beef Cuts: Full Sets	
Top Imported U.S. BVM Items:	

2019 import and market share data is based on import data of EU-28 (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. \* Historical discrepancy between EU import data and U.S. export data.

### *Market Development Strategies:*

Build demand for U.S. beef in Europe by educating targeted buyers on the potential profitability and enhanced culinary experience available from both traditional and underutilized cuts of U.S. beef, and expand targeted reach to include lesser developed markets such as the Baltic States, Slovakia, Romania, Bulgaria, Hungary, Poland, and the Czech Republic. Defend key higher-volume and value markets such as the Netherlands, Italy, UK and Germany

<b>Premium Products</b>	<ul style="list-style-type: none"> <li>• There is growing demand for high-quality (and high-priced) beef in niche segments, and while consumers may reduce the frequency of purchasing premium foods, they spend more as they seek the best quality in high-end restaurants and specialty shops.</li> <li>• Some wealthy populations, such as consumers in Sweden and Germany, choose imported product for quality and general “uniqueness” factor.</li> <li>• Among the trade and many top chefs, U.S. beef is considered superior, with quality standards above other beef; however, buyers</li> </ul>
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	<p>lack knowledge about non-traditional alternative cuts that could help offset the high prices of U.S. beef.</p> <ul style="list-style-type: none"> <li>• As importers generally purchase full sets (16-22 cuts), they sometimes face difficulty in marketing some of the lesser-known cuts.</li> </ul>
<i>Strategic Objective</i>	Build distribution links for U.S. beef and educate distributors/chefs on the availability of and culinary uses for quality alternative beef cuts that are more affordable and improve margins.
<i>Tactical Response</i>	Identify growth opportunities for specific cuts by responding to trader needs, provide specialized training on a wide range of U.S. beef items, conduct cost-effective joint activities with distributors, and work with the trade, press and social media influencers to raise awareness and provide options with various cuts and cooking styles. As supply situation improves, engage with larger retailers.
<b>High-end Restaurants</b>	<ul style="list-style-type: none"> <li>• U.S. beef is facing pressure from shipments of cheaper grain-fed beef from Australia, Uruguay and Argentina under the duty-free quota.</li> <li>• In certain countries, strong national/regional promotional campaigns marketing European beef are increasingly becoming a growing threat.</li> <li>• Despite intensified competition, higher-end restaurants represent a fantastic niche for quality U.S. beef as they tend to focus more on image, high margins and service, rather than on turning large volumes.</li> <li>• In some parts of the EU, there is a trend to eat less, but eat higher quality. Some restaurants are using techniques like dry-aging to add value and differentiate their menus; however European chefs, restaurant managers, and consumers often state a preference for local beef, although inconsistent quality in domestic production is a well-recognized issue.</li> <li>• Gourmet burger outlets are also growing in popularity, presenting a strong opportunity for the growth of chuck rolls and underutilized cuts, although cut education is key.</li> <li>• Developing EU markets, such as Poland, Bulgaria, Hungary, Czech Republic, Romania and the Baltic states, which have economies that are growing at a faster pace than many developed European markets, are discovering U.S. beef, presenting a further growth opportunity, especially for budget-friendly, alternative cuts.</li> </ul>
<i>Strategic Objective</i>	Continue to engage top HRI buyers in various markets to U.S. beef, focusing on a range of cuts that offer value, versatility, and the characteristic marbling found in U.S. beef. With additional TRQ capacity, put focus on new markets where U.S. beef presence is still nominal.

<i>Tactical Response</i>	Implement chef training to educate influencers that can impact consumer purchasing decisions and expand demand for not only traditional U.S. beef cuts, but also alternative cuts with joint educational initiatives for chefs and other HRI professionals with U.S. beef distributors.
<b>Retail Differentiation</b>	<ul style="list-style-type: none"> <li>• U.S. beef has a presence in niche ecommerce in established markets such as Germany.</li> <li>• Although constrained by lower price points and margins, most retailers (including discounters) are nonetheless offering premium products to differentiate themselves and attract wealthier consumers.</li> <li>• Beyond specialty shops, more supermarkets are interested in having U.S. beef on their shelves, and cash &amp; carry retailers are open to including alternative beef cuts to reach a wider range of customers.</li> </ul>
<i>Strategic Objective</i>	Build awareness among retailers and their customers about the attributes of high-quality U.S. beef and how different cuts can be utilized.
<i>Tactical Response</i>	Conduct educational and promotional events in coordination with retailers to raise awareness of U.S. beef and the varied culinary uses. Support participation of U.S. beef importers in specialized retail shows across the region. Encourage further processing (portion control) as a way to get new retail customers.

### Other Key Initiatives

- Focus on educating buyers in primary markets of Germany, Italy and the UK; secondary markets of France, Netherlands, Finland, Spain, Sweden and Poland; third-tier markets of Romania, Bulgaria, Latvia, Slovakia, Hungary, and Czech Republic; and continue to work in markets where importers are not very active as a means of opportunity for growth.
- Identify new markets, niches and trends to further build demand for high-quality U.S. beef.
- Conduct enhanced trade servicing and training and gather market intelligence to better understand the needs of local stakeholders, including segments that interact directly with end-consumers.
- Demonstrate to the EU market the United States' commitment to maintaining relationships. Emphasize importance of resolving EU-USA beef market dispute for the benefit of both.
- Raise the image of U.S. beef by showcasing quality cuts at high profile events in collaboration with FAS.
- Continue to maintain online social media activities on Facebook, YouTube and Twitter to educate traders, chefs, buyers, and consumers about U.S. beef.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 95% of targeted distributors consistently purchase U.S. beef year-round.
- 50% of targeted distributors purchase muscle cuts other than traditional loin steak cuts.
- 90% of newly targeted distributors make trial purchases of U.S. beef.
- 66% of newly targeted retailers make trial purchase of U.S. beef.
- 46% of targeted retailers regularly offer U.S. beef to their customers.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic L**

**Tactic Name:** Europe – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Restrictions on the use of most pathogen reduction treatments (PRTs) that are used in the U.S.;
- B) Ban on the use of beta-agonists and hormones in red meat production;

- C) Pending legislation that may limit antimicrobial use practices as currently allowed under the U.S. system;
- D) Failure to establish consistent and clear procedures regarding the testing of imported product for the presence of bacteria and the resulting diverse positions of Member States' veterinary services in deciding the consequences of incidents when product has tested positive;
- E) High tariffs and relatively small tariff rate quotes and added uncertainty due to Brexit and proposed TRQ apportionment;
- F) Possible future extension of restrictive measures regarding antimicrobial use, animal welfare, sustainability, cloned animals, and other production practices to imports.

USMEF's strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on building alliances with beef processors in the EU in support of PRTs; working toward the elimination of technical and sanitary barriers; providing assistance to help balance the number of farms/feedlots enrolled in the NHTC and PFEU programs and EU approved establishments with the demand in the EU; working closely with EU industry federations on animal welfare issues; and supporting U.S. government objectives to get all trade partners to adhere to science based safety and risk analysis in food production.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to eliminate trade restrictive policies.
- USMEF will encourage EU processors to express support for approving PRTs to the EU.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
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- |  |   |  |  |
|--|---|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input type="checkbox"/> Defend beef's product identity | <input type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|--|---|--|--|

**Committee(s) to Score this Tactic** (Check all that apply)

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic M**

**Tactic Name:** Japan – Market Development

**Tactic Description:**

*Market Assessment:*

In 2020, U.S. beef is benefitting from a level playing field and reduced tariffs through the U.S.-Japan Trade Agreement which was implemented on January 1, 2020, along with the expanded access for over-thirty-month product, effective from late May 2019. The U.S. has been regaining market share in 2020, with U.S. market share of Japan's chilled beef imports at 49.3% through April 2020, up from 47.4% last year. The U.S. has also surpassed Australia as the top supplier of frozen beef to Japan so far in 2020, with market share of 43.1%, up from 39.8% last year.

Coming off a record large year in 2018 but hindered by exclusion from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), exports of U.S. beef plus variety meats to Japan declined by 6 percent in both volume and value in 2019 to 311,146 mt valued at \$1.95 billion. The U.S. remained the only major beef supplier still subject to a 38.5% tariff rate for beef cuts and to a quarterly safeguard in 2019 as competitors benefited from preferential duties and an annual safeguard through CPTPP. All key competitors including Australia, New Zealand, Canada and Mexico benefitted from the duty advantage in 2019. Despite challenges in 2019, the U.S. maintained its position as the top supplier of chilled beef to Japan with 46% market share, albeit followed closely by Australia with 45.5% share.

Japan remained behind other countries in Asia regarding the 2020 Coronavirus pandemic, as it did not declare a state of emergency until April 2020, although schools had closed in March 2020. Restaurants were asked to shorten operation times, and many suspended businesses nationwide. Foodservice sales April-May 2020 were down approximately 17.3% (from the Japan Foodservice Association) with pubs and beer gardens hit the hardest, followed by izakaya outlets, and family-style restaurants. Retail and supermarket sales were up approximately 7-8% (Japan Chain Store Association and Japan Supermarket Association) as consumers shifted to eating at home. Consumers turned towards social media to connect with peers during shutdown initiatives. As a precaution, the 2020 Tokyo Olympics have been postponed until 2021.

Per Capita Beef Consumption	10.5 kg
Total Beef Imports (not including variety meat) – all sources	624,581 mt
Total Beef Variety Meat (BVM) Imports – all sources	80,369 mt
U.S. Share of Total Beef/BVM Import Market	40.5%
Other Beef/BVM Suppliers & Market Shares	Australia 45%
	Canada 7%
	New Zealand 3.5%
Domestic Self Sufficiency	36%
U.S. Beef Exports (not including variety meat)	248,198 mt
U.S. Beef Variety Meat (BVM) Exports	62,948 mt

U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	23.5%
Customers for U.S. Beef Imports	Processing 5%
	HRI 50%
	Retail 45%
Top Imported U.S. Beef Cuts: short plate, rib cap plate, upper plate, chuck eye roll, shoulder clod, chuck flap tail, rib finger, plate finger, middle meats, boneless short rib, chuck short rib	
Top Imported U.S. BVM Items: tongue, outside skirt, hanging tender, large and small intestine	

2019 import and market share data is based on import data of Japan (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

**Market Development Strategies:**

- A) Highlight the unique product attributes of U.S. beef to increase the volume of both popular and underutilized cuts and defend market share; B) Displace the competition through expansion of U.S. beef as a substitute for Japanese and other imported beef; and C) Identify new food and retail trends to develop growing, untapped segments by conveying the consistent supply, safety, quality and versatility of U.S. beef.

<p><b>Increasing Competition but Improved Market Access</b></p>	<ul style="list-style-type: none"> <li>• The agreement between Japan and the U.S. came into force January 1, 2020, leveling the playing field for U.S. beef and granting the U.S. the same tariff schedule as CPTPP participants.</li> <li>• U.S. beef is now subject to an <i>annual</i> safeguard mechanism, replacing the quarterly safeguard that predated the U.S.-Japan trade agreement.</li> <li>• Major competitors Australia, Canada, and New Zealand benefitted from early access to the Japanese marketplace with signing and ratification of CPTPP in 2019. In 2019, Japan’s imports of Canadian beef increased 90 percent, while imports of beef from New Zealand grew 30 percent.</li> <li>• European beef benefits from the EU-Japan EPA with duties phased to 9% over fifteen years, and duties on BVM phased to as low as 0% depending on the product.</li> <li>• In May 2019 the market opened for U.S. beef products from cattle over thirty months of age. While not well-suited for thin-sliced product, over-thirty-month products have strong potential to displace Aussie beef in hotels and restaurants using thicker cuts.</li> </ul>
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<i>Strategic Objective</i>	Displace competitor product that may have gained market share while the U.S. was excluded from a trade agreement. Build relationships with buyers of competitor product and continue to demonstrate the superiority of U.S. beef quality.
<i>Tactical Response</i>	Identify and target key accounts that currently purchase competitor product. Offer additional educational and promotional support to develop trials of U.S. beef and demonstrate the success of U.S. beef over competitor product. Use national promotions to convey the profitability in U.S. beef middle meats and alternative cuts as a strategy to react to price fluctuations.
<b>Convenience Stores &amp; Ecommerce</b>	<ul style="list-style-type: none"> <li>• Demand for convenient foods and home meal replacement products was growing prior to COVID-19's emergence in the market. Record large numbers of working women, and an increase in double-income households and working singles who have less time to prepare meals were driving demand for convenient, easy to prepare options. These trends were further amplified by COVID-19 shutdowns as consumers shuttered in their homes with limited space and storage prioritized quick, well-packaged products.</li> <li>• Convenience stores remain a popular retail category, with about 57,000 outlets in Japan. 92% of CVS market share is covered by the top three market leaders: 7/11, FamilyMart, and Lawson.</li> <li>• Convenience stores are supplied by Japanese vendors who process products that are then moved to CVS shelves, including fresh-made bento boxes.</li> <li>• Some convenience stores are starting to offer a small grocery section where consumers can purchase from a small selection of steaks and other proteins.</li> <li>• Ecommerce for food and drink is developing more slowly in Japan than other markets in Asia as delivery logistics are challenged by lack of infrastructure.</li> <li>• Traditional retailers and even importers have launched their own online shopping platforms and offering grocery delivery to capitalize on the increased demand for convenience driven by COVID-19. Aeon, the largest national grocery retailer in Japan, is investing more to develop on online grocery platform.</li> <li>• The café sector is growing in popularity, offering consumers a cozy atmosphere and convenience with the ability to purchase breakfast and lunch meals or snacks for on-the-go. This sector is under-served by the U.S. beef industry and opportunities exist to expand into this developing sector.</li> </ul>
	<i>Strategic Objective</i>

	such as jerky, salami, sausage, roast beef, smoked beef, pastrami, and corned beef at CVS and café chains.
<i>Tactical Response</i>	Build new relationships with targeted ecommerce platforms and other convenience-driven retailers and establish a new set of targeted key accounts among these operators. Support new and existing users of U.S. beef with additional support for product development and promotion including free delivery promotions to keep U.S. product top of mind for consumers.
<b>National and Regional Retail Chains</b>	<ul style="list-style-type: none"> <li>• Meal kits featuring Japanese cuisines, such as yakiniku and hot pot, are prime opportunities for U.S. beef variety meats, such as beef intestine, to gain traction in the retail sector while capitalizing on consumers' increased demand for convenience.</li> <li>• Regional and local retail stores experienced increased foot traffic among consumers seeking less crowded shopping venues that are in close proximity to their homes amid COVID-19. This may initiate a larger shift in shopping preferences.</li> <li>• Regional retail chains tend to carry competitor product, while national retail chains are supplied by the larger global beef producers such as the U.S. and Australia.</li> <li>• Use of branding is becoming more important to differentiate product in retail outlets. U.S. "Black Angus" brand items have recently appeared and have grown in popularity on retail store shelves.</li> <li>• Tasting demonstrations were temporarily halted as a precaution among grocery chains during COVID-19. Newspaper insertions remain an important venue for retailers to reach consumers.</li> <li>• Japanese retail traditionally carries thin-sliced beef. Retailers benefit from thick-cut concepts and prepackaged products as a means to reduce in-house labor costs. Thick-cut product drives consumption growth with increased volume.</li> </ul>
<i>Strategic Objective</i>	Work with national and regional retailers to establish "story" or brands of U.S. beef to differentiate from the competition and demonstrate culinary applications of thick-cuts at the HRI and retail levels to move more product. Develop customized strategies, including "stories" and brands, to meet the needs of national, small, and mid-sized retail chains outside major metropolitan areas to promote a wide range of items including grilling cuts.
<i>Tactical Response</i>	Partner with retailers to promote thick cut U.S. beef products to consumers via promotional campaigns and steak/BBQ concepts. Identify and target regional chains underserved by U.S. beef. Develop company-specific strategies for target accounts, provide education and promotional support to develop demand and displace the competition, and provide opportunities for U.S. beef suppliers to establish connections with Japanese buyers via a branded showcase.

<p><b>Niku Boom Continues – Evolving Foodservice Trends</b></p>	<ul style="list-style-type: none"> <li>• Foodservice outlets in Tokyo were hit the hardest during COVID-19 shutdowns; however, neighborhood restaurants and quick-stop outlets were able to maintain foot traffic.</li> <li>• Labour shortages have increased operational kitchen expenses, driving many foodservice managers to search for ways to minimize in-house costs with more portion control or further processed product</li> <li>• A consumption tax increase from 8 percent to 10 percent at foodservice is driving consumers to focus on delivery rather than dining out.</li> <li>• “Niku Boom” – meaning preference for meat continues, driven by health, flavor and convenience attributes. Foodservice has continued to feature US beef across a wide array of cuisines and dining concepts, from quick gyudon beef bowls to white tablecloth.</li> <li>• Niku bars serving only meat continue to thrive, while gourmet burger trends are on the rise. Beer gardens are also becoming popular as a casual option despite closures during COVID-19.</li> <li>• Restaurants serving meat, steak, and roast beef are increasing due to a consistent and high-quality supply of beef compared to other proteins such as seafood, of which consumption is declining due to rising costs and limited supply.</li> <li>• The \$7 billion yakiniku segment (traditional Japanese BBQ), which has seen a renewed interest from consumers seeking to enjoy traditional cuisine, relies heavily on large volumes of U.S. beef &amp; variety meats. There are over 22,000 yakiniku outlets that are members of the Japan Yakiniku Association. Yakiniku outlets are an ideal destination for variety meats such as intestine, tongue, abomasum, liver, trimmings, and large and small intestines as raw material for processed and cooked beef from cattle over thirty months of age.</li> <li>• Beef bowl chains, a ubiquitous Japanese “fast food” concept, continue to grow and utilize substantial volumes of U.S. short plate.</li> <li>• American wagyu has been introduced as a cost-effective substitute for Japanese wagyu, which is facing declining domestic supplies and rising prices.</li> <li>• Tokyo Olympic games have been postponed until 2021, which is likely to revive tourism. Demand for unique and diverse foodservice options will drive demand for U.S. beef.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Ensure each HRI segment understands the unique quality and value of a diverse set of relevant cuts including various grades and less popular cuts such as tongue, skirt, hanging tender, short plate, boneless short rib, chuck short rib, chuck eye roll, etc. Identify opportunities to support foodservice operators seeking to adapt to convenience trends, like take-out and delivery menus.</p>
<p><i>Tactical Response</i></p>	<p>Educate chefs and foodservice buyers on U.S. cuts and products for evolving foodservice trends using alternative cuts where appropriate, and use chef competitions and menu promotions to raise the visibility of U.S.</p>

	beef and defend U.S. market share. Offer menu development assistance, promotions, and other means to help loyal U.S. beef foodservice users expand their operations beyond the standard dine-in only option.
<b>Western Culinary Trends and Thick Cuts</b>	<ul style="list-style-type: none"> <li>• American culture/cooking styles are gaining traction as popular food concepts. A casual subsector of steakhouses has emerged, competing with traditional high-end locations.</li> <li>• Intense competition among steakhouses has forced some chains to close outlets, while other chains, like Matsuya a major gyudon chain, have diversified to specifically enter the steakhouse sector.</li> <li>• High end steakhouses are seeking ways to offer more unique cuts, like the T-bone, to elevate their image and drive consumer traffic.</li> <li>• American BBQ is an evolving trend in Japan, and USMEF's "Urban BBQ" campaign has successfully highlighted this American culinary style and flavors in Japanese retail and foodservice outlets.</li> <li>• Japanese style meat is typically thin-sliced, and consumers are accustomed to small portioned steaks of about 4-6 oz; however, BBQ and thick-cut concepts are becoming more popular, creating opportunities to showcase the premium flavor of U.S. beef and larger cuts.</li> <li>• Retailers and foodservice operators benefit from thick-cut concepts as a means to reduce labor costs thus driving consumption of more product.</li> <li>• Japanese men are showing increased interest in at-home cooking, providing an appropriate platform for thick cut U.S. beef grilling.</li> <li>• Gourmet hamburgers provide an opportunity to promote U.S. beef in authentic American-style steakhouses and burger chains. Renowned American gourmet burger and steak chains, such as Umami Burger, Fatburger, Lawry's and Wolfgang Steakhouse, have all recently expanded operations in Japan.</li> <li>• Ground beef is not a typical shelf item in Japan's retail sector; however, consumers are showing increased interest in finding ways to make gourmet burgers at home using U.S. beef cuts.</li> </ul>
<i>Strategic Objective</i>	Continue introducing new culinary styles like American BBQ using thick cut steaks, highlighting the cut/cooking options, regional flavors, and reduced labor savings to retail and food service sectors.
<i>Tactical Response</i>	Collaborate with both foodservice operators and retailers to develop promotions to stimulate consumer interest in thick cut beef, such as the pound steak campaign, and encourage buyers to purchase more volume with thicker cuts.

<b>Social Media</b>	<ul style="list-style-type: none"> <li>• Global Web Index shows that 92% of the Japanese population is utilizing the internet regularly with 82 million active social media users in 2020, an increase of 3 million people over 2019 levels.</li> <li>• Consumers are increasingly and constantly integrating blogs and social media into their personal lives. Bloggers and social media “leaders” present strong advertising opportunities as Japanese consumers are more likely to trust local, recognized “celebrities”.</li> <li>• Social media outlets such as Instagram and YouTube can be used to share real life stories from U.S. producers to dissolve the misperception that U.S. beef production is “factory farmed”.</li> <li>• Consumers look for “Instagenic” food that is interesting and visually appealing, so they can post to popular social media sites. This presents an opportunity for consumer-generated marketing content which requires little to no investment and is well-trusted by followers.</li> </ul>
<i>Strategic Objective</i>	Utilize all forms of social media to support and expand the strategic messaging and reach of USMEF programs by leveraging social media platforms, bloggers, consumer-generated content and other online media to educate buyers and consumers on the quality, safety and value of U.S. grain-fed beef.
<i>Tactical Response</i>	Feature locally renowned social media influencers and popular websites such as Instagram and Facebook to extend the reach of U.S. beef marketing campaigns while leveraging consumer-generated content to improve the reputation of the U.S. beef industry.
<b>Senior Sector</b>	<ul style="list-style-type: none"> <li>• Seniors over 65 make up 28.4% of the population. The senior sector represents a strategic consumer target for high-quality U.S. beef as many seniors benefit from increased purchasing power.</li> <li>• Japan’s aging population is showing more interest in increased protein consumption for an active, healthy lifestyle. Consumption of meat from this sector has grown nearly 40% over the last ten years, although the senior sector tends to consume “akami”, or lean meat. COVID-19 has pushed health-conscious seniors to consume more protein to maintain their health.</li> <li>• While seniors prefer more traditional methods of communication, including print magazine and newspapers, this sector is having an increased presence on social media.</li> <li>• Seniors are becoming more tech savvy. According to the Ministry of Internal Affairs and Communications, smartphone ownership amongst consumers in their fifties with a smartphone increased from 41.8% to 72.7% from 2014 to 2017.</li> <li>• Demand for delivery meal services catering to the senior sector that may be mobility challenged or specifically seeking small portions is growing.</li> </ul>

<i>Strategic Objective</i>	Position U.S. beef as a high-quality and healthy protein for the affluent senior demographic. Utilize consumer-targeted media outlets to build a reputation among seniors.
<i>Tactical Response</i>	Partner with renowned magazines and newspapers targeting health-conscious Japanese seniors to generate demand for U.S. beef and use these media sources to advertise USMEF-sponsored senior luncheons featuring certified nutritionists and gourmet chefs to promote U.S. beef.

### Other Key Initiatives

- Emphasize the health and nutrition benefits of U.S. beef in a balanced, high-protein diet using the hype of the Olympics to reach health-conscious and fitness-focused consumers.
- Monitor the presence and evolution of plant-based meats that are growing in popularity among health-conscious consumers.
- Work with retailers offering online shopping to broaden the selection of cuts and customer base for U.S. beef.
- Emphasize the opportunity that underutilized cuts, such as round and chuck portions, present in developing a cutting-edge menu.
- Create a network of “Master Chefs” from hand-selected culinary school instructors to promote the quality and diversity in U.S. beef to consumers and other culinary professionals.
- Provide cooking and merchandising information on new-to-market items (e.g., T-bone, bone-in ribeye, pound steak).
- Conduct consumer programs to provide U.S. beef nutritional information and healthy “functional” recipes that are “Instagenic”.

### **Measurable Objectives** (*List relevant outcome-based objectives for this tactic*):

- 83% of targeted importers and distributors are confident in the safety of U.S. beef.
- 83% of targeted importers and distributors are confident in the reliable supply of U.S. beef.
- 72% of targeted importers and distributors consistently purchase 2 or more U.S. beef alternative cuts.
- 83% of targeted HRI and retail accounts consistently feature 2 or more U.S. beef cuts.
- 66% of targeted HRI and retail accounts will add additional U.S. beef items to their menu or to their meat case.
- 50% of targeted bento suppliers/convenience stores will offer menu items featuring U.S. beef.
- 27% of targeted consumers are confident in the safety of U.S. beef.
- 31% of surveyed consumers will have purchased U.S. beef within the last 2 weeks.

**LRP Strategic Initiatives Addressed by this Tactic** (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
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- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** (Check all that apply)

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic N**

**Tactic Name:** Japan – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Annual safeguard mechanism on beef importers that would increase the duty on U.S. beef products to 38.5% if triggered;
- B) Still relatively isolated but growing concerns among the general public about U.S. production practices including feed additives, GMO feed, antibiotics, sustainability, and environmental issues.

USMEF Strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on educating key journalists, scientists and influencers on the overall safety of U.S. production technologies, including PRTs, and U.S. risk mitigation measures to underscore the reliability of the industry. Another important facet of this strategy includes developing and distributing fact-based information to address

consumer concerns and providing accurate reporting to the U.S. government and beef industry on the effects of exclusion from trade agreements.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to reduce/eliminate trade restrictive policies.
- USMEF will provide factual information to help improve Japanese confidence in U.S. beef.
- 92% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Defend beef's product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic O

**Tactic Name:** South Korea – Market Development

**Tactic Description:**

*Market Assessment:*

Outpacing the record set in 2018, U.S. beef plus variety meat exports to South Korea increased 7% in volume to 255,758 mt, and climbed 5 percent in value to \$1.84 billion, setting a new record for the fourth consecutive year. Korea's 2019 imports of chilled U.S. beef continued to thrive, increasing nearly 6.5% in volume (54,861 mt), more than double the imports of chilled U.S. product in 2016. Capturing 62% market share, U.S. beef continued to dominate the chilled beef sector in Korea with top competitor Australia further trailing behind at 37% share. Demand remained strong from the Korean retail sector, where consumer confidence in the quality and safety of U.S. beef continues to gain momentum amid a boom in red meat consumption. In 2021, Korea's imports of U.S. beef will be subject to a 13.3% tariff (6% for variety meats), down from a 16 percent tariff in 2020 and well below the 40% rate in effect prior to implementation of the Korea-U.S. Free Trade Agreement (KORUS). Under KORUS, the tariff rate is scheduled to decline to zero by 2026, and the U.S. is set to maintain a duty advantage over competitor product until 2028.

Like the rest of the world, Korea experienced its own trials and tribulations with Coronavirus in early 2020. During the height of social distancing, Koreans took advantage of well-established e-commerce and delivery services. Consumer attention then shifted to bricks and mortar retail, after ecommerce platforms were flooded with orders causing supply channels to temporarily become overwhelmed delivery times delayed. The fresh food sales of offline retail also increased at double digits while the foodservice sector was hit hard. Food delivery service through delivery apps was widely used among Koreans. Full-service restaurants suffered the most due to a decline in customer traffic. Limited-service restaurants offering takeout menus and delivery services were relatively less impacted. The foodservice sector is showing signs of recovery.

Per Capita Beef Consumption	16.3 kg
Total Beef Imports (not including variety meat) – all sources	444,055 mt
Total Beef Variety Meat (BVM) Imports – all sources	36,721 mt
U.S. Share of Total Beef/BVM Import Market	51.5%
Other Beef/BVM Suppliers & Market Shares	Australia 41%

	New Zealand 4%
	Mexico 1.5%
Domestic Self Sufficiency	34%
U.S. Beef Exports (not including variety meat)	242,272 mt
U.S. Beef Variety Meat (BVM) Exports	13,486 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	19.5%
Customers for U.S. Beef Imports	Processing 10%
	HRI 55%
	Retail 35%
Top Imported U.S. Beef Cuts: chuck roll, chuck eye roll, top blade, chuck flap tail, outside skirt, hanging tender, short rib, chuck short rib, rib finger clod, brisket, short plate, clod, back rib	
Top Imported U.S. BVM: femur bone, large intestine, tendon, feet, abomasum	

2019 import and market share data is based on import data of Korea (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### *Market Development Strategies:*

A) Expand U.S. beef market share by educating buyers about the quality, profitability and versatility of high-quality U.S. beef, especially chilled beef, and focus on providing information across all sectors about U.S. industry safeguards to ensure a safe and consistent supply; B) Focus growth on emerging foodservice trends, capitalizing on the superior quality and cost effectiveness of using U.S. beef to displace competitor product; C) Identify opportunities for U.S. beef in an evolving retail landscape, especially for prepared or processed products, and across different retail venues such as ecommerce platforms.

<b>Growing Imported Beef Consumption &amp; Changing Consumer Tastes</b>	<ul style="list-style-type: none"> <li>• Korea's beef imports have set a new record each year since 2016, reflective of growing demand and limited domestic production. Korea became the second largest volume market for U.S. beef in 2019, setting a new record at 255,758 mt.</li> <li>• Decreasing tariffs due to KORUS-FTA is increasing U.S. imports and consumption by making imported U.S. beef more affordable. U.S. beef will remain at a duty advantage until 2026-2029 when main competitors such as Australia, Canada, and New Zealand also reach a 0% duty.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Chilled beef demand is growing among all sectors. In 2017, the U.S. surpassed Australia as the leading supplier of chilled beef to Korea with 55 percent market share and has shown continued growth to 62% in 2019.</li> <li>• Following trends in Japan, consumption of red meat is growing in Korea as there is a greater variety of culinary concepts and product availability to meet diverse market needs.</li> <li>• Consumers in Korea find luxury in eating premium or high-quality foods as living/real estate costs skyrocket in Seoul. Consumers are also demanding more personalized, individualized goods and services as attitudes shift towards “me-economy”.</li> <li>• Consumer tastes for high quality is evolving, with more consumers taking an interest in high-end steak. Demand for high quality beef and the steak craze in Korea are driving higher sales of U.S. upper 2/3rds Choice beef and Prime beef, including at retail and even at ecommerce.</li> <li>• Consumers are increasingly interested in personal health and nutrition, focusing more on fresh foods. COVID-19 pandemic reinforced this trend that high quality protein is essential for health and immunity. Retailers and ecommerce operators are responding by launching specific “fresh” product lines.</li> <li>• Korean consumers are showing increased interest in topics of environmental sustainability and animal welfare, especially among millennials and generation Z.</li> </ul>
Strategic Objective	<p>Capitalize on growing consumer interest in high-quality beef and the benefits of the KORUS agreement to build stronger demand for U.S. product, gaining as much market share as possible during years of the KORUS tariff advantage.</p>
Tactical Response	<p>Continue to connect a broad group of importers/distributors and end consumers to U.S. beef suppliers through various trade sector activities and showcases that highlight the safety, quality, and taste of U.S. beef. Demonstrate that U.S. beef is an ideal product to meet growing consumer demands for quality with chilled, frozen, and high-end products. Strategically bring U.S. beef into the conversation about sustainability and animal welfare, using keynote speakers, influencers, and science to educate consumers.</p>
<b>Convenience Driven Consumers</b>	<ul style="list-style-type: none"> <li>• A 33% increase in minimum wage requirements since 2017 has forced many businesses to reduce in-house labor costs via reductions in employee numbers or reduced working hours. In general, many business operators are seeking opportunities to reduce the workforce. Retailers are seeking more case-ready product for labor savings.</li> </ul>

	<ul style="list-style-type: none"> <li>• Major ecommerce platforms offer half day and one-day delivery services for fresh food items. Suppliers of fresh food are moving to small portioned, pre-packed ingredients to fit not this business model.</li> <li>• Single-person households account for 29 percent of Korea's total population and are expected to exceed 1/3 of Korea's population by 2045.</li> <li>• Growth in single-person households is driving demand for convenient food options including Home Meal Replacement (HMR) items, case-ready meat, meal kits subscriptions, delivered groceries, etc. However, consumption of quick-serve, low-quality processed foods such as instant noodles has declined significantly as consumers demand higher-quality products.</li> <li>• Consumers tend to have limited storage space. Single packaged items are in high demand and some delivery platforms, like Baemin, offer low-volume single-service delivery services for consumers who wish to order a single toilet paper roll, for example.</li> <li>• Convenience stores (CVS) are moving into meat offerings, such as small portioned steak cuts.</li> <li>• There are now over 40,000 CVS locations throughout Korea and they are beginning to stock more fresh options, similar to Japan.</li> </ul>
<i>Strategic Objective</i>	Identify opportunities with retailers, both on and offline, and foodservice operators to develop and introduce more processed beef products such as pre-marinated, pre-sliced, etc. to meet rapid growth in single-person households.
<i>Tactical Response</i>	Connect importers and processors to more U.S. beef suppliers and offer additional product development workshops, seminars, product showcases, etc. to drive the growth of U.S. beef as a raw material for further processing and its use in already processed products that will satisfy the convenience demands of Korean consumers.
<b>Reshaping Retail</b>	<ul style="list-style-type: none"> <li>• Price-conscious consumers are increasingly interested in personal health and nutrition, seeking more fresh foods for a reasonable price and utilizing various retail platforms and venues to find quality for a value. However, consumers demand immediate access, which is reshaping logistics platforms and retail strategies.</li> <li>• Retailers and foodservice outlets have seen rapid growth in the use of delivery services and on-line sales, indicating demand for convenience and efficiency among consumers.</li> </ul>

	<ul style="list-style-type: none"> <li>• Ecommerce channels are expanding delivery to include early morning or pre-scheduled delivery times to adapt to consumers' busy schedules.</li> <li>• Online retailing is one of the fastest growing shopping platforms, helping build demand for chilled beef. Chuck eye roll, top blade, chuck flap tail, bone-in steak, and short ribs have all been popular sellers on ecommerce platforms.</li> <li>• For improved quality control, ecommerce platforms are launching their own private brands and choosing more high-quality products to elevate their reputations among consumers. Coupang, a single ecommerce platform, is selling US Tomahawk and T-bone steaks with prices competitive with what could be purchased at a steakhouse restaurant. Prime beef and branded products are often highlighted on ecommerce channels.</li> <li>• Ecommerce channels are eager to carry more chilled beef products; however, a disconnect with traditional wholesalers and distributors has restricted growth of chilled beef to the ecommerce sector.</li> <li>• Business to business ecommerce platforms are expanding in Korea, allowing foodservice operators and small retailers the opportunity to purchase product box by box.</li> <li>• Large retailers are expanding into the ecommerce sector, offering their own platforms to suit busy consumers and running live sales during interactive streaming sessions where consumers can buy U.S. beef directly. Costco launched an online platform in 2015. In 2019, Costco began implementing a store pick-up process so customers can pre-order online and pick up in the parking lot.</li> </ul>
<i>Strategic Objective</i>	Expand U.S. beef's presence in a diverse set of retail channels and address their individual needs via trade servicing, merchandising, and promotional support.
<i>Tactical Response</i>	Identify new and diverse ecommerce platforms capable of promoting U.S. beef and help launch new "ecommerce-friendly" products such as meal kits, vacuum skin packaged products, portion-controlled products, and private labeled products, etc. Use product development workshops and trade seminars to demonstrate the quality, consistency, and benefits of KORUS to push U.S. beef as a raw material for private label lines.
<b>Opportunities in HMR</b>	<ul style="list-style-type: none"> <li>• Consumers shuttered in their homes due to COVID-19 have amplified demand for HMR.</li> <li>• The boom in single-person households has led to exponential growth in the HMR industry, which has jumped to well over \$1 billion/year. According to Korean Ministry of Agricultural, Food,</li> </ul>

	<p>and Rural Affairs, the HMR industry has grown on average 17% per year since 2010.</p> <ul style="list-style-type: none"> <li>• Single person households are expected to exceed 1/3 of Korea’s population by 2045. Combined with two-person households, these smaller families will make up more than 70% of Korea’s population by 2045 and will continue to demand small packaged items.</li> <li>• HMR products appeal to more than single-persons; young mothers and seniors have been integrating more HMR products into dining plans as quality rises and options become more diverse.</li> <li>• HMR products are typically lower priced than most restaurant meals but are very high quality. All food manufacturers are moving towards offering chef-quality HMR products at a competitive price.</li> <li>• The HMR industry is modernizing and moving away from traditional noodles and rice into more complex dishes such as frozen meats, dumplings, stews, and soups, requiring premium ingredients as consumers seek variety and quality.</li> <li>• The HMR industry has focused on offering diverse, high-quality, fresh products over the last few years; however, processors are shifting focus to more frozen products for increased shelf stability. The HMR industry is also introducing products with more high-quality raw materials, such as U.S. prime beef.</li> <li>• Domestic Hanwoo prices are at all-time highs, positioning U.S. beef as a more appropriate raw material option for HMR processors.</li> </ul>
<p>Strategic Objective</p>	<p>Demonstrate the versatility and quality of economical beef cuts such as chuck eye roll to the processing and retail sectors for use in HMR items, and educate processors on the advantage of consistent supplies from the U.S.</p>
<p>Tactical Response</p>	<p>Work with HMR manufacturers and chefs to develop premium convenience foods and new recipes in smaller portions using underutilized U.S. beef cuts, or even Prime grade product as a differentiating tool.</p>
<p><b>Foodservice Diversification &amp; Distribution</b></p>	<ul style="list-style-type: none"> <li>• After COVID-19 shutdowns, limited service restaurants such as burger joints, bakeries, and cafes were the first to recover. Buffets, Korean BBQ, and other full-service restaurants remained slow to rebound.</li> <li>• USDA Prime grade beef, branded beef, and wagyu brands are in high demand among foodservice outlets.</li> <li>• The growing interest in American-style cuisine such as steaks, BBQ, bone-in beef, and gourmet burgers is</li> </ul>

	<p>penetrating both high-end and family-style restaurants, increasing the use of secondary beef cuts.</p> <ul style="list-style-type: none"> <li>• A 33% increase in Korean minimum wage since 2017 is straining the foodservice sector, resulting in growth of prepared meats to reduce labor costs. Importers and distributors are opening additional processing facilities to meet this demand.</li> <li>• Reflecting a shift in consumer tastes, prior to COVID-19 the traditional fast food sector was suffering; however, brands advocating homemade recipes, including international burger chains such as Shake Shack were growing. Gourmet burgers using U.S. beef appeal to Korean consumers that are quality and health conscious.</li> <li>• Steak is becoming an increasingly “hot” item in Korea, with consumers seeking steak options not only when dining out, but also at retail and among delivery restaurants.</li> <li>• Beef-centric authentic Vietnamese/Taiwanese/HK-style beef noodle and Chinese-style hot pot are rapidly developing, creating more market opportunity for more alternative cuts.</li> <li>• Quality of convenience store meals is escalating, driving more consumers to purchase these quick, ready-to-eat meal options in place of formal dining out, and creating opportunities for high-quality U.S. beef.</li> <li>• Institutions are the least penetrated HRI sector but are a potential venue to move volumes of secondary beef cuts such as chuck roll, shoulder clod, short plate, and brisket. Temporary COVID-19 closures have delayed demand from the institution sector.</li> <li>• Cafes serving quick bites and grab-and-go meals are growing in popularity, offering consumers an intimate, cozy atmosphere with convenient options.</li> <li>• Korean galbi, or grilled marinated ribs, are an ideal venue for U.S. beef as high menu prices (due to heavy labor preparation) are driving high quality expectations from consumers.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Target a variety of foodservice subsectors which demand high-quality, value-priced items, and promote economically priced cuts that can be consistently supplied including higher value chilled product.</p>
<p><i>Tactical Response</i></p>	<p>Work with targeted HRI operators and suppliers to the institution and convenience store sectors on using higher grades of U.S. beef along with alternative cuts (e.g., hanging tender, chuck flap tail, chuck eye roll) and new culinary styles, to displace the competition and gain market share.</p>

<p><b>Social Media</b></p>	<ul style="list-style-type: none"> <li>• Korean consumers of all age groups are utilizing social media platforms.</li> <li>• Food-related blogs, forums and networks are heavily utilized by Korean consumers who follow and trust SNS “celebrities” more than traditional thought leaders.</li> <li>• YouTube’s influence among consumers of all generations is growing. Millennials and Gen Z preferentially search for information on YouTube.</li> <li>• Mukbang, popular Korean eating show, hosts video content specifically attuned to Korean culture and is an important tool to reach consumers.</li> </ul>
<p>Strategic Objective</p>	<p>Use traditional and online media to educate buyers and consumers on the quality, safety and value of U.S. grain-fed beef, particularly U.S. chilled beef.</p>
<p>Tactical Response</p>	<p>Conduct consumer activities highlighting the overall eating enjoyment of U.S. beef, leveraging social media forums and e-tailing websites with traditional promotions and activities. Develop a positive image for U.S. beef with SNS celebrities or popular Youtubers to further gain consumer trust and loyalty.</p>

### Other Key Initiatives

- Promote U.S. beef as a good source of nutrients to health-conscious consumers, active seniors, weight watchers, etc., calling upon nutritionists, opinion leaders, and gourmet chefs to convey the quality and health benefits of consuming U.S. beef.
- Promote U.S. beef as a key component to trendy specialty health diets, like the ketogenic diet, to reach health-conscious consumers with increased protein consumption.
- Focus on the positive attributes of U.S. beef through aligned messaging while also highlighting the safety and quality of U.S. beef, especially to younger consumers/families.
- Promote the use of underutilized cuts that offer both quality and value, compared to domestic beef and other imported product.
- Grow Korean imports of U.S. chilled beef through increased coordination with major retail chains, e-commerce platforms, and key distributors.
- Provide necessary information to importers, distributors, retailers, and consumers through online seminars to cope with the new normal after COVID-19 pandemic.
- Reinforce the sales and use of U.S. ribs through various marketing support in retail and foodservice.
- Develop and create additional video content to meet consumers’ increasing desire for media rich-text light information, for use in both SNS and traditional communications.
- Refine contents of consumer classes and transform to online methods, developing more trendy and convenient recipes to appeal to health-conscious consumers such as Ketogenic menus using U.S. beef.

- Provide animal welfare and sustainability information on U.S. beef production, specifically targeting millennials and Gen Z.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 83% of targeted trade accounts are confident in the consistent supply of U.S. chilled beef.
- 89% of total beef imported by targeted traders will be U.S. beef.
- 64% of targeted Korean BBQ, steak/grill, buffet, burger, and BBQ restaurants will feature a new U.S. beef item on the menu.
- 80% of targeted hotel and banquet accounts will feature U.S. beef on their menus.
- 60% of targeted institution accounts will express an interest in U.S. beef.
- 79% of targeted retailers or ecommerce platforms will merchandise a wide range of U.S. beef items.
- 71% of targeted media accounts will report favorably on U.S. beef and incorporate recommended key message points.
- 58% of surveyed consumers will express a willingness to purchase U.S. beef.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic P****Tactic Name:** South Korea – Market Access**Tactic Description:**

Noteworthy market access issues include:

- A) Korea's unwillingness to fully implement the 2008 beef access agreement, ultimately maintaining bans on imports of U.S. beef from cattle over 30 months of age and restricting specific products from cattle less than 30 months of age (i.e., processed beef, small intestine, tongue, casings, etc.);
- B) Korea's ractopamine standards that applies the Codex muscle MRL (10 ppb) to non-target tissue offal (i.e. abomasum) and has resulted in multiple U.S. beef establishment suspensions and shipment rejections;
- C) Korea's regulations on labeling products as natural or antibiotic free at the point of sale, as well as failure to recognize the U.S. organic standards for red meat.

USMEF's strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on reassuring customers at all levels of the safety of the product and the integrity of the U.S. beef production system, and engaging the U.S. Department of Agriculture on the proper opportunity to address the Korean government in expanding U.S. beef access.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to reduce/eliminate trade restrictive policies.
- USMEF will provide factual information to help improve Korean confidence in the U.S. beef industry.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> Adopt animal I.D. traceability systems | <input type="checkbox"/> Ensure antibiotic stewardship         | <input type="checkbox"/> Research & innovate new production technologies       | <input type="checkbox"/> Revolutionize beef marketing & merchandising             |
| <input checked="" type="checkbox"/> Increase market access      | <input type="checkbox"/> Certify & verify production practices | <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations    | <input type="checkbox"/> Measure & improve our sustainability                     |
| <input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure beef safety                    | <input type="checkbox"/> Motivate producers & stakeholders to engage in issues | <input type="checkbox"/> Research & communicate beef's nutritional benefits       |
|   | <input checked="" type="checkbox"/> Protect beef's image       | <input type="checkbox"/> Develop crises management plans                       | <input checked="" type="checkbox"/> Connect & communicate directly with consumers |
|   | <input type="checkbox"/> Engage beef advocates                 | <input type="checkbox"/> Defend beef's product identity                        | <input type="checkbox"/> Improve our product                                      |

**Committee(s) to Score this Tactic** (Check all that apply)

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic Q****Tactic Name:** Mexico – Market Development**Tactic Description:***Market Assessment:*

Mexico continues to be the third largest destination for U.S. beef plus variety meat exports in 2019 (236,707 mt, down 1 percent against 2018) and remains the third largest value market, reaching \$1.1 billion, an increase of 5 percent over the previous year. According to Mexican import data, which varies significantly from U.S. export data, imports of U.S. beef were down slightly over 1 percent in volume to 163,192 mt. Mexico is a significant market for U.S. beef chuck and round cuts, including shoulder clods and gooseneck rounds, and is the leading market for beef variety meats (taking 31 percent of U.S. variety meat exports in 2019). Beef tripe is the top variety meat item, accounting for 38 percent of U.S. beef variety meat export volume and 40 percent of value to Mexico in 2019. Mexico has been expanding its beef production capacity and market

access and as a result has become a significant net exporter of beef, while holding imports relatively steady. The U.S. and Mexico trade partnership was bolstered with U.S. Senate approval of the USMCA agreement in January of 2020. However, a few months later, the economic crisis created from the coronavirus pandemic dampened expectations for U.S. beef export growth as foodservice demand evaporated with strict quarantine measures being mandated and resulting in the closure of all dine-in restaurant options. In addition, in the wake of the economic turmoil created by the pandemic, the U.S. dollar gained strength against an already weakened Mexican Peso, creating additional headwinds for U.S. beef exports going into the second half of 2020.

Per Capita Beef Consumption	15.1 kg
Total Beef Imports (not including variety meat) – all sources	139,917 mt
Total Beef Variety Meat (BVM) Imports – all sources	57,037 mt
U.S. Share of Total Beef/BVM Import Market	83%
Other Beef/BVM Suppliers & Market Shares	Canada 9%
	Nicaragua 6%
	Australia 1 %
Domestic Self Sufficiency	107%
U.S. Beef Imports (not including variety meat) <sup>1</sup>	111,408 mt
U.S. Beef Variety Meat (BVM) Imports <sup>1</sup>	51,784 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	15%
Customers for U.S. Beef Imports	Processing 40%
	HRI 10%
	Retail 50%
Top Imported U.S. Beef Cuts: clod, goose neck, inside round, boneless chuck, outside round, inside skirt	
Top Imported U.S. BVM Items: tripe, outside skirt, liver, oxtail, tongue, lips, intestines	

*2019 import and market share data is based on import data of Mexico (from TDM). <sup>1</sup>Due to data discrepancies, import data of Mexico is used rather than U.S. export data.*

*Market Development Strategies:*

A) Capitalize on USMEF's established relationships with the trade to defend market share by demonstrating to HRI and retail decision makers and their customers the consistency and superior quality of U.S. beef; B) Support the shift towards digital channels of distribution, such as ecommerce and app-based delivery services, catalyzed by the changes to commerce brought on by the coronavirus pandemic. C) Build demand with a new set of buyers by demonstrating the unique attributes and profit potential of U.S. beef, and how to effectively handle and merchandise a wide range of products; D) Demonstrate the U.S. beef industry's commitment to the Mexican market and consumers to offset any Anti-American sentiments stemming from recent political discord and the turbulent trade relations of 2018 and 2019;

<b>Market Diversification</b>	<ul style="list-style-type: none"> <li>• Retail exists in many forms throughout Mexico, ranging from the traditional wet markets to modern supermarkets. As a result, a variety of cuts should be made available to meet Mexican retail demand according to consumer demographics.</li> <li>• Across sectors, U.S. beef is known mainly for high-end/high-cost cuts, which limits the perceived culinary applications.</li> <li>• Mexico does not require Country of Origin identification at retail. As a result, U.S. beef may be mingled with domestic or other imported product, confusing consumers as they do not get consistent quality.</li> <li>• Concerns about reliable supply have forced Mexico to diversify beef imports, leading to an import quota for countries that do not have an FTA as well as negotiation of trade agreements with U.S. competitors.</li> <li>• Though export volume over the past two years to Mexico has remained flat, Nicaragua is a growing competitor in the region, and although volumes from Nicaragua are small with the majority of volume processed and imported by Sukarne, Mexico's imports of beef and beef variety meats from Nicaragua have doubled since 2015.</li> <li>• Developing diverse market segments for U.S. beef for a broad range of products is important for increasing buyers, meeting consumer needs, and defending market share.</li> </ul>
<i>Strategic Objective</i>	Focus on developing new cuts, new uses and new clients, while implementing programs in an expanded range of market sectors to highlight new and more affordable items with superior quality, possibly including top sirloin, flank steak, chuck tender, knuckle, and variety meats and continue to demonstrate the profit potential, stability and safety of the U.S. beef supply.
<i>Tactical Response</i>	Train importers, HRI, and retail staff to ensure a wide selection of U.S. beef items appropriate for a price-conscious market are properly presented, promoted, merchandised and origin-identified to develop and

	<p>cement loyalty among store customers. Leverage a growing online channel to increase engagement with a wider range of market segments and increase direct-to-consumer communication.</p>
<p><b>Medium-sized Importers &amp; Processors</b></p>	<ul style="list-style-type: none"> <li>• Beyond the large importers/processors in Mexico, there are hundreds of smaller firms that either do not source, or could source more, U.S. product.</li> <li>• Many newer players do not have experience with U.S. beef and lack knowledge about the unique product attributes and specs.</li> <li>• Presence of U.S. beef in metropolitan areas is significant, however in other regions of Mexico, which typically tend to have more price-conscious customers, awareness and presence is lower.</li> <li>• Processors are demonstrating strong interest in new processed product development.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Continue to broaden trade education programs in more regions to develop new segments, increase the number of committed U.S. beef buyers, facilitate purchasing efforts, and support the processing sector with seminars, workshops and other trainings for quality product development.</p>
<p><i>Tactical Response</i></p>	<p>Provide customized support such as training seminars, handling and merchandising assistance, product positioning advice, development workshops, and buyer-seller linkages, to a diverse set of U.S. beef buyers, and expand these activities into new regions where knowledge of U.S. beef is limited.</p>
<p><b>High-end &amp; Specialty Retail</b></p>	<ul style="list-style-type: none"> <li>• Global demand and strength in US beef pricing have made US beef an unaffordable product for some consumers.</li> <li>• While older and low-income households still purchase meat at wet markets, a considerable shift into shopping at supermarkets, meat boutiques and via online channels is occurring in urban areas.</li> <li>• Large retailers, such as Walmart and Costco are investing additional resources into Mexico, presenting an opportunity for growth of U.S. beef.</li> <li>• Meat boutiques are finding success selling high-quality U.S. beef on weekends, especially to men, and are looking to increase sales during the workweek with value added products such as marinated cuts for easily prepared meals.</li> <li>• Enhanced meats and water-added products are common at the retail level, keeping prices artificially low for consumers; however, labeling is not required in Mexico.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Differentiate U.S. beef based on quality grading and consistency of the product. Educate retailers on the profit potential of various grades of U.S. beef, and increase shelf space at selected retail outlets to displace domestic and other competing product.</p>

<i>Tactical Response</i>	Intensify training and promotions with high-end retailers whose customers seek out quality products and are less price sensitive. Incentivize retailers to correctly identify US beef in the case
<b>Chef Product Knowledge</b>	<ul style="list-style-type: none"> <li>• With beef prices high, restaurants are looking for ways to keep input costs, thus meal prices, at a competitive level as middle-class consumers are eating out less often due to shrinking levels of disposable income.</li> <li>• Growth in tourism is expected to continue, providing expanded opportunities for the HRI sector in Mexico's tourist hubs.</li> <li>• The all-inclusive formats of an increasing number of resorts will continue to drive the push for affordability.</li> <li>• Chefs do not realize how alternative cuts compare on cost, flavor and cooking styles, while also providing a consistently enjoyable eating experience.</li> </ul>
<i>Strategic Objective</i>	Increase engagement with restaurants to improve culinary applications to maximize profitability with the use of alternative cuts such as baseball cuts, Denver steaks, etc.; develop new users of alternative cuts in HRI segments that move large volumes of meat; and train foodservice operators on U.S. beef attributes, specifications, and promotional/merchandising techniques to draw in even the price sensitive customers.
<i>Tactical Response</i>	Demonstrate to chefs with seminars, hands-on workshops, and promotions, the use and cost benefit of value cuts such as those from bottom sirloin (tri-tip, flap, bottom butt), as well as top sirloin (coulotte), chuck tender, and the Vegas cut to keep costs low. Leverage technology such as virtual reality to more cost effectively reach a broader number of buyers with virtual cutting demonstrations.
<b>Consumer Level</b>	<ul style="list-style-type: none"> <li>• Noticeably more foodie bloggers gaining influence among consumers. Social Media is influencing creativity of menus and presentation (Instagramability).</li> <li>• Consumers still need training on quality grading and proper cooking techniques for high quality beef.</li> <li>• BBQ and grilling techniques becoming increasingly popular, presenting an ideal opportunity to push U.S. beef for the "All-American" eating experience.</li> <li>• While convenience continues to be a driver in consumption, The Convenience Store Sector (CVS) largely lacks high-quality protein options for consumers.</li> </ul>
<i>Strategic Objective</i>	Work with importers, distributors, and retailers to engage more consumers with U.S. beef, U.S. cooking styles, and demonstrate the U.S. beef industry's commitment to serving the Mexican market and fulfill consumers preferences and trends.

<i>Tactical Response</i>	Expand the reach of USMEF’s grilling seminars to train both importers and expanding segments of consumers on a range of proper grilling techniques for high quality U.S. beef. Continue to develop network of social media influencers to amplify messaging of U.S. beef to Mexican consumers that are increasingly online.
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### Other Key Initiatives

- Capitalize on convenience-driven trends contributing to increases in the at-home meal delivery sector by partnering with online-based meal delivery services.
- Support the post-COVID-19 recovery efforts of the Mexican meat trade and in particular the HRI segment, through focused marketing initiatives to build demand and build goodwill for U.S. Beef.
- Train importers, distributors and processors about the attributes, handling, versatility and profitability of U.S. beef for meeting a wide variety of downstream buyers’ needs. Expand customer understanding of the U.S. beef grading system and assist them in using grading as a marketing tool to increase profitability.
- Expand promotional activities into new regions of the country to reach new buyers and consumers and increase demand for high-quality U.S. product.
- Showcase U.S. beef variety meats in front of hundreds of buyers at Mexico City’s huge Central de Abasto market, and similar markets in Monterrey, Guadalajara and Aguascalientes.
- Implement web-based educational platform to train more customers along the supply chain about U.S. beef.
- Develop and implement an annual product showcase event for the region to bring buyers and suppliers together.
- Engage directly with consumers at the retail channel to provide them with both culinary information as well as nutritional information directly at the meat counter.
- Increase the quality of U.S. beef merchandising at the meat counter, through POS support and retailer incentives and competitions.
- Leverage the growing competition in the family-style restaurant segment by promoting U.S. beef as a major point of differentiation among the top chains.
- Maximize foodservice cut utilization and profits by showing the consistency of the product and the different items that can be obtained from primals, while providing menu innovations that fit various dishes and dining formats.
- Push for western-style cuisine such as BBQ and burgers via chef workshops and consumer activities to create the ideal culinary environment for U.S. beef.
- Further penetrate the regional supermarket and specialty store segment which has not consistently purchased U.S. beef.
- Integrate a cohesive and comprehensive digital marketing strategy. Continue to grow social media presence on Facebook, Instagram, etc. to engage and educate the chef community, trade as well as consumers by partnering with and educating social media influencers.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 90% of targeted importers/distributors/processors will actively promote a range of U.S. beef cuts, including value cuts, highlighting the products' quality attributes.
- 43% of targeted restaurant chains will actively feature/promote U.S. beef, including value cuts, to their customers.
- 73% of targeted restaurant and hotel groups will increase sales of U.S. beef by at least 10% (compared to the previous year) during USMEF promotions.
- 87% of targeted retailers will consistently incorporate suggested merchandising methods to promote U.S. beef to their customers.
- 87% of targeted retailers will increase sales of U.S. beef by at least 10% (compared to the previous year) during USMEF promotions.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic R

**Tactic Name:** Mexico – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) USMCA implementation.

USMEF's strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on a) building relationships with Mexican industry groups that are in a position to influence Mexican government policy on red meat imports, and b) supporting the U.S. government by providing industry input on market access issues to key Mexican government decision makers as well as providing comments on Mexican laws and regulations that have the potential to have an impact on U.S. beef exports. These strategies include working closely with industry partners in developing key talking points and background information on noteworthy issues, and preparing follow-up actions as needed to better educate Mexican government and industry contacts about the U.S. red meat industry, the benefits of liberalized trade, U.S. food safety, and industry production systems.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will contribute to U.S. government initiatives to reduce/eliminate trade restrictive policies.
- USMEF will provide key Mexican government decision makers with information about the benefits of liberalized trade, the U.S. food safety system, and the U.S. beef industry.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |   |
|---|--|--|---|
| <input type="checkbox"/> Adopt animal I.D. traceability systems | <input type="checkbox"/> Ensure antibiotic stewardship         | <input type="checkbox"/> Research & innovate new production technologies       | <input type="checkbox"/> Revolutionize beef marketing & merchandising             |
| <input checked="" type="checkbox"/> Increase market access      | <input type="checkbox"/> Certify & verify production practices | <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations    | <input type="checkbox"/> Measure & improve our sustainability                     |
| <input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure beef safety                    | <input type="checkbox"/> Motivate producers & stakeholders to engage in issues | <input type="checkbox"/> Research & communicate beef's nutritional benefits       |
|   | <input checked="" type="checkbox"/> Protect beef's image       | <input type="checkbox"/> Develop crises management plans                       | <input checked="" type="checkbox"/> Connect & communicate directly with consumers |
|   | <input type="checkbox"/> Engage beef advocates                 | <input type="checkbox"/> Defend beef's product identity                        | <input type="checkbox"/> Improve our product                                      |

**Committee(s) to Score this Tactic** (Check all that apply)

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic S****Tactic Name:** Middle East – Market Development**Tactic Description:***Market Assessment:*

After a 10 percent decline in 2018, U.S. beef exports to the Middle East had a modest rebound in 2019 with an increase of 3 percent in volume (78,1951 mt) and 8 percent in value (\$217.9 million), driven by a 3 percent increase to Egypt (63,371 mt), which is overwhelmingly the largest export destination in the region for U.S. beef variety meats, and the second overall destination to Mexico. However, despite these modest gains, the U.S. largely lost market share in the region during the year as U.S. share of beef variety meats to top market Egypt fell by 9 percent and share of muscle cuts to United Arab Emirates fell by nearly 3 percent. Weak currencies against the U.S. dollar continue to impact U.S. beef export volumes while political instability in parts of the region also presented headwinds in 2019. Beginning in the first half of 2020, the slowdown in commerce due to the coronavirus pandemic has caused additional challenges,

especially in foodservice and informal foodservice outlets like food stalls, particularly in Egypt, which are significant buyers of U.S. beef liver.

As a result of the pandemic, culinary training and activities have gone online, with influencer chefs targeting both food service professionals and consumers. Contactless services are being considered by a number of the region's markets and industries. In addition, e-commerce and online shopping in the MENA were at their infant stages before the pandemic but have now transformed to be a core part of food retail offerings and are essential to consumers of all age groups. It is expected that these trends will stay to a certain degree after the pandemic noting that in the future, well-rounded programs will most likely include online components.

	Egypt		United Arab Emirates (UAE)		
	Beef	BVM	Beef	BVM	
Per Capita Beef Consumption	7.0 kg	N/A	14.4 kg	N/A	
Total Beef & BVM Imports – all sources	266,105 mt	103,876 mt	132,585 mt	4,510 mt	
U.S. Share of Total Beef & BVM Import Market	<1%	61%	4.3%	<1%	
Other Beef & BVM Suppliers & Market Shares	Brazil 58%	India 15%	Brazil 54%	EU-28 40%	
	India 39%	Brazil 10%	India 23%	Australia 38%	
	Colombia 1%	Australia 9%	Australia 6%	Brazil 14%	
Domestic Self Sufficiency	55%	N/A	12%		
U.S. Beef & BVM Exports	282 mt	63,449 mt	5,645 mt	26 mt	
Exports as a % of Total U.S. Beef/BVM Exports	<1% for beef, 20% for BVM		<1% for beef, <1% for BVM		
Customers for U.S. Beef Imports	Processing HRI Retail	10%	2%	4%	0%
		85%	28%	76%	10%
		5%	70%	20%	90%
Top Imported U.S. Beef Cuts: flat iron, tenderloin, rib-eye, striploin, T-bone, chuck cuts (both high-quality graded beef, and standard cuts derived from cattle 30 months of age or older), brisket, round cuts, tri-tip, outside skirt flank, short rib, bone-in ribs					
Top Imported U.S. BVM Items: liver, kidney, heart					

2019 import and market share data is based on reported exports to Egypt and the UAE (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### Market Development Strategies:

- A) Continue to develop the market by demonstrating the range of U.S. beef and variety meat available, and build the image of U.S. product as the premier beef among new targeted buyers in all segments; B) Defend market share by reassuring buyers of the sustainability of the U.S. supply chain during the coronavirus pandemic, U.S. safety inspection measures, halal certification credibility, and premium value of U.S. beef; and C) Displace competition by educating on the diversity and profitability of U.S. beef alternative cuts or value-added products, especially for high-end foodservice outlets that require cost efficiency without compromising quality; D) Continue to displace competitor product, especially for underutilized cuts, to generate profitability along the entire carcass.

<p><b>Foodservice Expansion</b></p>	<ul style="list-style-type: none"> <li>• Rebounding tourism and high demand for new dining concepts is driving the fast-paced HRI sector. Increasing numbers of expatriates in the region are driving demand for international foods.</li> <li>• A growing market for Halal products and the importance of highlighting this attribute on the menu, ads and social media pages as it affects consumer purchases in this region.</li> <li>• In 2021, the UAE will host the World Expo, and will likely experience notable growth in its core economic sectors including tourism and hospitality, attracting substantial foreign investments to the country. The Expo was initially planned for 2020 but was postponed due to the coronavirus pandemic.</li> <li>• National and International tourism is driving a competitive foodservice sector and therefore, restaurants require unique and memorable menus.</li> <li>• High end restaurants require cost efficiency, but will not compromise on taste and quality, leading to increased interest in alternative cuts.</li> <li>• There is still a lack of understanding regarding proper usage of U.S. beef underutilized cuts and the internal marbling aspect of U.S. beef contributing to the U.S. beef grading system.</li> <li>• Growth of mobile food trucks present an opportunity for U.S. beef.</li> <li>• Casual dining, fast food chains, and classic burger joints, and steakhouses are booming in the region, especially with the growing youth population, and Western chains, such as Applebee's and Chili's, and American steakhouse and BBQ concepts such as Luca steakhouse, Ribs Yard, Rodeo Grill, Cattleman Joe's, Black Rock, Skirt, and Grill Room have been establishing a presence in major metropolitan areas.</li> <li>• Lower-end, family-style restaurants are now the top destination for Select and Commercial grade beef middle meats.</li> <li>• Focus on sliders, handhelds, wraps, mini burgers, and grab-and-go sandwiches in Jordan and Lebanon is driving a dramatic shift towards alternative U.S. beef cuts of lower grades and prices.</li> </ul>
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	<p>Takeaway and home delivery will largely depend on steak sandwiches and burgers post COVID-19.</p> <ul style="list-style-type: none"> <li>• More international and local culinary schools, cooking academies, and chef associations are opening in Jordan and Lebanon, and are becoming highly active and influential.</li> <li>• Consumers are becoming more concerned with health, and are better informed thanks to communication from dietitians, food bloggers, sports trainers, chef students, etc.</li> </ul>
<i>Strategic Objective</i>	Educate importers and distributors about available alternative cuts and appropriate culinary applications, U.S. beef production and internal marbling characteristics that differentiate U.S. product from competitor product, and U.S. beef halal certification requirements.
<i>Tactical Response</i>	Provide hands-on sales and culinary trainings on menu planning and preparation for various cuts, ranging from ribeye, striploin and tenderloin, to heel, shank, top round, brisket and chuck roll, etc. to meet all foodservice requisites, and aggressively pursue the growing HRI sector for new growth opportunities.
<b>Retail Sector Growth</b>	<ul style="list-style-type: none"> <li>• The retail sector is poised to grow at a moderate, but steady pace, particularly with the expanding multi-ethnic consumer base, high income levels, an increasing number of tourists, and high numbers of expatriates.</li> <li>• Hypermarkets in large shopping centers, are still dominating the market as major retailers such as Carrefour, Lulu and Spinneys continue to expand in the region. Also, an increase in the number of convenience stores, community malls and smaller-store formats is also observed, thus enabling consumers to shop from stores located within their neighborhoods and allowing retailers to save cost and have a broader geographical presence.</li> <li>• The increased use of social media and internet usage has led to an adoption of digital channels by retailers, especially in the UAE and Saudi Arabia, and the online retail is expected to grow at a CAGR of 24 percent from 2016 to 2021.</li> <li>• Modern retail growth continues at a rapid pace, and consumers increasingly seek convenience, ambiance, and a wider variety of affordable products.</li> <li>• Gourmet meat boutiques are targeting a well-educated, affluent shoppers in Lebanon and Jordan. This boom in meat boutique stores is creating opportunities for U.S. chilled beef products.</li> <li>• Distributors are hesitant to promote new muscle cuts with retailers as they lack the marketing, butchering and merchandising knowledge to penetrate this sector.</li> <li>• Development and growth of convenience items, such as fresh pre-packaged, ready to eat, and portable items, in large format retails such as Spinneys Lebanon and Cozmo Jordan is increasing demand for chilled U.S. portion cuts.</li> </ul>

	<ul style="list-style-type: none"> <li>• Consumer willingness to order meat online is growing, reflecting demand for convenience, although online meat purchases still lags behind grocery ecommerce. Frozen meals are also growing in popularity as the need for convenience rises.</li> <li>• The rise of meal ingredient boxes, ready-to-eat and grab-and-go meals, are shaping the future of the region’s food and beverage packaging trends.</li> </ul>
<i>Strategic Objective</i>	Educate retailers and their suppliers on proper handling, butchering and merchandising of U.S. beef, and support in-store promotions with a goal of consistent, year-round sales of chilled and value-added items.
<i>Tactical Response</i>	Provide retail staff training, and conduct demonstrations to showcase alternative cuts such as top sirloin butt, chuck roll, heel, shank and striploin to store customers while focusing on the premium quality, Halal certification, and versatility within a range of U.S. beef cuts.

### Other Key Initiatives

- In response to a zero-tolerance residue approach from Egypt, conduct ongoing educational activities in conjunction with FAS Cairo to promote adherence to CODEX regulations and scientific standards on beta agonist testing.
- Position U.S. beef muscle cuts as the highest quality option throughout the region and educate consumers on the attributes of internal marbling found in U.S. beef as opposed to competitors marbling scores.
- Work with the trade, particularly importers and distributors, to improve awareness of U.S. beef in light of increased competition from lower price/quality product from Brazil and India, as well as Australia’s intensified brand imaging and promotional activity for chilled beef.
- Drive demand for U.S. beef alternative cuts and variety meats, particularly livers, in retail and foodservice via promotions and trade servicing activities to align buyers and suppliers.
- Educate and upgrade the know-how of sales force teams, butchers, meat counter staff of major retailers about U.S. beef attributes, its quality competency and keep them updated on production innovations related to alternative meat cuts as essential pillars for sales growth.
- Work closely with Saudi importers and retailers to encourage them to re-introduce U.S. beef as part of their regular purchases, reassuring them about the safety and quality of the product.
- Support new distribution channels selling beef, particularly shopping platforms recently developed by regular U.S. beef importers noting that these companies are now directly catering to consumers.
- Participation in numerous new events in Saudi Arabia that would help increase U.S. beef exports to the market. These will be focusing mainly on the foodservice sector where the demand for the product is the highest.
- Combine technical assistance with marketing support and involve targeted meat buyers from all sectors in the planning and implementation of promotion programs.

- Expand foodservice training to new accounts, such as catering and culinary schools as well as new restaurants and hotels in various areas, focusing on beef cutting techniques, cooking instruction and an analysis of the profitability margin possible when using different cuts of U.S. beef. Conduct U.S. beef educational workshops for chefs as well as one-on-one workshops with steakhouses and hotels that combine users and non-users of U.S. meat.
- Conduct Junior Chefs' Tutorials to provide youthful chef groups education and training skills on U.S. beef production practices, grain feeding, marbling, grading, safety standards, and product consistency.
- Implement Butchering Master Classes and Butcher Training Workshops. Classes are geared towards improving butchers' understanding of U.S. beef technical information, cutting techniques, and handling and storage techniques, making them better able to communicate with consumers, retailers and foodservice workers about U.S. beef.
- Host "American Beef Nights" in top steakhouses and restaurants to promote the unique and value-added characteristics of a range of cuts among chefs and consumers.
- Take part in international trade shows such as Gulfood and HORECA Lebanon and Jordan to help U.S. beef achieve greater exposure among a considerable audience of potential and existing buyers.
- Participation white chef jacket gatherings and in sponsoring culinary competitions involving chefs from different levels to increase awareness of U.S. beef and reinforce USMEF's credibility among an audience of high ranked chefs, junior chefs, importers and foodservice operators and decision makers.
- Organize live cooking sessions in key retail accounts, using a professional chef to explain to shoppers the different cooking applications and attributes of U.S. beef. Expand these activities to a larger scale with a U.S. beef retail show conducted in several busy malls, designed to gain maximum exposure and reach a diverse audience.
- Target housewives with Art of Cooking Classes that present alternative U.S. beef cuts and train homemakers how to cut, grill, braise, simmer, and sear the different cuts each according to its optimal cooking method.
- Optimize USMEF's Middle East Facebook page and Middle East Arabic/English Website by promoting U.S. beef products, information, and services, quickly and effectively and further engaging the audience by implementing several contests and competitions as SNS becomes increasingly important in GCC society and other Arab communities.
- Support U.S. beef suppliers, that are USMEF members, in their promotional activities in the region.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 68% of targeted importers and distributors will have a favorable attitude toward U.S. beef/bvm and will be willing to purchase it based on information provided by USMEF.
- 58% of targeted importers and distributors will regularly purchase U.S. beef/bvm.
- 94% of targeted HRI buyers will regularly purchase U.S. beef/bvm.

- 83% of targeted fine dining and casual family-style restaurants or chains will hold a U.S. beef promotion or use menu promotional materials.
- 95% of targeted retail chains and outlets will have a favorable attitude toward U.S. beef/bvm and will be knowledgeable about its quality based on information provided by USMEF.
- 85% of targeted retail chains and outlets will identify the origin of U.S. beef/bvm and actively participate in USMEF promotions.
- 75% of targeted media will report favorably on U.S. beef and incorporate recommended key message points.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic T

**Tactic Name:** Russia & the Commonwealth of Independent States (CIS) – Market Development

**Tactic Description:**

*Market Assessment:*

Since 2013 Russia has banned U.S. beef imports due to a zero tolerance for beta-agonist residues. Further negotiations to resume U.S. beef imports became impossible due to political issues stemming from the Russian and Ukrainian conflict in Crimea that occurred in 2014. Prior to this, Russia was the U.S. beef industry's sixth largest export market. While it is unlikely that the import ban will be lifted in the near future, USMEF's representatives in Russia maintains regular contact with major market players through meetings and attendance at major events. Neighboring countries in the region continue to represent solid untapped potential for U.S. beef for steak cuts, alternative cuts for foodservice, and livers, and USMEF targets the most promising markets, namely Ukraine, Kazakhstan, Azerbaijan, Moldova, Kyrgyzstan, Georgia and Uzbekistan. Exports of U.S. beef/bvm to the region in 2019 reached 217 mt and U.S. beef's share of the import market was less than one percent. When looking at the surrounding region and excluding Russia, inter-regional trade accounts for the majority of exports with Belarus and Ukraine as the top suppliers, followed by the EU.

In addition to the current political ban on U.S. beef imports, Russia also remains closed to U.S. beef due to its zero tolerance for ractopamine residues. Further, Russia has been striving to harmonize its food safety standards with those of the EU and will not allow the use of hormones in beef production. Thus U.S. beef's return to Russia will face significant constraints. SPS barriers for the Euro Asian Economic Union (EAEU – Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) are the same as for Russia. Other countries in the region allow for relatively easy access for U.S. beef, though this situation remains fluid as some countries seek closer integration with Russia (e.g., Tajikistan and Uzbekistan) or the EU (Georgia, Ukraine, Moldova).

Important considerations include the region's turbulent economic situation and the modest disposable incomes of the consumers, which are impacting demand from both processors and consumers. In addition, the ongoing COVID-19 crisis has heavily impacted the foodservice sector in the region, which is a major channel of distribution for U.S. beef, and also has placed further downward pressure on consumer disposable income levels. Further, increased production of local high-quality beef and concentrated Russian efforts targeted at larger exports to neighboring countries are changing the competitive environment. However, it remains to be seen whether Russian and other regional high-quality beef production will be sustainable, and if so, if it can compete with Australia and the U.S. in the region. This production could be seen as preferential to buyers in the EAEU.

	Russia	Kazakhstan
Per Capita Beef Consumption	12.1 kg	28.5 kg
Total Beef Imports (not including variety meat) – all sources	303,167 mt	26,601 mt
Total Beef Variety Meat (BVM) Imports – all sources	81,275 mt	1,416 mt
U.S. Share of Total Beef/BVM Import Market	0%	<1%
Other Beef/BVM Suppliers & Market Shares	Belarus 29%	Belarus 53%
	Paraguay 26%	Ukraine 27%
	Argentina 18%	Russia 10%
Domestic Self Sufficiency	78%	95%
U.S. Beef Exports (not including variety meat)	0 mt	31 mt
U.S. Beef Variety Meat (BVM) Exports	0 mt	0 mt*
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	0%	<1%
Customers for U.S. Beef Imports (open market)	Processing 60%	Processing 40%
	HRI 33%	HRI 40%
	Retail 4%	Retail 20%
Top Imported U.S. Beef Cuts: ribeye, striploin, tenderloin, short ribs, top blade, short plate, hanging tender, skirt, flanks		
Top Imported U.S. BVM Items: liver, trimming, beef fat		

*2019 import and market share data is based on import data of Russia (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. \*Kazakhstan's import data shows 80 mt of beef variety meat imports from the U.S. in 2019.*

#### **Market Development Strategies:**

Increase availability of U.S. beef products and strengthen the image of U.S. beef and beef variety meat throughout the region by differentiating U.S. beef from the competition, educating buyers about the profitability and benefits of using U.S. beef products. Support the recovery efforts for foodservice operators within the region in the wake of the economic turmoil of the COVID-19 crisis. Furthermore, expand outreach into new markets in surrounding territories around Russia that present strong opportunities for importing U.S. beef, and remain prepared logistically for market reopening into Russia.

<p><b>Regional Expansion</b></p>	<ul style="list-style-type: none"> <li>• As a result of reduced supply, Russia has been increasing investments in expanding domestic high-quality beef production to eliminate the need for foreign imports and increase export opportunities, but production is still low and prices are high for consumers.</li> <li>• The nascent regional markets outside of Russia represent solid untapped potential for U.S. beef and provide greater diversity for U.S. beef exports.</li> <li>• Ukraine, Kazakhstan, Uzbekistan, Georgia and some Caucasian and Central Asian countries, despite economic challenges, are showing growth in beef consumption, and several countries have strong traditions of using offal products.</li> <li>• In general beef remains expensive for the average consumer; however, opportunities exist for alternative cuts that are still perceived as high-quality beef.</li> <li>• Some high-end retailers have picked up U.S. beef in regions such as Ukraine and Kazakhstan, setting the stage for other retailers and increasing U.S. beef visibility.</li> <li>• While the number of U.S. beef users has grown, regional markets outside of Russia have struggled with yield and end-product results, and most only know about the higher priced loin cuts.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Focus on expanding promotional reach into emerging export markets of Azerbaijan, Belarus, Georgia, Moldova, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine.</p>
<p><i>Tactical Response</i></p>	<p>Create demand in the region with promotions, seminars, and workshops for appropriate usage of cost-friendly cuts for a greater variety of beef cuts and grades and increase consumer exposure to the attributes of high-quality product.</p>
<p><b>Foodservice Opportunities</b></p>	<ul style="list-style-type: none"> <li>• The HRI sector in Georgia, Kazakhstan, Uzbekistan, and Azerbaijan is rapidly developing, presenting viable opportunities for U.S. beef and veal.</li> <li>• Expatriate populations working for oil and gas companies throughout the region, as well as traders, businessmen and tourists, are willing to spend more on quality dining experiences and respond well to familiar cuisines. This creates demand for high-end foodservice outlets representing a number of cuisines, including Western influences well-suited for U.S. beef.</li> <li>• Domestic beef is generally lean, and not well-suited for Western-style cuisines like BBQ.</li> <li>• Tourist traffic to ski and seaside resorts in Ukraine and Georgia as well as holy destinations in places like Uzbekistan present opportunities for foodservice outlets catering to the demand for halal meats.</li> </ul>

	<ul style="list-style-type: none"> <li>• Foodservice outlets are demonstrating strong interest in U.S. beef alternative cuts (such as short plate, brisket, top blade, etc.) as a price conscious option for high-quality material.</li> <li>• Since September 1, 2017, chilled beef and BVM in Uzbekistan has had zero customs duties, presenting a key opportunity for export growth.</li> <li>• Russian marketing efforts for domestic, marbled beef have driven consumer awareness for high-quality beef and its attributes. This has encouraged higher consumption of high-quality beef both at foodservice and retail as it cultivates beef usage traditions and improves perception of the protein. Russia’s experience with its domestic marbled beef feeds into the regional markets as well.</li> <li>• Russian consumers have adjusted to the high price of domestic beef in the closed market, allowing for a new trend of high-end burger outlets.</li> <li>• The coronavirus pandemic has had a major impact on foodservice sales through the first half of 2020 with restaurants closed for dine-in meals.</li> </ul>
<i>Strategic Objective</i>	Engage more restaurants to try U.S. beef chilled product and alternative cuts by positioning alternative cuts as high-quality, low-cost options for high-end or family-style dining options and catering services, and train chefs and decision makers on the advantages of U.S. beef over domestic supplies, emphasizing quality and consistency as key traits of U.S. product.
<i>Tactical Response</i>	Train chefs on proper cooking techniques (e.g. not to overcook), and how to differentiate high quality, marbled U.S. beef from competing product. Explain the advantages of U.S. beef over product from Uruguay, Argentina, Australia, and in some cases, over domestic beef, and promote American BBQ as an ideal and trendy venue for high quality U.S. beef.

### Other Key Initiatives

- Advise and support regional distributors on the best ways to market high quality U.S. beef.
- Maintain long-term relationships and regular contact in Russia to regain share when the market reopens by quickly restoring buyer knowledge and confidence.
- Increase visibility for U.S. beef by attending world renowned and popular trade shows.
- Conduct workshops in newer markets in the region on fabrication, cutting, portion control, and the best methods of cooking both popular and secondary U.S. beef cuts.
- Demonstrate to chefs and distributors that U.S. beef cuts like shoulder clod, chuck roll, and top sirloin butt can be effectively used in foodservice and in-home settings due to the high marbling and optimal quality-price ratio.

- Educate larger processors on how U.S. beef can meet their needs, gather market intelligence on what attributes are most important (such as leanness and better packaging), and continue to build a strong U.S. reputation with these processing companies.
- Educate consumers on the unique attributes of U.S. beef to assist in building demand at HRI and retail.
- Continue to focus on new opportunities, including increased alternative cut usage, growth in chilled beef at retail, and online meat shops.
- Monitor the development of domestic beef production specifically targeting higher-end segments in order to adjust U.S. beef strategies accordingly.
- Penetrate the e-commerce sector with high quality U.S. beef as consistency in the e-commerce market is highly valued.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 73% of targeted trade accounts will report that they understand U.S. beef quality attributes based on information provided by USMEF.
- 73% of targeted trade accounts will report that they understand how to properly handle U.S. beef.
- 73% of targeted HRI outlets and restaurant chains will regularly stock U.S. beef.
- 72% of targeted retail outlets will identify the origin of U.S. beef in the meat case.
- 52% of targeted retail outlets will actively promote U.S. beef and its origin.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input checked="" type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input checked="" type="checkbox"/> Defend beef's product identity	<input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic U**

**Tactic Name:** Russia & the Commonwealth of Independent States (CIS) – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Russia’s political sanctions on U.S. red meat imports;
- B) The Russian and Eurasian Economic Union (EAEU) zero tolerance policy on the presence of beta-agonists in beef (resulting ban on U.S. beef);
- C) The Russian and EAEU zero tolerance policy on the presence of synthetic hormones in beef;
- D) Russia’s longstanding TSE-related restrictions on imports of U.S. beef;
- E) Russia’s zero tolerance policy on the presence of certain pathogens (e.g., Salmonella) and tetracycline;
- F) Other regional countries’ attempts to harmonize standards in line with either the EU or EAEU, both of which include growth promotant bans and other increased veterinary restrictions (i.e. may threaten access in Kazakhstan, which currently maintains its own approved plant list);
- G) Lack of clarity regarding the Russia/EAEU establishment approval process, currently affecting countries that are not impacted by the sanctions, such as Belarus.

USMEF strategies for addressing these issues—in cooperation with U.S. industry organizations—will focus on educating Russian government decision makers about U.S. production processes, and supporting the U.S. government’s efforts to press Russia to adopt international standards as it implements its new WTO commitments and obligations. Specific tactics may include a) restoring good working relations with Russia’s veterinary service and increasing efforts to engage Russian government officials in various training/exchange programs to explain U.S. production practices; b) undertaking efforts to communicate on a regular basis with various Russian industry associations and leading producers to gain support for using new production technologies, and making the Russian market and its regulations more transparent and predictable; c) continuing regular contact with scientific institutions in the meat sector as well as policy institutions that develop Russian food standards and regulations to win support for and re-emphasize the safety of production enhancing technologies; and d) capitalize on Russia’s efforts to develop beef exports to introduce and gain acceptance for new production technologies and internationally accepted standards.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will educate the region’s government decision makers about U.S. production processes.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.
- USMEF will collaboratively engage with key influencers within government, academia and industry in existing and potential U.S. beef export destinations within the CIS region

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Defend beef's product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input type="checkbox"/> Research & communicate beef's nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic V

**Tactic Name:** South America- Market Development

**Tactic Description:**

*Market Assessment:*

Exports of U.S. beef plus variety meat to the South America region declined by 4 percent in 2019, totaling 27,325 mt in volume, but remained flat in value at nearly \$126 million. Exports increased to Chile, the top beef cut market in the region with strong retail demand for chuck rolls, and Colombia, where exports increased for the fourth year on emerging foodservice demand. However, this growth was offset by a 4 percent decrease to Peru, the top variety meat market in the region and the ninth largest market overall for U.S. beef variety meat exports. , U.S. beef variety meat exports to Peru were down 9 percent in 2019 as U.S. market share for products such as hearts and tripes was displaced by other suppliers to the region. But, Peru remains the third largest destination for U.S. beef livers after Egypt and South Africa, and muscle cut exports to Peru were the second highest on record in 2019 after 2012. The South American economy has been hit particularly hard by the coronavirus pandemic in the first half of 2020 and will continue to adjust to the economic fallout going forward. Strictly enforced curfews have caused issues at not only foodservice, but retail channels as well. Currency devaluation against the U.S. dollar has created additional headwinds.

	Peru	Chile
Per Capita Beef Consumption	6.1 kg	28.2 kg
Total Beef Imports (not including variety meat) – all sources	6,546 mt	254,734 mt
Total Beef Variety Meat (BVM) Imports – all sources *	18,797 mt	1,993 mt
U.S. Share of Total Beef/BVM Import Market	26%	4%
Other Beef/BVM Suppliers & Market Shares	Brazil 32%	Brazil 52%
	Argentina 23%	Paraguay 30%
	Bolivia 7%	Argentina 12%
Domestic Self Sufficiency	95%	40%
U.S. Beef Exports (not including variety meat)	1,614 mt	9,497 mt
U.S. Beef Variety Meat (BVM) Exports *	5,887 mt	1,881 mt

U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		<1%	<1%
Customers for U.S. Beef Imports	Processing	0%	0%
	HRI	25%	10%
	Retail	75%	90%
Top Imported U.S. Beef Cuts: Chuck roll, outside skirt, beef shank, picanha and short ribs			
Top Imported U.S. BVM Items: tripe, liver, heart			

2019 import and market share data is based on import data of Peru and Chile (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. \* Historical discrepancy between import data and U.S. export data.

### Market Development Strategies:

Continue to develop the market by communicating the quality, consistency and profit potential of U.S. beef across sectors, and by introducing U.S. beef value cuts and variety meats to buyers.

<b>Developing Markets</b>	<ul style="list-style-type: none"> <li>• Some consumers in Peru, Colombia and Chile are willing to pay higher prices for high-quality beef, and interest is growing in other markets.</li> <li>• There are opportunities for primal and subprimal cuts of beef and variety meat due to the variable demographics in this diverse market.</li> <li>• Many market segments are unfamiliar with U.S. beef, and inefficient handling, cold chain management and a lack of product knowledge can result in low yields and an unfavorable eating experience, which heightens safety concerns.</li> <li>• Growing interest in BVM, such as sweetbreads, in regions like Brazil, Uruguay and Colombia are presenting strong opportunities to move volumes of U.S. BVM products. However, due to labor issues on the U.S. supply side, a lack of supply for the South American market prohibits promotion of sweetbreads.</li> <li>• American Food service chains are focusing on this region, with Chili's, Hooters, Taco Bell, and Chuck-e Cheese expanding into some South America markets, presenting an established place to feature U.S. beef.</li> <li>• The HRI sector in the region is highly informal, with up to 98 percent of food establishments in Colombia not registered and only 2 percent complying with commercial food regulations. The market share of these informal establishments is 50 percent.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Competition from Argentina and Uruguay is growing as the quality from these competitor beef suppliers is improving, both in terms of product quality and product presentation.</li> <li>• Improving, yet underdeveloped infrastructure in intermediate cities challenge the distribution channel.</li> <li>• Technology-based food delivery applications as well as e-commerce channels are aggressively growing throughout the region.</li> <li>• Many market segments are unfamiliar with U.S. beef, and inefficient handling and a lack of product knowledge can result in low yields and an unfavorable eating experience.</li> <li>• Despite recent high U.S. beef prices and unfavorable exchange rates the competitiveness of U.S. product has remained strong with export volumes to the region increasing.</li> </ul>
<i>Strategic Objective</i>	Educate buyers on the quality and profit potential of U.S. beef, including value cuts and other more affordable products, and demonstrate effective merchandising of unfamiliar cuts and products.
<i>Tactical Response</i>	Provide training on proper handling and cold chain management for the HRI and retail sectors to ensure a positive eating experience with a range of U.S. beef cuts to suit any price point.
<b>Retail Development</b>	<ul style="list-style-type: none"> <li>• Retail ranges from wet markets, which are still prevalent throughout the region, to modern supermarkets and high-end meat boutiques.</li> <li>• While mainly sold in wet markets, beef variety meats can also be found in modern retail.</li> <li>• The growing middle class is spending more on premium food items, including imported beef.</li> <li>• With high meat prices, some consumers are looking to purchase smaller quantities at more affordable prices; however, high-quality beef is still a luxury item for many consumers.</li> <li>• Retail giants are slowly integrating convenience-driven concepts into their retail models, such as ecommerce services and features as well as drive-through grocery departments for added convenience. The coronavirus pandemic has added additional momentum to the move to more convenience-driven retail concepts, such as ecommerce, which is likely to remain after recovery.</li> <li>• The CVS sector plays a predominant role in consumer shopping habits, with 80% of Colombian households regularly shopping at convenience or discounter shops.</li> <li>• Informal ecommerce channels based on social media platforms are increasingly popular.</li> </ul>

<i>Strategic Objective</i>	Work with retailers to identify the U.S. origin and promote U.S. beef cuts by improving product labels and maintaining product rotation to increase consumer confidence.
<i>Tactical Response</i>	Educate retail buyers (supermarkets and wet markets) on the attributes of U.S. beef to increase the number of cuts offered, and promote alternative cuts for price-conscious consumers with recipe development, in-store tastings, etc. Ensure proper handling and highlight the profit potential of portion-control packaging.
<b>Favorable Access</b>	<ul style="list-style-type: none"> <li>• Brazil reopened to U.S. beef in 2016 after a 13-year absence; However, challenges with complex registration regulations have delayed shipments. U.S. livers, picanha, and tri-tip are in high demand, but opportunities for more cuts may exist with meat boutiques.</li> <li>• U.S. beef now has expanded access to Ecuador, Argentina, Bolivia and Uruguay, though Ecuador remains non-transparent regarding their import licensing process and informal arbitrary import quotas.</li> <li>• The removal of the EV requirement for Colombia increases eligible U.S. exporter plants to over 500, while also increasing opportunities for value-added items.</li> <li>• Dietary and nutritional labeling regulations present additional barriers for exports of value-added product to the region.</li> </ul>
<i>Strategic Objective</i>	Further build the image and visibility for U.S. beef among buyers who may be price-sensitive and need to be educated on the premium quality of U.S. beef.
<i>Tactical Response</i>	Provide training on U.S. production, safeguards, and quality, and provide promotional support to help expand sales of new U.S. beef items entering these emerging markets.

### Other Key Initiatives

- Facilitate sales by conducting activities that directly bring buyers together with U.S. suppliers, especially medium/small suppliers interested in growing exports to South America, such as the Latin American Product Showcase.
- Continue to identify U.S. suppliers willing to offer smaller packaging and partial loads to South America.
- Demonstrate to importers and purveyors how to use the latest available technologies, including procedures to freeze and thaw meats, to preserve quality and food safety.
- Present U.S. beef as a profitable item, educating buyers on affordable and available cuts that can replace local beef in traditional dishes, while enhancing flavor.
- Increase buyer awareness about U.S. beef variety meats and lower-cost alternative cuts and how to fabricate, package and promote them to increase sales.

- Strengthen the foodservice channel in Chile and other markets by working with newly identified trade partners (importers/distributors), including those outside of major metropolitan areas, to conduct joint educational and promotional activities.
- Use interactive merchandising and culinary education to drive sales in high-end foodservice, focusing on higher-graded and branded U.S. beef.
- Work with the HRI sector to promote U.S. burgers and smaller sized beef portions as a way to maintain volume sales and eating quality experience with affordable products.
- Coordinate promotions with HRI and retail partners to raise the visibility and image of U.S. beef. Introduce to foodservice novel cooking techniques, such as BBQ, to increase the ways of preparing U.S. beef and helping to promote U.S. beef's image.
- Expand activities into secondary cities, namely in Peru, with stable cold chain infrastructure in key markets throughout the region.
- Position U.S. beef liver through national promotions as a dietary solution to address nutritional challenges within the region, in particular widespread anemia.
- Introduce new marketing material in the Portuguese language targeted to consumers and the trade to educate on U.S. style cuts and cooking methods, while promoting the high-quality attributes of U.S. corn-fed beef.
- Conduct barbeque workshops targeting foodservice professionals as well as high-end consumers to promote high-quality U.S. beef and the versatility of available cuts.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 100% of targeted importers and distributors will have a favorable attitude toward U.S. beef based on information provided by USMEF.
- 93% of targeted importers and distributors will consistently source U.S. beef.
- 86% of targeted HRI outlets and chains will regularly use U.S. beef.
- 100% of targeted retailers will identify the origin of U.S. beef.
- 100% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**Tactic W**

**Tactic Name:** South America – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) Chile's restrictive beef labeling requirements;
- B) Brazil's onerous label registration process for beef products;
- C) Colombian rules which prohibit frozen meat from being thawed for sale at retail;
- D) Port issues related to dirty containers and boxes and documentation/labeling in Colombia;
- E) Ecuador's nontransparent import licensing process;
- F) Onerous product and label registration requirements in Uruguay, Argentina, and Bolivia.

USMEF strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on building alliances with importers, researchers and others, encouraging them to lobby their governments to drop unreasonable restrictions on beef

imports from the U.S., and educating government decision makers about the safety of U.S. beef.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- USMEF will present scientific evidence on the safety of U.S. beef to the region’s importers, researchers, and decision makers.
- 90% of USMEF members will report that they receive the information they need from USMEF related to market access issues.
- USMEF will collaboratively engage with key influencers within government, academia and industry in existing and potential U.S. beef export destinations within the South American region

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef’s Value Proposition
<input type="checkbox"/> Adopt animal I.D. traceability systems <input checked="" type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef’s image <input type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production technologies <input type="checkbox"/> Ensure beef’s inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage in issues <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Defend beef’s product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve our sustainability <input type="checkbox"/> Research & communicate beef’s nutritional benefits <input checked="" type="checkbox"/> Connect & communicate directly with consumers <input type="checkbox"/> Improve our product

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic X

**Tactic Name:** Taiwan- Market Development

**Tactic Description:**

*Market Assessment:*

Following a record year in 2018, U.S. beef and variety meat exports to Taiwan set yet another record in 2019, with volume up 6 percent to 63,538 mt, and value climbing 3 percent to over \$567 million. Reflective of other leading Asian markets, namely Japan and Korea, Taiwan's appetite for high-quality beef has been on the upward trajectory as consumers desire healthier and more "wholesome" choices. U.S. share of imported chilled beef in 2019 was 74 percent, down slightly from 75 percent in 2018. The U.S. surpassed Australia as the leading supplier of chilled beef in 2013, when U.S. share jumped 35 percent to 68 percent; simultaneously, Australia's share dropped 33 percent to 22 percent. U.S. beef alternative cuts thrive in this market, where price conscious buyers are willing to try new cuts while still maintaining the superior quality of U.S. beef. U.S. beef continues to hold majority market share of imported beef in Taiwan, capturing nearly 45 percent of all imported beef market share in 2019, up from 43 percent in 2018. Although only a small share of total imported beef, product from Paraguay continues to take a hold in the market as Taiwan explores trade agreements with South American countries.

Taiwan remained relatively unscathed from the 2020 Coronavirus pandemic, with a limited number of confirmed cases. Consumer traffic to retail stores remained steady, although in-store tastings were banned as a precautionary measure. Foodservice traffic was impacted as tourist traffic dropped off. In addition, Taiwanese authorities implemented social distancing measures, set a 14-day self-quarantine regulation for travelers, and temporarily banned the export of face masks. Taiwan established a health and safety protection network, and continued to optimize technological epidemic prevention, from border control to community safety management. USMEF will plan activities in 2021 with a high degree of flexibility as the market recovers from COVID-19.

Per Capita Beef Consumption	7.9 kg
Total Beef Imports (not including variety meat) – all sources	133,436 mt
Total Beef Variety Meat (BVM) Imports – all sources	8,258 mt
U.S. Share of Total Beef/BVM Import Market	45.5%
Other Beef/BVM Suppliers & Market Shares	Australia 22.5%
	New Zealand 14%

	Paraguay 10%
Domestic Self Sufficiency	4%
U.S. Beef Exports (not including variety meat)	63,510 mt
U.S. Beef Variety Meat (BVM) Exports	28 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	5%
Customers for U.S. Beef Imports	Processing 1%
	HRI 80%
	Retail 19%
Top Imported U.S. Beef Cuts: rib fingers, short plate, chuck roll, shank, BL short ribs, top blade, chuck flap tail	
Top Imported U.S. BVM Items: tendon	

2019 import and market share data is based on import data of Taiwan (from Trade Data Monitor), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

#### Market Development Strategies:

- A) Drive demand for high-valued U.S. chilled beef, capitalizing on the current trends of buyer demand for fresh and high-quality product; B) Displace competitor products by offering appropriate cut alternatives and preparation techniques suitable for a wide range of U.S. beef cuts; and C) Maintain loyalty among key buyers to defend market share, and develop new customers by demonstrating the variety, profitability, and superior quality of U.S. beef, emphasizing first and foremost the safety and supply capabilities in U.S. product.

<p><b>Growing Beef Consumption &amp; Demand for Chilled Beef Alternative Cuts</b></p>	<ul style="list-style-type: none"> <li>• Despite a strong tradition of seafood consumption, consumers are choosing less seafood due to price and sustainability concerns. Instead, consumers are turning towards other protein options to diversify their palettes. Per capita beef consumption is smaller than pork and poultry consumption; however, beef consumption has grown the fastest over the last 10 years, with 2017-2019 average per capita consumption up 59% from the 2007-2009 average for beef, while pork was up 1% and poultry was up 21%.</li> <li>• Food safety and personal health are priority concerns among consumers. High-end food products are growing in popularity among consumers, while cheap, low-quality foods are being phased out.</li> <li>• Taiwan is one of Japan's largest export markets for Wagyu, demonstrating consumers' interest in quality and willingness to pay for premium product.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Chilled beef is growing in popularity as consumers and foodservice buyers seek the best quality products. Competition among foodservice operators is driving demand for quality.</li> <li>• Foodservice operators are facing additional costs associated with changing labor laws and the decrease in foot traffic following COVID-19. As a result, these buyers are eager to incorporate less expensive cuts that still reflect the quality consumers are demanding.</li> <li>• Purchasing U.S. beef alternative cuts, both chilled and frozen, is an appealing strategy to reduce the risk of U.S. beef price increases on more popular items.</li> <li>• Popular alternative cuts that have successfully been promoted by USMEF in Taiwan include petite tender, clod heart, plate finger, rib cap plate, top sirloin cap, brisket, tri-tip, and chuck ribeye. Potential exists for flank, chuck tender, and chuck short ribs.</li> <li>• Retailers are also expressing interest in offering alternative cuts to consumers and some have started to feature/promote U.S. beef alternative cuts on their shelves.</li> </ul>
<p><i>Strategic Objective</i></p>	<p>Capitalize on growing interest in beef as a protein option to all buyers and consumers, present U.S. beef chilled product and alternative cuts as quality choices. Continue to link U.S. suppliers with new and existing buyers, showcasing a wide variety of U.S. beef options including muscle cuts, variety meats, and even processed product. Collaborate with U.S. packers to identify new alternative cuts appropriate for the market, introducing HRI and retail buyers to these options.</p>
<p><i>Tactical Response</i></p>	<p>Continue educating importers, distributors, retailers, and foodservice operators about the attributes of U.S. chilled beef as a consistent and safe product that can meet consumer demand for quality. Develop educational programs, POS material, video content, etc. to support the use of underutilized cuts, highlighting the value and quality in these options. Drive consumer interest via incorporation into social media campaigns and utilize platforms such as Facebook to educate buyers and consumers on product availability and cooking methods.</p>
<p><b>Evolving Retail</b></p>	<ul style="list-style-type: none"> <li>• Vacuum skin packaged items extend shelf life and allow retailers to add higher-priced items like tenderloin and ribeye to their shelves.</li> <li>• Consumers prefer VSP products for easy storage, improved shelf-life, better packaging, and perceived quality. However, due to the color difference between vacuum skin packaged items and tray packaged beef, consumers still need to be educated on quality characteristics.</li> <li>• Major foreign convenience store brands, such as Seven Eleven and FamilyMart, are continuing to expand in the market. FamilyMart added approximately 40 new outlets in 2019. Taiwan</li> </ul>

	<p>has over 10,000 CVS outlets, and has the second highest CVS density in the world.</p> <ul style="list-style-type: none"> <li>• Convenience stores are offering fresh products, with FamilyMart featuring items like BBQ and beef bowl.</li> <li>• FamilyMart launched SmartStore, a new AI-driven CVS format that operates fully without in-store personnel.</li> <li>• Wholesale markets, like Costco, offer U.S. chilled beef and even more frozen beef.</li> <li>• In addition to alternative cuts being added to retail shelves, consumers can find these products in newly popular meat boutiques or through vendors advertising on Facebook.</li> <li>• The fusion between retail and HRI is producing supermarket-style hot pot restaurants, where consumers can shop for their individual ingredients and can cook the items in-store. This type of set up is expanding to include yakiniku and teppanyaki.</li> </ul>
<i>Strategic Objective</i>	Integrate more U.S. beef into the Taiwan retail channel, especially more affordable alternative cuts, while building retailer confidence in U.S. beef for long-term use.
<i>Tactical Response</i>	Support willing traditional, convenience store, and meat boutique retailers with promotions, tasting demonstrations, and educational material to launch new alternative cuts and highlight U.S. origin. Announce traditional in-store events through social media, allowing more consumers to follow U.S. beef promotions.
<b>Diverse Dining Culture</b>	<ul style="list-style-type: none"> <li>• Although changed by COVID-19, a survey conducted in 2019 indicated that 33% of consumers dined out at least 4x/week. With COVID-19 shutdowns many consumers turned towards delivery services or takeout menus. However, Taiwan has a high density of restaurants and the competition is high.</li> <li>• With diverse options to choose from, consumers tend to lack loyalty to a single type of restaurant; thus, to thrive in the long-term operators must create menus that continually satisfy and intrigue consumers.</li> <li>• The number of outlets per foodservice brand is declining as consumers grow bored with repetitive options. Instead, an increasing number of brands with only a few outlets are appearing in the market.</li> <li>• Foodpanda, UberEats, Yowoo, Deliveroo are the top foodservice delivery services in Taiwan. Consumers from all generations utilize these food delivery services, including seniors who find it difficult to leave their homes.</li> <li>• Eating out is essential to social life in Taiwan. According to Euromonitor, Taiwan boasts the second highest number of foodservice transactions per capita in the world.</li> </ul>

	<ul style="list-style-type: none"> <li>• Influences from Japan, Korea, and China are extremely prevalent in this market, where the geographic proximity to other Asian destinations make Taiwan a cultural melting pot. The various cuisines available in Taiwan tend to use beef cuts with specific attributes.</li> <li>• Japanese and Korean restaurant chains, which use U.S. beef in their recipes, are expanding into Taiwan. For example, Matsuya, a popular Japanese beef bowl brand, has expanded into Taiwan, and is becoming very popular. Successful promotions or marketing strategies from other Asian markets can typically be applied to Taiwan, where Japanese, Korean, and Chinese influences are strong.</li> <li>• The Michelin Guide for Taiwan was officially released in early 2019, creating additional hype for acclaimed or critically recognized restaurants. The 2019 Michelin guide included street from the famous Taipei night market.</li> <li>• Casual steakhouses and meat bars are becoming more popular as operators prefer the high turnover and reduced staff input of this set up.</li> </ul>
<i>Strategic Objective</i>	Further integrate the delivery and takeout sectors. Target the HRI sector to find and develop suitable outlets for a range of cuts that coincide with consumer eating trends, such as top sirloin cap, brisket, rib cap plate, delmonico steak, tri-tip, etc., which are ideal for a wide variety of cooking styles, including various types of cuisine like BBQ, steak, and burgers or beef bowl.
<i>Tactical Response</i>	Identify key market players to further penetrate the delivery sector, and support U.S. beef buyers with free delivery/online promotions for foodservice operators. Introduce and educate importers and buyers to new cooking applications for alternative cuts to leverage the diverse dining culture in Taiwan. Identify emerging foodservice trends and support HRI operators with promotions and evolving consumer events to invigorate menus and further boost sales. Utilize gourmet identifiers, such as the Diamond Plus program, to help foodservice operators differentiate from the competition.
<b>Social Media and Consumer Confidence</b>	<ul style="list-style-type: none"> <li>• Consumers in Taiwan are heavy users of social media sites, such as Facebook, YouTube, or Instagram, and rely on this platform to share information and keep up on current trends.</li> <li>• Cultural standards and religion have historically minimized beef consumption in this market. However, with evolving cultural norms and the sharing of information via social networks, lingering taboos about consuming beef are disappearing rapidly.</li> <li>• More consumers are seeking fresh/healthy convenience items, though food safety is a lingering concern in general among</li> </ul>

	consumers. Improving and maintaining consumer trust through public platforms is a priority.
<i>Strategic Objective</i>	Educate importers, restaurateurs and retailers on U.S. beef production safety, and use unified messages to create a favorable image among consumers and displace competitors.
<i>Tactical Response</i>	Create content to heighten visibility for U.S. beef and educate on U.S. beef safety and quality, including videos to be shared on Facebook, while collaborating with foodservice and retail partners to highlight specific promotions featuring cuts such as tri-tip and delmonico steaks. Cooperate with restaurants using U.S. beef to develop video advertisements designed for Facebook and Youtube to increase consumer traffic and enhance the restaurant's loyalty to U.S. beef.

### Other Key Initiatives

- Continually analyze the market to identify gaps in supply within desired price ranges, and position specific cuts of U.S. beef, including chilled beef, to take advantage of these opportunities.
- Work with U.S. packers to address Taiwanese trends and capitalize on opportunities to quickly move certain cuts (e.g., currently boneless short ribs, bone-in short ribs, short plate, rib cap plate, plate finger, chuck roll, etc.) using specialized initiatives targeting importers, distributors, foodservice operators and retailers.
- Educate the foodservice sector on dry-aging for cuts beyond striploin and ribeye.
- Broaden awareness of U.S. niche beef items, including natural/organic, branded and breed-specific products.
- Capitalize on the growing number of tourists traveling to Taiwan by introducing chefs in tourist regions to the range and quality of U.S. beef cuts available.
- Target younger chefs and consumers through events and social media to promote venues/menus featuring U.S. beef, and use PR activities to highlight Taiwanese consumers accepting and enjoying U.S. beef.
- Rotate focus of building food trends with consumers to maintain buyers' interest and benefit a variety of cuisines with consumer events.
- Monitor the presence and growth of plant-based protein options in retail and foodservice.

**Measurable Objectives** *(List relevant outcome-based objectives for this tactic):*

- 69% of targeted trade accounts have a favorable attitude toward U.S. beef based on information provided by USMEF.
- 61% of targeted trade accounts that have a willingness to purchase additional U.S. beef items.
- 61% of targeted trade accounts collaborate with downstream customers to promote U.S. beef.
- 50% of targeted restaurants actively participate in and contribute to USMEF promotions to their customers.
- 50% of targeted restaurants use U.S. beef for a new menu item.
- 61% of targeted retailers stock/promote an additional alternative U.S. beef cut.
- 85% of targeted retailers actively promote the attributes of U.S. beef to their customers.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |   |  |  |  |
|---|--|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input checked="" type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input checked="" type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input checked="" type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input checked="" type="checkbox"/> Defend beef's product identity | <input checked="" type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input checked="" type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|---|--|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

## Tactic Y

**Tactic Name:** Taiwan – Market Access

**Tactic Description:**

Noteworthy market access issues include:

- A) BSE-related restrictions on imports of U.S. ground beef and variety meat from cattle under 30 months of age and all products from cattle over 30 months of age.

USMEF strategies for addressing these issues—in cooperation with U.S. industry organizations—focus on communicating information about U.S. meat safety systems, U.S. government export requirements, and U.S. production practices, and providing government authorities, opinion leaders, the media, the trade, and the general public with science-based assurances about the U.S. meat industry.

**Measurable Objectives** (*List relevant outcome-based objectives for this tactic*):

- USMEF will contribute to and support U.S. government initiatives to eliminate trade restrictive policies.
- USMEF will provide factual information about U.S. meat safety and quality to the Taiwan industry, government, and academic stakeholders.
- 92% of USMEF members will report that they receive the information they need from USMEF related to market access issues.

**LRP Strategic Initiatives Addressed by this Tactic** *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
---------------------	---------------------	------------------------------------	--------------------------

- |  |   |  |  |
|--|---|--|--|
| <input type="checkbox"/> Adopt animal I.D. traceability systems<br><input checked="" type="checkbox"/> Increase market access<br><input type="checkbox"/> Promote unique attributes of U.S. beef | <input type="checkbox"/> Ensure antibiotic stewardship<br><input type="checkbox"/> Certify & verify production practices<br><input type="checkbox"/> Ensure beef safety<br><input checked="" type="checkbox"/> Protect beef's image<br><input type="checkbox"/> Engage beef advocates | <input type="checkbox"/> Research & innovate new production technologies<br><input type="checkbox"/> Ensure beef's inclusion in dietary recommendations<br><input type="checkbox"/> Motivate producers & stakeholders to engage in issues<br><input type="checkbox"/> Develop crises management plans<br><input type="checkbox"/> Defend beef's product identity | <input type="checkbox"/> Revolutionize beef marketing & merchandising<br><input type="checkbox"/> Measure & improve our sustainability<br><input type="checkbox"/> Research & communicate beef's nutritional benefits<br><input checked="" type="checkbox"/> Connect & communicate directly with consumers<br><input type="checkbox"/> Improve our product |
|--|---|--|--|

**Committee(s) to Score this Tactic** *(Check all that apply)*

Consumer Trust	Export Growth	Innovation	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

**SUPPLEMENTAL INFORMATION FOR THIS AR**

**1. Please explain changes from FY 2020 approved AR:**

In collaboration with the U.S. beef industry, USMEF makes annual, systemic assessments of its resource allocation to each market where it conducts its programs. Key elements contributing to market evaluation include but are not limited to the current and anticipated size of a market (export volume and value), current and medium-term market access conditions and competitive environment, degree of penetration of USMEF programs, various economic factors, the cost of doing business, and the measured results of program initiatives based on the in-market analysis conducted by on-ground staff. USMEF adjusts priorities, accordingly, making recommendations proposed to the U.S. beef industry via an annual planning meeting reflective of the "Unified Export Strategy" proposed to the Foreign Agricultural Service for the following fiscal year's Market Access Program funding.

Strategy shifts as a result of new trade agreements, improved market access, COVID-19 and other factors are reflected in this AR. For example, in 2020 U.S. beef was granted a level playing field in Japan, impacting customers' willingness to partner with USMEF and promote U.S. product. This improved access ultimately shifted USMEF's strategies from "defend" to "develop" and "displace" in Japan. Similarly, the removal of retaliatory tariffs on U.S. beef in China due to the announcement of a tariff exclusion process will allow for more consistent purchasing of U.S. product, building a new foundation of U.S. beef buyers to partner with in 2021. In 2021, USMEF will increase its emphasis on the retail sector globally-historically, the majority of U.S. beef has moved through foodservice channels. Thanks to COVID-19, USMEF will be further diversifying marketing programs to extend the presence of U.S. beef among retail shelves, including more nontraditional options like ecommerce channels or mobile group buying applications. Seeing a global need for convenience, USMEF will put more emphasis on meeting needs for retail, foodservice, and consumer convenience-driven products such as portion-controlled, pre-marinated, or meal kit options. Finally, in 2021 USMEF will seek to specifically fund U.S. beef programming in Africa, where USMEF in-market representation has been expanded for more on-ground intel as well as increased capacity and geographic range for trade servicing and promotion. USMEF has been very active and focused on this market since 2014 through market analysis, monitoring, and trade servicing and has been funded enthusiastically by beef checkoff dollars as well as government funding. Given USMEF's investment in additional resources in this region, growing network of potential and active U.S. beef importers distributors and resellers, and improving trade access condition, USMEF is confident in a more aggressive strategy in the region for 2021 and beyond. As such, USMEF will begin including an Africa-specific tactic with this year's Authorization Request. Targeting Africa in its infancy as a global beef buyer will be key to the future of diversifying U.S. beef exports.

**2. List any proposed vendors/agencies that will be used to complete the work in this AR.**

USMEF's international offices present new contracts annually. These vendors are selected based on in-market needs and projects, performance in strict bidding review, the quality of materials produced, previous experience working with USMEF, target audience and other factors. Each subcontractor is cross referenced against the System for Award Management Registration for legitimacy and references.

Due to USMEF's contract bidding policy and the nature of international work, these subcontractors are pursued and selected as needed. Below is not an exhaustive list of companies that may be subcontracted to support this AR:

<b>AGENCY NAME</b>	<b>SERVICE TYPE</b>	<b>MARKET</b>
Asia People Works	Regional Consultant	ASEAN
New Shan Travel Service Ltd	Travel Agency	ASEAN
Talentnet Corp	Regional Consultant	ASEAN

Elizabeth Wunderlich	Regional Consultant	Caribbean
Lucia Ruano	Regional Consultant	Central America + DR
Saul Bueso	Regional Consultant	Central America + DR
Rachel Deng	Foodservice Consultant	China / Hong Kong
Shanghai Chuanghong Exhibition Services	PR Services	China / Hong Kong
Shanghai Fenghui	POS Material	China / Hong Kong
ZnL Cultural Consultant	POS Material	China / Hong Kong
Shanghai Youngth Advertising Co.	Search Engine Optimization	China Hong Kong
Min Xu	Regional Consultant	China/Hong Kong
Monty Brown	Meat Consultant	Europe
T2O Media	Online Marketing	Europe
Yuri Barutkin	Regional Representative	Europe
Eire Systems	IT Support	Japan
EL SOUL	Web Application Support	Japan
Image Corporation	Visual Content Production	Japan
ReKids International	Cooking Specialist, Blogger Development	Japan
SP Ring Tokyo Co.	PR Agency	Japan
Tokyu Agency	Marketing Agency	Japan
Club Demonstration Services	In-Store Promotions	Korea
Gyeonu Foods	In-Store Promotions	Korea
Hanbando	Salt Production	Korea
Korea Sauce Management Co.	Sauce Production	Korea
MixnFix	Digital Communications	Korea
Walk Company	Advertising Agency	Korea
Withm	Marketing Logistics Agency	Korea

Zestn	Marketing Logistics Agency	Korea
Alberto de Jesus Diaz Cadena	Translation Services	Mexico
Cerebro Kreativo 62	PR/Event Agency	Mexico
Impulso Comercializadora	POS Production	Mexico
ITESM	Training Services	Mexico
Litografia Gil	Printing Services	Mexico
Mercalogic	Marketing Logistics Agency	Mexico
Promo Conceptos	Marketing Logistics Agency	Mexico
Agri Marketing International	Regional Consultant	Middle East
Arab Marketing & Finance, Inc.	Regional Consultant	Middle East
Galina Kochubeeva	Regional Consultant	Russia
Jessica Julca	Regional Representative	South America
Always Marketing Taiwan	Marketing Logistics Agency	Taiwan
Inspiration Taiwan	POS Production	Taiwan
Vistagic	PR Agency	Taiwan

**3. Will all work with vendors be competitively bid?**

*No*

***If not, why not?***

Per USMEF's vendor selection process, contracts greater than \$30,000 must be competitively bid every three years. Selection will be based on qualifications and reasonableness for cost. Contracts under \$30,000 do not need to be competitively bid, but documentation demonstrating reasonableness for cost must be collected. Under specific circumstances, a contract over \$30,000 may not be competitively bid to target a specific audience or address a very specific in-market need.

**4. Please list any relationships between this AR and projects previously funded by the Operating Committee:**

As USMEF marketing strategies are designed for long-term market development, the FY21 AR is a continuation of the strategies and tactics outlined in the FY20 AR. These strategies and tactics are designed to be adjusted as market trends evolve, but are founded on trade servicing, training, education, and promotions. USMEF has been working with the Operating Committee for many years and is pleased to continue serving the U.S. beef industry.

**CBB/BPOC Funding Request:**

<b>Committee</b>	<b>Tactic</b>	<b>Tactic Name</b>	<b>Funding Source</b>	<b>Direct</b>	<b>Implementation</b>	<b>Total</b>
<i>Export Growth</i>	A	Africa MD	BPOC	\$ 90,000	\$ 46,355	\$ 136,355
<i>Export Growth</i>	B	Africa MA	BPOC	\$ 10,000	\$ 5,150	\$ 15,150
<i>Export Growth</i>	C	ASEAN MD	BPOC	\$ 146,700	\$ 64,570	\$ 211,270
<i>Export Growth</i>	D	ASEAN MA	BPOC	\$ 16,300	\$ 7,175	\$ 23,475
<i>Export Growth</i>	E	Caribbean MD	BPOC	\$ 98,280	\$ 36,160	\$ 134,440
<i>Export Growth</i>	F	Caribbean MA	BPOC	\$ 10,920	\$ 4,015	\$ 14,935
<i>Export Growth</i>	G	Central America MD	BPOC	\$ 207,450	\$ 76,320	\$ 283,770
<i>Export Growth</i>	H	Central America MA	BPOC	\$ 23,050	\$ 8,480	\$ 31,530
<i>Export Growth</i>	I	China HK MD	BPOC	\$ 373,500	\$ 186,415	\$ 559,915
<i>Export Growth</i>	J	China HK MA	BPOC	\$ 41,500	\$ 20,715	\$ 62,215
<i>Export Growth</i>	K	Europe MD	BPOC	\$ 252,000	\$ 97,680	\$ 349,680
<i>Export Growth</i>	L	Europe MA	BPOC	\$ 28,000	\$ 10,855	\$ 38,855
<i>Export Growth</i>	M	Japan MD	BPOC	\$ 1,956,843	\$ 843,060	\$ 2,799,903
<i>Export Growth</i>	N	Japan MA	BPOC	\$ 217,427	\$ 93,675	\$ 311,102
<i>Export Growth</i>	O	South Korea MD	BPOC	\$ 596,880	\$ 261,150	\$ 858,030
<i>Export Growth</i>	P	South Korea MA	BPOC	\$ 66,320	\$ 29,015	\$ 95,335
<i>Export Growth</i>	Q	Mexico MD	BPOC	\$ 630,000	\$ 254,790	\$ 884,790
<i>Export Growth</i>	R	Mexico MA	BPOC	\$ 70,000	\$ 28,310	\$ 98,310
<i>Export Growth</i>	S	Middle East MD	BPOC	\$ 380,000	\$ 139,800	\$ 519,800
<i>Export Growth</i>	T	Russia CIS MD	BPOC	\$ 78,750	\$ 28,975	\$ 107,725
<i>Export Growth</i>	U	Russia CIS MA	BPOC	\$ 8,750	\$ 3,220	\$ 11,970
<i>Export Growth</i>	V	South America MD	BPOC	\$ 157,050	\$ 57,780	\$ 214,830
<i>Export Growth</i>	W	South America MA	BPOC	\$ 17,450	\$ 6,420	\$ 23,870
<i>Export Growth</i>	X	Taiwan MD	BPOC	\$ 351,000	\$ 155,625	\$ 506,625
<i>Export Growth</i>	Y	Taiwan MA	BPOC	\$ 39,000	\$ 17,290	\$ 56,290
<b>AR Totals</b>				\$ 5,867,170	\$ 2,483,000	\$ 8,350,170

**Federation of SBCs Pledges/Other Funding Source(s): (Informational Only)**

Committee	Tactic	#REF!	#REF!	Direct	Implementation	Total
Export Growth	A	Africa MD	Federation	\$ 32,090	\$ 11,180	\$ 43,270
Export Growth	B	Africa MA	Federation	\$ 3,565	\$ 1,240	\$ 4,805
Export Growth	C	ASEAN MD	Federation USDA	\$ 225,895	\$ 15,555	\$ 241,450
Export Growth	D	ASEAN MA	Federation	\$ 4,960	\$ 1,720	\$ 6,680
Export Growth	E	Caribbean MD	Federation USDA	\$ 114,080	\$ 8,750	\$ 122,830
Export Growth	F	Caribbean MA	Federation	\$ 2,790	\$ 975	\$ 3,765
Export Growth	G	Central America MD	Federation USDA	\$ 135,415	\$ 18,465	\$ 153,880
Export Growth	H	Central America MA	Federation	\$ 5,890	\$ 2,050	\$ 7,940
Export Growth	I	China HK MD	Federation USDA	\$ 277,455	\$ 45,035	\$ 322,490
Export Growth	J	China HK MA	Federation USDA	\$ 24,365	\$ 5,000	\$ 29,365
Export Growth	K	Europe MD	Federation USDA	\$ 248,975	\$ 23,600	\$ 272,575
Export Growth	L	Europe MA	Federation	\$ 7,525	\$ 2,625	\$ 10,150
Export Growth	M	Japan MD	Federation USDA	\$ 1,800,690	\$ 203,745	\$ 2,004,435
Export Growth	N	Japan MA	Federation USDA	\$ 74,985	\$ 22,640	\$ 97,625
Export Growth	O	South Korea MD	Federation USDA	\$ 663,905	\$ 63,125	\$ 727,030
Export Growth	P	South Korea MA	Federation USDA	\$ 25,135	\$ 7,015	\$ 32,150
Export Growth	Q	Mexico MD	Federation USDA	\$ 417,270	\$ 61,560	\$ 478,830
Export Growth	R	Mexico MA	Federation	\$ 19,635	\$ 6,840	\$ 26,475
Export Growth	S	Middle East MD	Federation USDA	\$ 287,685	\$ 33,780	\$ 321,465
Export Growth	T	Russia CIS MD	Federation USDA	\$ 204,850	\$ 13,985	\$ 218,835
Export Growth	U	Russia CIS MA	Federation	\$ 4,460	\$ 1,555	\$ 6,015
Export Growth	V	South America MD	Federation USDA	\$ 95,940	\$ 7,020	\$ 102,960
Export Growth	W	South America MA	Federation	\$ 2,240	\$ 780	\$ 3,020
Export Growth	X	Taiwan MD	Federation USDA	\$ 318,785	\$ 37,585	\$ 356,370
Export Growth	Y	Taiwan MA	Federation	\$ 11,990	\$ 4,175	\$ 16,165
<b>AR Totals</b>				\$ 5,010,575	\$ 600,000	\$ 5,610,575

**Summary of Prior Year AR Budgets and Expenses:**

Summary of Prior Year Budget:	FY 2020 Approved Budgets						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Totals	\$ 8,279,846	\$ 1,443,000	\$ 4,022,550	\$ 13,745,396	\$ 10,897,721	\$ 2,847,675	\$ 13,745,396

FY 2020 Actual Expenses (through June 30, 2020)	FY 2020 Approved Budgets						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Totals	\$ 4,435,864	\$ 490,990	\$ 3,356,488	\$ 8,283,342	\$ 6,208,600	\$ 2,074,742	\$ 8,283,342

**Historical Summary of Budgets and Expenses: (includes all funding sources listed in original AR)**

	Total Approved Budgets			Total Actual Expenses		
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017
AR Totals	\$ 12,257,195	\$ 12,719,585	\$ 14,372,073	\$ 14,117,499	\$ 13,407,403	\$ 14,555,555