

U.S. Meat Export Federation

AR# 2440-FM

AR Title: International Market Development & Access

AR Purpose and 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 both market access and market development strategic objectives. Market access initiatives are an inherent part of market development; that is, market development requires access and availability in a market. USMEF's global staff monitors and manages the impact of government requirements and attributes, consumer issues, and non-science-based regulations that limit or restrict U.S. beef exports and shares this information with the appropriate U.S. agencies and exporting entities. USMEF prioritizes issues that are likely to have the greatest impact on exports. USMEF's market development initiatives require a certain level of access to a market. These initiatives develop 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. USMEF focuses on opportunities to utilize a wide range of cuts, bringing value to an entire beef 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 which are further described in this AR. For sustained growth and expansion, markets may require different levels of 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 may elect to limit trade teams based on the origin market’s infection status and COVID-19 protocols. 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 free delivery campaigns, livestreaming events, 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, a description of current market conditions including key trends influencing the export marketing strategies for countries or regions covered by USMEF is provided as well as key market access information. These descriptions are not exhaustive and remain fluid as a market evolves and changes.

CBB Budget Category: Foreign Marketing

Start Date: 10/1/2023

End Date: 9/30/2024

| FY24 CBB/BPOC Funding Request | | |
|-------------------------------|----------------|----------------|
| Direct Costs | Implementation | Total |
| \$5,950,000.00 | \$2,200,000.00 | \$8,150,000.00 |

Beef Industry Long Range Plan (LRP) Core Strategies Addressed by this AR:

- Drive Growth in Beef Exports

AR Tactic(s)

Tactic A | 2440-FM

Africa

U.S. Meat Export Federation

Tactic Description:

MARKET ASSESSMENT

According to the World Bank, the largest relative population growth since the 1960's has taken place in Sub-Saharan Africa where the population exploded from 227 million (1960) to 1.34 billion in 2020, nearly a five-fold increase. Estimates vary, but Sub-Saharan Africa's population is expected to grow ten-fold from 1960 to 2050, a projected 2.2 billion people. By these projections, Sub-Saharan Africa's share of the world population has grown from 7% (1960) to 14% (2018) and could reach 23% by 2050. Globally, almost 1 in 4 people will be Sub-Saharan African in 2050 if these projections hold true.

According to the African Development Bank, Africa is set to outperform the rest of the world in economic growth over the next two years, with real GDP averaging around 4% in both 2023 and 2024, compared to global averages of 2.7% and 3.2% respectively. The International Monetary Fund (IMF) estimates that Sub-Saharan African GDP grew by 3.7% in 2021 and this outlook slightly increased to 3.8% in 2022. Despite the COVID-induced recession, longer term trends are positive, with per capita GDP growth projected to double in Sub-Saharan Africa by 2050. This economic growth is fueling an emerging African middle class that has disposable income and a demand for imported goods.

A Deloitte consumer review of Africa has identified the continent's economy as supportive of an emerging middle class that will drive consumer demand. In their view, this growth is fragile but promising and is dependent on five pillars: rising middle class, exponential population growth, the dominance of youth, rapid urbanization, and the adoption of digital technologies. These factors combine to indicate increasing demand for higher quality animal protein.

Despite long-term optimism, obstacles for increasing U.S. beef exports persist, such as underdeveloped infrastructure and cold chain, political instability and corruption, and deficiencies in energy production in certain regions, particularly South Africa. Furthermore, 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, while others such as Ghana are not oil dependent and thus exhibit more stability.

The Republic of South Africa is the primary destination for U.S. beef variety meats in the Sub-Saharan region of Africa, with Angola, Gabon, and Cote d'Ivoire also notable beef variety meat markets. Export volumes in 2022 were hampered by a number of factors, including inflation, extremely high freight costs, as well as economic effects resulting from rolling blackouts, damage caused to infrastructure due to extensive flooding and riots caused by social unrest. Beef variety meat export volumes to Africa decreased by 27% in 2022 with value falling by 18%. South Africa was again the second largest destination for U.S. beef livers, and the largest for kidneys in 2022. However, with the worsening devaluation of the Egyptian pound moving into the second half of 2023, U.S. liver export volumes could substantially shift to other international markets, including those in Africa. With a strong tradition of meat consumption and grilling, South Africa also has significant long-term potential for middle meats and secondary cuts. Due to the vast differences between domestic beef and U.S. beef, in terms of age of slaughter, feeding, and genetics, education is paramount for capitalizing on this long-term potential. The South African economy is expected to continue to struggle with very high levels of unemployment, likely increasing food insecurity within Africa and increasing demand for inexpensive protein sources such as beef variety meats and will continue to underpin opportunities for beef variety meats in the region.

U.S. beef gained access to Morocco in 2018 through the U.S.-Morocco Free Trade Agreement. There are opportunities for both Prime and Choice beef cuts and variety meats to the market; however, volumes have been limited by access conditions. Other markets such as Nigeria, Ghana, Benin, Angola, Ghana, Gabon, Cote d'Ivoire and Senegal present long-term potential, assuming favorable access is granted for U.S. meat products. U.S. sausages and similar processed items gained access to the Nigerian market in early 2022. A potential U.S.-Kenya Free Trade Agreement would provide new opportunities for U.S. beef in a dynamic East African market. Beef is the second-most consumed protein, excluding fish, after poultry in sub-Saharan Africa.

In 2022, exports of U.S. beef plus variety meat to the African region were 13,831 mt, a decrease of 27% over 2021 levels. Value fell by only 8% to \$21 million.

South Africa

- Per Capita Beef Consumption: 15.9 kg
- Total Beef Imports (Not Including Variety Meats) - All Sources: 3,223 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 30,492 mt
- U.S. Share of Total Beef/BVM Import Market: 18%
- Other Beef/BVM Suppliers & Market Shares: EU-27 25%, UK 14%, Argentina 14%
- Domestic Self Sufficiency: 104%
- U.S. Beef Exports (Not Including Variety Meat): 122 mt
- U.S. Beef Variety Meat (BVM) Exports: 7,624 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 9%, HRI 1%, Retail 90%

Angola

- Per Capita Beef Consumption: 3.5 kg
- Total Beef Imports (Not Including Variety Meats) - All Sources: 13,468 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 12,722 mt
- U.S. Share of Total Beef/BVM Import Market: 6%
- Other Beef/BVM Suppliers & Market Shares: Brazil 27%, EU-27 26%, Argentina 11%
- Domestic Self Sufficiency: 83%
- U.S. Beef Exports (Not Including Variety Meat): 130 mt
- U.S. Beef Variety Meat (BVM) Exports: 1,429 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 10%, HRI 5%, Retail 85%

Top Imported U.S. Beef Cuts: Prime and Choice steak whole muscle cuts, middle meats, rib and chuck items, in-house graded steak programs (no roll)

Top Imported U.S. BVM Items: Livers (cut and sliced for retail), kidneys, hearts, tongue, tongue roots, tripe fat

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 heat treated product accessed for South Africa; c) no access for red meat to Nigeria and Namibia; and d) limited information on import requirements for African countries not listed in the FSIS Export Library.

Market Strategy

Focus on introducing U.S. beef to key market players and elevate the image and reputation of U.S. beef by a) Supporting supply chain development on both beef variety meats as well as beef muscle cuts by bringing buyer and seller together and facilitating commercial relationships; b) Building relationships with key representatives of the trade; c) Educating buyers from all sectors and increasing exposure to high-quality product while demonstrating the consistency and reliability in U.S. suppliers; d) Identifying and responding to challenges in the market, while positioning U.S. beef as a stable protein source able to meet the dynamic needs of the market; e) Sampling and education in the correct channels to help catalyze trade.

Population Growth and Urbanization

- 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% of the global population.
- Africa's population is the fastest growing globally, posting expected annual growth of 3% until 2030, well above the world average.
- Africa's population is young. According to Euromonitor, as of 2021, the median age in sub-Saharan Africa is only 18.7 years old. Sub-Saharan African countries are the main drivers for this growing young population as North African countries age more rapidly.

- Urbanization is increasing. As of 2021, 42% of the Sub-Saharan African population lives in urban areas. Urbanization growth will continue to improve cold chain infrastructure and increase demand for animal proteins.
- Africa is expected to lead in disposable income, with the strongest growth globally by 2030, according to a Euromonitor report.
- **Strategic Objective:** 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.
- **Tactical Response:** Foster connections between importers and U.S. suppliers to help build a higher degree of trust and confidence within the supply chain. As allowed, 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. Create a library of video content aimed at educating U.S. suppliers about African importers and the opportunities that currently exist.

Modernizing Retail

- Retail is still dominated by traditional markets with little to no cold chain infrastructure; although South Africa, Namibia, Botswana, Lesotho, eSwatini, Zimbabwe, Zambia and Angola are the outliers with a steady modern retail sector. Ghana, Senegal, Nigeria, The Gambia, Cote d'Ivoire, and Gabon are all developing in this space.
- Cultural traditions encourage consumers to continue shopping at wet markets. Variety meats are popular in wet markets.
- Major international retailers, such as Walmart and Carrefour, have already entered the market in South Africa and Kenya.
- The Shoprite retail network is the largest chain of supermarkets that reach a wide range of consumers and is the largest employer in the region.
- Further consolidation of players within the modern retail segment has been noted in early 2023. Most consumers are still price-sensitive, despite growth in the middle class.
- **Strategic Objective:** Identify new market segments appropriate for U.S. beef meats and expand awareness among buyers with direct communication and technical support.
- **Tactical Response:** Continue to develop retail partnerships in major outlets such as Shoprite and OBC to drive volumes of U.S. beef exports. Foster connections between importers and U.S. suppliers to help build a higher degree of trust and confidence within the supply chain. Focus on trade servicing to address market challenges and develop new business by involving target accounts in educational in-market seminars. National Television Advertising in RSA, initiating Media advertising in Angola and Gabon.

Meat Culture

- South Africans have a strong tradition of grilling meats that is part of their social fabric.
- Though the majority of the population is price-sensitive, consumers span a diverse range of economic classes. Variety meats are highly sought-after sources of protein with strong connections to local cuisines.
- Domestic beef is generally very lean and characterized by very low marbling.
- Many meat importers and distributors in South Africa in particular, are well-established, technologically advanced operations representing a low credit risk for U.S. suppliers.
- **Strategic Objective:** Educate both importers as well as end-users on the unique attributes of U.S. beef, and the variety of product available that meets the requirements of both discerning and price-sensitive consumers.
- **Tactical Response:** Focus on sampling programs and introduce muscle cuts of U.S. beef directly to the African trade. In addition, conduct educational seminars that promote highly marbled, ungraded middle meats for reaching higher-end segments of consumers, while focusing on developing both retail and foodservice channels for U.S. beef variety meats for larger segments of consumers. Utilize the “Meating Room” – a test kitchen for RSA trade, hotel, and restaurant clientele- to educate and create awareness of the quality gap between South African grass-fed and US grain-fed beef. In addition, ensure more active two-way communication between importers and suppliers to increase the frequency and number of offers. Focus on nutritional value of variety meats to meet protein deficiencies.

Processor Opportunities

- Demand for shelf-stable and canned products is growing at retail due to lack of cold chain infrastructure. Sausages and minced meats are notably popular in Ghana and Nigeria.
- Competition for processing raw material is high as cheaper, lower-quality products from suppliers like India are already present in the markets.
- Opportunities for utilizing head meat in burger patty recipes represent significant opportunity for increased volumes of U.S. beef at retail.
- U.S. beef short ribs are currently being sampled by a leading South African processor and retailer.
- Strategic Objective: Support processors with technical workshops, seminars, sampling and downstream promotions to build demand for products made with U.S. red meat raw materials.
- Tactical Response: Analyze import data to further define channels of trade and identify opportunities for incremental exports of U.S. beef. 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. red meat raw materials. Support processors with sampling programs to trial U.S. product and gauge opportunity. Continue development of a library of video content aimed at educating U.S. suppliers about African importers and the opportunities that currently exist.

Other Key Initiatives

- Establish a presence for U.S. red meat in the market with consistent and customized trainings for importers interested in U.S. product.
- Introduce U.S. beef variety meats and underutilized cuts to the informal “shisa nyama”, or grilling restaurants, that are popular among locals in settlements throughout South Africa, Mozambique, eSwatini, Lesotho, and Zimbabwe. Training these venue owners on delicious ways to present beef variety meats to their customers emphasizes the importance of these foods in the diet and increases the groundswell demand for the product through existing channels.
- Increase the visibility of U.S. beef within the region by partnering with importers to wrap tractor trailers and delivery vehicles with U.S. beef promotional messages and imagery.
- Identify opportunities with processors for U.S. red meats to fulfill volume and value requirements and displace competition. Demonstrate to these processors the quality and reliability of U.S. beef.
- Organize reverse trade teams to bring U.S. suppliers to the region to meet with potential buyers and discuss business opportunities.
- Create a library of videos that highlight meat importers within the region. Feature these videos at tradeshows, trainings, and online platforms as appropriate to increase visibility for U.S. beef buyers.
- Develop the USMEF Africa online presence and social media community to engage trade partners, importers, and consumers who may be unfamiliar with 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 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. Also encourage U.S. Beef to form a part of Hotel School syllabus for young Chefs e.g., 1000 Hills Chef School.
- Increase awareness of U.S. beef to meat enthusiasts by positioning U.S. beef on popular grilling programming that airs to wide audiences through cable TV and streaming services.
- Develop a U.S. Meat Truck that can be used as a mobile advertising platform to conduct both consumer and trade facing tasting events and seminars.
- Utilize advertising opportunities through sporting publications, in particular rugby, to reach large numbers of consumers interested in grilling while associating U.S. beef with active lifestyles.

Citations:

2022 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

Measurable Objectives

Measurable Objective #1

70% of targeted importers/distributors will report that they understand the supply/quality/value relationships of U.S. beef based on information provided by USMEF.

Measurable Objective #2

84% of targeted HRI distributors will promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.

Measurable Objective #3

67% of targeted retailers will report that they understand proper cold chain management, handling, and merchandising of U.S. beef.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic:

International Marketing

Tactic Description:

Market Assessment

In 2022, exports of U.S. beef plus variety meat to the ASEAN region jumped 20% in volume to 62,252 mt, with value up 56% to just under \$450 million. The Philippines, Indonesia, and Vietnam remain the three leading export destinations for U.S. beef. U.S. beef has achieved widespread growth in the region. In 2022 exports set an annual record in the Philippines, Singapore and Cambodia. U.S. beef is also exported to Malaysia although in very small volumes.

Demand for grain-fed beef continues to grow in the Philippines as reflected in record large U.S. beef exports despite the weaker peso, inflationary pressures, and a tariff disadvantage compared to Australian beef. Exports were up 81%, reaching 24,347 mt valued at \$161.3 million, up 119% from the year prior. U.S. beef variety meat exports to the Philippines nearly doubled in 2022, to 5,660 mt and exports of muscle cuts increased by 77% to 18,685 mt. Meanwhile, Australian exports of grain-fed beef to the Philippines slowed nearly 41% to 4,290 mt, the lowest in three years. Rebounding tourism and a proliferation of affordable steakhouses and Japanese and Korean BBQ outlets throughout the Philippines will continue to fuel robust demand for U.S. beef.

Total U.S. beef exports to Indonesia were down 22% in 2022 at 21,079 mt; however, exports of U.S. beef cuts held close to 2021 levels (14,300 mt) while variety meat volume declined by 45%. Competition from Indian buffalo and Brazilian beef suppliers continues to pressure Australian grass-fed supplies; however, Australia's exports of grain-fed beef to Indonesia eased by 7% to 2,290 mt after increasing by 130% in 2021. U.S. exporters will find unmet demand for grain-fed beef and grain-fed marketing programs. USMEF understands there are still a number of market access barriers in play, including de facto import quotas, import licenses, a new certificate of authenticity, and likely new halal barriers coming as well. Many U.S. establishments continue to wait for critical audits and approvals to be added to the Indonesia plant list. Access will require continued engagement to prevent new barriers (like COAs) and to finally receive approval for additional U.S. plants.

Vietnam's reopening in early 2022 contributed to the increase in U.S. beef exports, to help meet the growing foodservice demand. Most consumers in Vietnam rely heavily on traditional markets where Indian buffalo meat is frequently purchased. However, India's buffalo exports to Vietnam remained dramatically lower than earlier years. Meanwhile, Australia's exports of live cattle to Vietnam dropped again in 2022, down 67% to 56,000 head, a fraction of the 300,000 head exported in 2020. The U.S. and Australia are leading suppliers of beef for modern retail and upscale foodservice establishments, although Australia's exports to Vietnam are still mostly grass-fed, with their grain-fed exports totaling just 1,466 mt. Although U.S. beef has been gaining more space in the frozen section at retail, U.S. beef still faces a significant tariff disadvantage vs. Australia and Canada. Finally, improvements to logistics infrastructure throughout Vietnam would greatly benefit meat distribution.

Indonesia

- Per Capita Beef Consumption: 2.7 kg
- Total Beef Imports (Not Including Variety Meats) - All Sources: 228,791 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 58,744 mt
- U.S. Share of Total Beef/BVM Import Market: 7%
- Other Beef/BVM Suppliers & Market Shares: Australia 42%, India 37%, Brazil 7%
- Domestic Self Sufficiency: 50%
- U.S. Beef Variety Meat (BVM) Exports: 6,768 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 1%
- Customers for U.S. Beef Imports: Processing 15%, HRI 60%, Retail 25%

Philippines

- Per Capita Beef Consumption: 3.8 kg
- Total Beef Imports (Not Including Variety Meats) - All Sources:
- 79,709 mt Total Beef Variety Meat (BVM) Imports - All Sources: 11,003 mt

- U.S. Share of Total Beef/BVM Import Market: 10%
- Other Beef/BVM Suppliers & Market Shares: Brazil 34%, India 25%, Australia 13%
- Domestic Self Sufficiency: 42%
- U.S. Beef Exports (Not Including Variety Meat): 18,685 mt
- U.S. Beef Variety Meat (BVM) Exports: 5,662 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 2%
- Customers for U.S. Beef Imports: Processing 25%, HRI 55%, Retail 20%

Vietnam

- Per Capita Beef Consumption: 3.3 kg*
- Total Beef Imports (Not Including Variety Meats) - All Sources: 189,252 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 25,792mt
- U.S. Share of Total Beef/BVM Import Market: 5%
- Other Beef/BVM Suppliers & Market Shares: India 72%, Australia 12%, Canada 7%
- Domestic Self Sufficiency: 55%
- U.S. Beef Exports (Not Including Variety Meat): 10,412 mt
- U.S. Beef Variety Meat (BVM) Exports: 340 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 5%, HRI 60%, Retail 35%

Top Imported U.S. Beef Cuts: Short plate, middle meats, rib and chuck items, some thin meats

Top Imported U.S. BVM Items: livers, kidneys, hearts, tongue, tripe tendon

Market Access Issues include a) Vietnam's non-transparent import requirements for "white offal," and onerous plant registration process; b) Indonesia's plant-by-plant application and requirement for on-site audits for plant approval; c) Malaysia's strict plant-by-plant halal approvals; d) Thailand's zero tolerance on residues of ractopamine and heat-treatment requirements; e) Thailand's restrictions on access for beef offal; f) Tariff disadvantages in Vietnam, and high import tariffs in the Philippines and Thailand; and g) other non-science-based barriers throughout the region.

Market Strategy

Traditional Markets, Modern Retail & Ecommerce

- U.S. beef and Australian beef can be found at modern grocery outlets, although many consumers in the region still shop at traditional wet markets where cold chain management is limited.
- Street vendors and small restaurants are the largest purchasers of wet market beef in Indonesia, Cambodia, and Vietnam.
- Thin-sliced product is popular among consumers in this region. Frozen beef is easier to slice, making it a preferred option over chilled for importers and retailers. U.S. beef is taking up more space in the frozen section at modern retail outlets.
- Consumers in the ASEAN are frequent mall-goers with a preference for visiting malls as a social outing, including dining out. Many residential areas in the Philippines are in close proximity to large malls and in-person shopping remains a favorite pastime of many consumers.
- A large base of middle class consumers in Indonesia shop at upscale supermarkets where U.S. beef takes approximately 11% of the beef case.
- Warehouse and member club retail formats are performing exceptionally well, taking after trends seen in other markets in Asia. S&R is the leading membership retailer in the Philippines with 22 branches nationwide and plans for further expansion.
- Expansion of foreign retailers familiar with U.S. beef such as Aeon (Japan), Don Don Donki (Japan), Fujimart (Japan), Lottemart (Korea), GS25 (Korea), and others present opportunities to further penetrate the retail sector.
- Importer/processor retail micro-hubs are becoming popular in the Philippines and are an opportunity to train buyers on U.S. beef attributes and best handling practices.

- Consumers are open to new retail channels including live commerce, grocery delivery, etc. Many consumers in Vietnam utilize mobile apps to order food (grocery and takeout) at least once per week. However, food and beverage purchases tend to be less popular on ecommerce platforms compared to other consumer goods. This is an unsaturated segment with room for growth.
- **Strategic Objective:** Work with importers and distributors to provide merchandising assistance to retailers, helping to promote appropriate meat handling practices (e.g., make frozen meat and the freezer case more attractive). Improve availability and visibility of U.S. product on online and offline channels.
- **Tactical Response:** Team up with the trade to enhance U.S. beef's retail presence at modern outlets through coordination and collaboration with suppliers and retailers, and offer more point-of-sale activities. Include the use of nutritionists, chefs, and consumer-oriented cooking/tasting demos where permitted. Utilize customized tactics for each retailer focusing on corn-fed U.S. beef including tray pack sauces, specialized recipe cards, and other tailored POS material.

Evolving Consumer Preferences & Convenience Products

- 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. In general, imported meat from the U.S. has a good reputation among consumers.
- "Tenderness" is a top searched word related to beef from consumers in Vietnam. Other suppliers in the market are not marketing "tenderness" for beef.
- Young consumers value and recognize meat from the U.S. as premium and superior quality. U.S. beef is also well-trusted as a safe product.
- Consumers are seeking convenience in product selection. Drivers include aging populations, economic growth and longer working hours, and reduced willingness to spend time cooking. Importers are creating their own ready-to-heat, meal kit, and other convenience-item options to diversify channels.
- Innovative packaging of meat-based ready meals or even frozen meat products could make distribution via kiosks and vending machines a reality for SE Asia.
- Consumers in Indonesia prefer smaller packages for processed meats that are meant to be purchased more frequently.
- Some large quick-serve foodservice chains, like Yoshinoya, are developing retail-level products to diversify revenue and appeal to consumers' needs for convenience.
- 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.
- Convenience stores expanding in the region are likely to add outlets in suburban areas and second or third-tier cities to reduce competition. Venue diversification remains key.
- 7-Eleven will invest in opening nearly 300 additional stores in the Philippines. In 2021, 7-Eleven opened 164 new stores in the Philippines bringing their total number of outlets on the islands to 3,241 as of 2022.
- **Strategic Objective:** Identify opportunities for U.S. beef to meet growing demand for processed convenience products, such as ready meals, and work with importers and processors to expand usage of U.S. beef raw material. Additionally, identify opportunities to improve packaging to meet consumer demand for efficient storage.
- **Tactical Response:** Team up with the trade and processors to enhance U.S. beef's retail presence in convenience products such as frozen ready meals, ready-to-heat items, meal kits, hot meals served at convenience stores, etc. and offer training and promotional support to enhance sales of these items. Highlight premium raw material in items using U.S. beef. Use influencers and promotions to educate consumers on the U.S. beef grading system and quality marbling attributes unique to U.S. cornfed product.

Foodservice Rebounds

- Prior to COVID-19, strong tourism growth was a main driver fueling demand for quality in the HRI sector. A resurgence in tourism will continue to push demand for U.S. beef among foodservice operators.
- According to Euromonitor, Singapore is expected to have the highest share of home delivery out of total foodservice globally at 28% in 2026, followed by China (23%), and Thailand (22%).
- Ethnic flavors remain popular throughout the region. Hotpot, tonkatsu, Korean BBQ, beef bowl and other Asian cuisines continue to perform well in this region.
- Affordable steakhouse trends are surging in the region, creating opportunities for U.S. beef.

- Street food options, especially in Vietnam, are popular among busy consumers despite lack of safety monitoring. These informal road-side restaurants in the Philippines, called carinderias, are a popular meal option among locals.
- International restaurant brands are popular with consumers who look to these brands for quality and status.
- Labor shortages, especially in Singapore, are forcing foodservice operators to utilize more value-added products and alternative cuts to reduce in-house costs.
- Cloud kitchens that are responsible for the preparation or partial-preparation of menu items for delivery, takeaway, and dine-in orders will continue to remain influential in the foodservice arena, especially as operators continue to face challenges such as labor shortages, small venues, etc.
- Lack of infrastructure and education continues to limit beef growth in this region; however, as consumers become more health conscious, local foodservice operators will adhere to more modern health standards and improve their handling practices.
- **Strategic Objective:** Keep foodservice operators engaged with U.S. beef, presenting options such as alternative cuts to help reduce raw material costs and adapt menus. Leverage the affordable steak and Japanese/Korean BBQ trends to promote U.S. beef to importers. Continue to demonstrate support and flexibility to U.S. beef partners within each market. Target key food distributors, chefs, purchasing managers and restaurant owners to address company-specific opportunities and challenges.
- **Tactical Response:** Support foodservice operators with promotional material to drive consumer traffic and maintain demand for U.S. beef. Utilize social media, delivery platform applications, and banner ads to introduce menu promotions to consumers. Conduct seminars and other activities like chef competitions to teach foodservice end-users, including carinderia owners, about the profitability of underutilized U.S. beef cuts and demonstrate innovative cooking options for items such as hanging tender, short plate, heel muscle, and rib fingers. Work with student chefs to introduce the attributes of U.S. beef and continue to build a buyer base among culinary professionals. Partner with culinary schools to build a reputation among students who can later become U.S. beef ambassadors.

Social Media and Mobile Commerce

- With 212 million internet users out of the 276 million people in Indonesia, internet and social media marketing is a key advertising tool to reach consumers.
- Top social media platforms in the region include WhatsApp, Instagram, Facebook, and YouTube; however as seen across the globe, short-form video app TikTok is gaining popularity.
- Major social media platforms have integrated ecommerce capabilities into mobile apps, fueling growth of social commerce (ecommerce sales made through social media platforms).
- Factors that drive consumers shopping for grocery items on social commerce to purchase include convenience, niche product availability, and personal recommendations by friends and family.
- Some importers previously servicing the foodservice sector have diversified and added direct-to-consumer retail utilizing social media to reach consumers.
- **Strategic Objective:** Develop a social media presence for USMEF and the U.S. beef industry for consumers to find information about production, quality attributes, recipes, and local promotions. Utilize social media to expand U.S. buyers' reach to downstream customers, build a brand image, and highlight the attributes of U.S. product.
- **Tactical Response:** Integrate more consumer-oriented marketing, like live-streamed recipe videos on social media, to reach consumers in this tech-heavy environment. Use YouTube and short videos to teach consumers how to use specific cuts or to create demand for U.S. beef with the support of local KOLs. Support U.S. beef importers to reach consumers on new retail channels including social media networks, ecommerce platforms, and livestreaming shopping events.

Other Key Initiatives

- Promote U.S. beef alternative cuts such as hanging tender, inside round and knuckle to U.S. beef buyers searching for additional options in the wake of rising beef prices.
- Engage with consumers directly via social media campaigns, livestreamed recipe videos, consumer events, educational booths, etc. to drive awareness of U.S. beef and position the U.S. as a safe and trustworthy protein supplier.
- Explore the untapped market opportunities in Laos, Cambodia, Brunei, and Myanmar with initial trade servicing to gather information on current market needs.
- 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. Seek out opportunities to promote other variety meats, such as tripe and tendon in traditional or local recipes.
- Explore expanded use of sirloin and round cuts. Increase the market for >30-month and no-roll items.
- 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.
- Monitor the presence of plant-based alternative meats debuting in markets such as Singapore and Malaysia where these products are growing in popularity in both retail and foodservice

Citations:

*2022 import and market share data is based on import data of Indonesia and the Philippines (from TDM) and reported exports to Vietnam (excluding from HK). U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. *Vietnam's per capita consumption reflects assumptions on trans-shipments.*

Measurable Objectives

Measurable Objective #1

93% of targeted trade accounts will report that they understand the profit potential of and have a favorable attitude towards U.S. beef based on information provided by USMEF.

Measurable Objective #2

94% of targeted HRI accounts will report that they understand the unique quality and profit potential of U.S. beef compared to competing products based on information provided by USMEF.

Measurable Objective #3

95% of targeted HRI accounts will regularly feature/promote U.S. beef on their menus.

Measurable Objective #4:

100% of targeted retail accounts will report that they understand the quality attributes of U.S. beef based on information provided by USMEF.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

Total U.S. beef exports to the Caribbean (not including the Dominican Republic) in 2022 were up 11.5% to 19,150 mt valued at \$141.6 million (up 25.5%), despite continued shipping delays and logistical issues. Exports were record-large to the Leeward-Windward Islands and Trinidad and Tobago, and trended higher year-over-year to the Bahamas, Netherland Antilles, and Barbados. Exports to Jamaica declined slightly in volume but value jumped more than 40% to \$23.6 million. Buyers in the region typically purchase small volumes, and additional support is needed from traders or purveyors for consolidated loads. In the long-term, improvements in market access, particularly to Belize, French West Indies, and potentially Cuba, present additional opportunities for U.S. product.

Traditionally, U.S. beef exports to the Caribbean region have been driven by tourism and the demand for high-quality among the foodservice sector. The COVID-19 pandemic, at its height, caused a near-total decline in tourism within much of the region. Many hotels and resorts were at a severely limited capacity, converted to COVID “hospitals”, or closed completely. This provided an opportunity and urgency to engage the retail sector with U.S. beef promotions at the point of sale, as well as consumer-focused marketing campaigns that highlighted the versatility, quality and affordability of U.S. beef alternative cuts. However, through most of 2022, COVID-19-related restrictions for travel and foodservice had been drastically relaxed or eliminated altogether and pent-up demand for travel and high-end dining experiences boosted interest in U.S. beef, despite higher prices and supply issues. By the end of the high-season for tourism in the Caribbean region, which generally runs through mid-April, hotels were nearly at capacity, matching 2019’s pre-pandemic levels. However, while tourism has returned to the Caribbean, businesses continue to experience challenges related to the availability of skilled and experienced labor. This has placed a renewed emphasis on the importance of training new staff on the quality and versatility of U.S. beef, including the value in portion-control.

The Caribbean region is extremely diverse in culture as well as consumer and culinary tradition. While 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. For those islands where U.S. frozen beef is sold through the retail channel, it is mainly available as portion-controlled steaks and burgers or as variety meats like oxtail, feet, livers and kidneys. Locals tend to be price sensitive, and renewed quality imaging is needed to support high beef prices.

Bahamas

- Per Capita Beef Consumption: 13.2 kg *
- Total Beef Imports (not including variety meats) - all sources: 3,838 mt
- Total Variety Meat Imports (all sources): 308 mt
- Total Variety Meat Imports (all sources): 308 mt
- U.S. Share of Total Pork/PVM Import Market: 75%
- Other Beef / BVM Suppliers & Market Shares: Brazil 22.5%, Paraguay 2%, Turkey <1%
- Domestic Self Sufficiency: <1%*
- U.S. Beef Exports (not including variety meats): 2,952 mt
- U.S. Beef Variety Meats (BVM) Exports: 147 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/ BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing <1%, HRI 69%, Retail 30%

Jamaica

- Per Capita Beef Consumption: 6.0 kg *
- Total Beef Imports (not including variety meats) - all sources: 7,814 mt
- Total Variety Meat Imports (all sources): 5,280 mt
- U.S. Share of Total Pork/PVM Import Market: 36%

- Other Beef / BVM Suppliers & Market Shares: EU-27 24% (Ireland 8%), Brazil 14%, Costa Rica 10%
- Domestic Self Sufficiency: 39%*
- U.S. Beef Exports (not including variety meats): 1,951 mt
- U.S. Beef Variety Meats (BVM) Exports: 2,805 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/ BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 60%, HRI 15%, Retail 25%

Top Imported U.S. Beef Cuts: top sirloin, inside round, strip loin, rib eye, ground beef, tenderloin, short ribs

Top Imported U.S. BVM Items: liver, kidney, feet, oxtail

Market Access Issues include a) Jamaica's excessively high import duties on U.S. beef cuts with cumulative duties of a 40% ad valorem duty, 33% additional stamp duty, and 15% general consumption tax.

MARKET STRATEGY:

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 an excellent 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) Support foodservice sector development boosted by tourism while leveraging momentum at retail for high- quality and affordable meat options for Caribbean consumers.

Recovering Tourism and the Foodservice Sector

- Tourist arrivals to the region may very well surpass pre-pandemic levels in 2023 as pent-up demand for travel continues to fuel robust recovery. However, as many restaurants have been forced out of business over the past two years and as new restaurants open and a new labor force is employed, educating importers and end users about high-quality U.S. beef will be more important than ever.
- The Caribbean islands are home to many all-inclusive resorts that are attractive to travelers seeing value in the face of inflationary pressures.
- Improved travel conditions are creating opportunities for increased tourism to the region. Greater flight availability and proximity to the U.S. is a driver for U.S.-based tourists.
- Restaurateurs are seeking affordable cuts while retaining well-marbled characteristics. To some, affordability means going back to breaking down subprimals—so it is important to demonstrate the real cost/value equation.
- There is growing interest in portion-controlled cuts (i.e. pre-cut steak-ready) that reduce labor and excess trim costs for those with labor issues. However, back-of-house training is needed for new staff.
- Foodservice operators express a need to differentiate, presenting potential for U.S. beef specialty brands and alternative cuts.
- Price volatility and variable supply present problems for promotional planning. High prices keep chefs from experimenting and offering less variety.
- Alternative cuts also present an opportunity for resorts to add an affordable protein to menus developed for staff. HRI buyers have inquired about ways to use high quality beef to improve local burgers.
- 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, flap, and teres major.
- Chefs trained in the Caribbean region often go on to work in other regions of the world and contribute to a general broadening of the culinary influence.
- Strategic Objective: 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, along with maximizing cut variety from existing inventory.
- Tactical Response: Work closely with the foodservice industry to position U.S. beef in menus for returning tourists. Proactively partner with foodservice operators as a source of product and service ideation. Train chefs on value cuts such as bottom sirloin flap/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 foodservice outlets. Demonstrate the value equation on portion control and "new looks for old cuts". Support targeted restaurant promotional efforts.

Transitioning Retail

- Reduced tourism during the height of the COVID-19 pandemic created opportunities for targeting local consumers at retail with promotions for affordable secondary cuts.
- Expansion into the retail sector is targeting both price sensitive locals and affluent ex-pats.
- U.S. beef variety meats, such as beef feet and oxtail, can be found at retail.
- Consumers are increasingly focused on healthy and active lifestyles, presenting opportunities to reinforce the benefits of U.S. beef as a primary source of protein.
- Retail outlets continue to transition from frozen to chilled beef products but are challenged with a “frozen” mindset often thinking slacking product is a solution.
- Retailers face issues such as shrink, inconsistent cold chain infrastructure, price volatility and high employee turnover or lack of skillset.
- There is new demand for smaller case-ready cuts with >21 days shelf life - both fresh and frozen.
- As tourism recovers, demand for high-quality value-added products such as dry-aged beef, all-natural, or upper-choice beef will continue to rise in the retail marketplace.
- Anti-U.S. sentiments and a popular focus on ‘buy-local’ lingo with local populations present a challenge for country of origin labelling at the retail level.
- Consumers want to see brands on products for the story and transparency. U.S. beef brands are expanding in the market.
- There is demand for premium ground beef at retail which can be obtained by in-house grinding of U.S. chuck eyes and shoulder clods.
- Strategic Objective: 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.
- Tactical Response: 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 and quality messaging as part of their marketing strategies and demonstrate proper cold storage and handling techniques to maintain product quality. Communicate with the importer on how to handle quality issues and manage inventory. Expand U.S. beef from the meat aisle to tie in with other promotional offers and complimentary products. Enhance point of sale messaging to emphasize U.S. beef as a primary source of protein for an active and healthy lifestyle.

Reaching Buyers Online

- A wide range of social media influencers reach significant numbers of consumers in the region.
- The region has a large number of highly trained and influential chefs that have a strong following both online and offline.
- The key role that tourism plays in the Caribbean foodservice sector places a greater importance on capitalizing on social media opportunities and trends, as guests enjoy sharing their experience with friends and family at home. This contributes to the creativity of menus and presentation.
- Consumers still need training on U.S. beef attributes and proper cooking techniques required to maximize the eating experience of high-quality beef.
- BBQ and grilling techniques remain extremely popular and create a natural opportunity to promote the regional variations of U.S. barbeque to consumers.
- Strategic Objective: Position U.S. beef to consumers as a tool to achieve a healthy lifestyle while providing content to ensure that its quality is maximized on the plate. Demonstrate a variety of barbeque/grilling techniques to chefs, retailers, and their customers to increase sales of appropriate mainstream and lesser-known U.S. beef cuts.
- Tactical Response: Continue developing a USMEF Caribbean online presence and social media community to engage trade partners and importers, as well as provide a platform for increasing engagement with Caribbean consumers. Leverage social media as a method to reach U.S. beef consumers while providing them with a wide variety of resources to draw upon in creating high-quality meals. Partner with well-known fitness and culinary influencers to amplify health-related messaging of U.S. beef to consumers. Integrate offline retail promotions with online content. Create a community of chefs and retail operators who are eager to both learn and share the knowledge they have gained about how to properly utilize U.S. beef to maximize profitability in their businesses.

Citations:

*2022 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. *USMEF estimates based off of rough production estimates and trade data from TDM.*

Measurable Objectives

Measurable Objective #1

95% of targeted importers/distributors report that they understand the supply/quality/value relationships of U.S. beef based on information provided by USMEF.

Measurable Objective #2

90% of targeted HRI distributors promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.

Measurable Objective #3

85% of targeted retailers understand proper cold chain management, handling, and merchandising of U.S. beef.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

As COVID-19 restrictions have lifted throughout Central America, the region is back to working at full capacity in all sectors, especially in food service. Product tastings in retail markets have resumed in much of the region, including Guatemala, Costa Rica and Panama. In 2022, exports to Central America totaled 20,460 mt, down just 3% from a record-breaking year in 2021 (20,991 mt). Exports to the Dominican Republic continued to rebound strongly in 2022, up 19% to 9,438 mt and surpassing the 2019 record (8,034 mt). Export value to the Dominican Republic increased by 24% at \$97.6 million. Tourism continues to increase in the region, further bolstering sales of U.S. beef. Compared to the rest of the region, Guatemala recovered quickly from the pandemic, supported by remittances and rebounding tourism. Guatemala is currently conducting a “Guatemala never stops” tourism campaign to attract local and international tourists. The tourism industry in the DR recovered rapidly from the pandemic with a record number of tourists in 2022, further fueling growth in the HRI sector. However, FAS notes that restaurant demand has also been increasing in recent years as domestic consumers gain more purchasing power, which is also driving demand for premium beef cuts. Further signs of optimism lie in the fact that top U.S. beef markets like Guatemala, the Dominican Republic and Honduras are expected to achieve an economic recovery relatively faster than other Central American countries due to a lower level of public debt.

In Guatemala, a large portion of the population still buys meat from traditional markets as modern retail only accounts for 30% of total grocery sales. Product mix includes middle meats, culottes, and chuck cuts, and this year USMEF is focusing on educating on and promoting inside and outside rounds as a value cut for end users. Trendy meat boutiques are beginning to offer high-end cuts including T-bone, porterhouse, tomahawk, cowboy steak, ribeye, striploin, and flank steak. USMEF continues to focus on education at all levels, including on value cuts for restaurants such as clod, chuck tender and top sirloin butt. Health and fitness trends are increasing in importance with consumers as well as cooking trends such as grilling and smoking, which is driving some demand for brisket. Guatemala has high self-sufficiency in beef production, but recent growth in per capita consumption has been driven by imports. Guatemala’s total beef imports set records each year from 2017 to 2019 before slowing in 2020 due to the pandemic. Imports rebounded to a new record in 2021, and 2022 imports were down less than 1% from the 2021 record. The U.S. surpassed Nicaragua as the largest supplier to the market in 2020, and U.S. market share was 44% in 2022. Guatemala still has high self-sufficiency in beef production, but it has been decreasing over the past decade and is expected to decrease further as imports account for a larger share of consumption. In 2022, per capita consumption was 5.10 kg carcass weight equivalent, down 4% from 2021 but up 1% from 2017. Imported per capita consumption was 1.4 kg carcass weight equivalent in 2022, down 3% from 2021 but up 7% from 2017. U.S. beef has accounted for over 10% of Guatemala’s beef consumption since 2020, and in 2022, U.S. beef accounted for 12% of total consumption.

In the Dominican Republic, tourism bounced back quickly from the pandemic slowdowns in 2021, aided by the country’s lenient entry rules. Most all-inclusive hotels use U.S. Choice beef or higher (with nearly all imported beef in the market from the U.S.), and U.S. beef is also being utilized more by high-end restaurants. About 60% of U.S. beef exports to the DR are for HRI, and beef skirts are a popular imported item in the DR, with all-inclusive hotels using marinated inside skirts along with flap meat and whole chucks. U.S. market share to the DR rebounded to 96%, the highest since 2019, with only minimal volumes from Guatemala, Panama, Germany, UK, and other EU suppliers in the market. U.S. beef accounted for 16% of total beef consumption in the DR in 2022, a new high and up from 13% in 2017. FAS estimates that DR beef production decreased in 2021 and 2022 but expects production to start to rebound in 2023 to 64,000 mt, up 7% year-over-year. FAS notes that the DR introduced domestic Brangus cattle into the market in recent years, but that it has offered little competition.

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 continue to be vital components to achieving 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. Favorable access afforded to U.S. beef through the Central America and Dominican Republic Free Trade Agreement (CAFTA- DR) continues to provide regional importers with incentives to purchase U.S. beef.

Dominican Republic

- Per Capita Beef Consumption: 6.4 kg
- Total Beef Imports (not including variety meat) - all sources: 8,731 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 1,071 mt
- U.S. Share of Total Beef / BVM Import Market: 95%
- Other Beef / BVM Suppliers & Market Shares: Guatemala 4%, Panama 1%, EU-27 1%
- Domestic Self Sufficiency: 83%
- U.S. Beef Exports (not including variety meat): 8,344 mt
- U.S. Beef Variety Meat (BVM) Exports * : 1,094 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef / BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 10%, HRI 60%, Retail 30%

Guatemala

- Per Capita Beef Consumption: 5.1 kg
- Total Beef Imports (not including variety meat) - all sources: 18,157 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 806 mt
- U.S. Share of Total Beef / BVM Import Market: 44%
- Other Beef / BVM Suppliers & Market Shares: Nicaragua 42%, Dominican Republic 7%, Honduras 4%
- Domestic Self Sufficiency: 79%
- U.S. Beef Exports (not including variety meat): 8,221 mt
- U.S. Beef Variety Meat (BVM) Exports * : 468 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef / BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 10%, HRI 60%, Retail 30%

Top Imported U.S. Beef Cuts: strip loin, outside skirt, coulotte, flatiron, round, clod, gooseneck, inside skirt, ribeye bone-in, short loin, tri-tip, flap meat, short ribs

Top Imported U.S. BVM Items: liver, heart, tripe, sweet breads

Market Access Issues include a) regulations in Panama and Costa Rica that do not allow for frozen meat to be thawed for sale at retail; b) Decree 255 in Panama and its potential impact to place shelf-life and other concerning restrictions on product entering the country; c) enforcement of Decree 2-2014 in Honduras resulting in a 15% tariff on U.S. beef products that should enter at zero duty through U.S.-CAFTA DR based on English cut names on product labels; and d) Panama's domestic producers contend that the Panama Trade Promotion Agreement results in unfair competition for the domestic industry and advocate for renegotiation.

Market Strategy

Aggressively develop and grow the market through a strong emphasis on educating the trade and end-users across multiple sectors on the unique quality, consistency, and profit potential of grain-fed U.S. beef, while defending existing U.S. market share from lesser-quality competitor product. Introduce value cuts and the appropriate suppliers to buyers throughout the region to build demand and foster export growth. Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening.

Favorable Access

- The U.S.-Panama FTA presents increased export opportunities for both top-graded cuts and variety meats.
- Access growth for a range of items continues in Guatemala, Dominican Republic and Costa Rica with the CAFTA-DR FTA. Tariffs on Choice and Prime product were immediately eliminated in some countries within a TRQ limit. In general, all annual duties were reduced to zero by 2020 depending on the destination country (all countries at 0% tariff except Panama by 2026).
- Decreased domestic supplies presents opportunities for U.S. beef; however, Nicaragua is a significant supplier to the region despite declining market share in 2019.

- **Strategic Objective:** Leverage the benefits of the region's FTAs by identifying niche HRI and retail segments for high-grade U.S. beef, to build consumer familiarity with the product and increase demand in segments willing to utilize variety meats.
- **Tactical Response:** 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.

Opportunities in Diverse Retail Segments

- Retail sales were impacted by the COVID-19 pandemic as restrictive curfews and quarantine measures made it difficult for consumers to purchase items through retail.
- Although retail in the region is still modernizing, major players, such as Walmart, are continuing to invest and expand in the region.
- Trendy meat boutiques are beginning to offer high-end cuts, including: T-bone, porterhouse, tomahawk, cowboy, ribeye, striploin, flank steak, etc.
- Traditional wet markets still present vast opportunities for variety meats in this region.
- U.S. high grade beef competes with the price of domestic Nicaraguan beef products.
- 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. 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 prepare and utilize U.S. beef so as to not overcook and jeopardize the eating experience.
- **Strategic Objective:** Support the ongoing recovery efforts of the retail sector. 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 optimal yields and profits. Educate final consumers through cooking classes inside of meat boutiques, encouraging them to properly prepare high- end cuts 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. Leverage technology into education efforts to maximize reach and engagement.
- **Tactical Response:** 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.

Foodservice Growth

- The foodservice sector was significantly impacted by the COVID-19 pandemic, with restaurants largely shuttered by the second quarter of 2020, and take-out options limited due to strict curfew and quarantine requirements.
- Home delivery capabilities and infrastructure are improving though training is necessary to ensure that quality is maintained through preparation and packaging in reaching the consumer.
- Importers that primarily supplied the foodservice sector have needed to diversify their customers in order to stay in business, including direct-to-consumer home delivery.
- Sunday Brunch is a popular dining trend for families in the Central America Region, with many high-end hotels competing with creative offerings.
- 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.
- Traditionally, local beef is cooked "medium-well" and marinated, while U.S. beef cooked "medium" offers the same taste quality without requiring extra prep.
- Costa Rica and Panama have highest per capita incomes, where consumers are more likely to break traditional eating habits and dine out more often.
- Growing tourism, especially to Dominican Republic, presents opportunities for U.S. beef in meals at resorts for guests and staff alike.
- 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.
- **Strategic Objective:** Position U.S. beef as a quality differentiator in a concerted effort to drive foodservice recovery 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.

- Tactical Response: 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.

Consumer Awareness

- Consumers are increasingly interested in trends such as grilling and barbecuing as both a social activity on the weekends as well as a method of preparation for meals during the week.
- B2C ecommerce sales channels are growing, especially with traditional sales channels hampered by COVID-19 restrictions.
- Consumers are using social media, mobile apps, and following popular online influencers more and more to learn about food trends, dining options, nutrition and various preparation methods.
- Health and nutrition are important considerations for consumers as it relates to menu choices and presents U.S. beef with an opportunity to align consumer messaging with health-related branding.
- Strategic Objective: Because U.S. beef is significantly different in various attributes to domestic grass-fed beef, educate consumers with easy to digest content on the quality attributes and proper ways to prepare U.S. beef to maximize its appeal. Foster customer loyalty to retain existing customers.
- Tactical Response: Utilize digital marketing channels to segment consumers to create targeted marketing programs that reach new demographics with information and education that encourages consumption of U.S. beef. Carry out consumer-facing in-person activities that educate consumers on the unique attributes of U.S. beef.

Other Key Initiatives

- Proactively engage the foodservice and tourism sectors to re-introduce U.S. beef to consumers eager to spend after prolonged public-health related market and travel restrictions.
- Utilize regional web presence as a virtual platform for educational programs focused on grilling and smoking.
- Focus on building relationships with integrated importers, processors, and distributors to maximize efficiency in training and create the most impact in downstream sectors.
- Engage key importers in the region with webinars and in-person seminars that inform them on marketing trends, industry updates and the economic outlook.
- Help importers, distributors and retailers take advantage of and maximize ecommerce purchasing trends, through paid social media campaigns, targeted promotions and technical assistance.
- 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.
- Continue expanding social media engagement and reach with channels dedicated specifically to the Central American region, targeting local consumers.
- Develop and launch a consumer facing U.S. Meat mobile app that will serve as a platform for recipe content, U.S. beef promotions, customer loyalty initiatives and educational campaigns.
- Further develop initiatives that pair influential online celebrities to promote the positive nutritional aspects of U.S. beef along with content that encourages consumers to improve their skills and knowledge related to preparing meals with U.S. beef in a wide variety of ways.
- Connect and engage Central American buyers of U.S. beef with suppliers and exporters through relationship building opportunities at the Latin American Product Showcase.

Citations:

*2022 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.*

Measurable Objectives

Measurable Objective #1

73% of targeted importers/distributors will consistently source and successfully promote U.S. beef to their downstream customers.

Measurable Objective #2

90% of targeted HRI accounts will report that they understand the quality and profit potential of U.S. beef based on information provided by USMEF.

Measurable Objective #3

70% of targeted retailers will consistently incorporate suggested merchandising methods to promote the quality attributes of U.S. beef.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

U.S. beef was granted access to mainland China in mid-2017; however, access was restrictive and short-lived as retaliatory tariffs were imposed on U.S. beef beginning in July 2018 with additional duties. Despite these setbacks, access for U.S. beef was expanded with the signing of the U.S.-China Phase One Economic and Trade Agreement implemented February 14, 2020. The Phase One Deal expanded access for all U.S. beef products to cattle of all ages, eliminated hormone restrictions, and included other provisions which made it much easier and more economical to produce and export beef to the China market. Although the deal did not address retaliatory tariffs directly, China temporarily implemented exclusions from Section 301 (intellectual property related) retaliatory duties to Chinese importers beginning in March 2020, bringing U.S. beef back to the MFN duty of 12%. It is unclear when or if exclusions from Section 301 will expire.

Continuing to capitalize on the market access gains included in the U.S.-China Phase One Economic and Trade Agreement, beef exports to China/Hong Kong were record large in 2022, with volume totaling 278,294 mt (up 16% year-over-year) valued at \$2.55 billion (up 22%). China announced sweeping changes to its COVID policies in early December, removing many restrictions on domestic travelers and consumers, and later removed restrictions on cold chain products and international travel. Grain-fed beef accounts for an estimated 10% of China's imports, up from just 4% in 2020. U.S. beef accounted for about 76% of China's grain-fed imports in 2021 and 2022. Other grain-fed suppliers include Australia, Canada, and Russia. Uruguay, Argentina and Brazil have incorporated some grain-finished beef into their China business, but it is generally not seen as the same category as U.S. Choice/Prime.

China holds significant growth potential as the U.S. is one of the few high-quality grain-fed suppliers to this market. Demand continues to grow as both retailers and foodservice operators recognize the value in U.S. product and are eager for the opportunity to elevate their business over competitors with grain-fed beef. A critical factor in U.S. beef's export growth to China is the explosive development of new and expanding distribution channels for consumers, who now have greater awareness of and access to high-quality food products. Importers are aggressively developing omnichannel capabilities to reach consumers through coordinated online and offline channels. Advances in infrastructure, fabrication techniques and packaging enable an individual U.S. beef cut item or product to be packaged, marketed and sold through numerous channels. Although U.S. beef from cattle of all ages can be exported to China, product is still tested for ractopamine residues upon entry. There are no longer restrictions on synthetic hormone use and no additional traceability requirements.

In 2022, China accounted for about 28% of global beef trade, reaching \$18 billion and up 42% year-over-year. Imports were higher from all main suppliers, with significant growth from Brazil following a suspension in 2021 due to atypical BSE. Brazil voluntarily suspended exports to China in early 2023, although this brief interruption seemed to have little impact on the beef market. Canada remains suspended since January 2022 due to an atypical BSE case. Competition is high with many suppliers approved in the market; however, the risk of being delisted for export to China remains high for any supplier as these actions are not always linked to herd health concerns.

U.S. beef exports to Hong Kong declined 31% in 2022 to 34,752 mt valued at \$390.7 million (down 22%). Most U.S. beef in Hong Kong is used by foodservice operators with some volumes ending up in high-end retail outlets. Foodservice sales were down in 2022 as volatile shutdowns kept consumers indoors and at home, with many fearing the risks of testing positive for COVID-19. Zero COVID-19 policies cost Hong Kong its position as a global aviation hub in 2022 and years of instability in Hong Kong and threats from the mainland led to a mass exodus of citizens leaving for places like Singapore. The hum of a thriving twenty-four-hour city has been muted as consumers now spend more time at home. However, the reopening of international travel through Hong Kong and relaxation of COVID-19 travel requirements in September 2022 brings hope that the city may resume its status as an aviation hub once again.

China

- Per Capita Beef Consumption: 7.8 kg *
- Total Beef Imports (not including variety meat) – all sources: 2,689,786 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 41,920 mt
- U.S. Share of Total Beef / BVM Import Market: 7%

- Other Beef/ BVM Suppliers & Market Shares: Brazil 40.5%, Argentina 18%, Uruguay 14%
- Domestic Self Sufficiency * Based on USMEF Estimates: 59%*
- U.S. Beef Exports (not including variety meat): 214,049 mt
- U.S. Beef Variety Meat (BVM) Exports: 29,493 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 16.5%
- Customers for U.S. Beef Imports: Processing 10%, HRI 65%, Retail 25%

Hong Kong

- Per Capita Beef Consumption: 24 kg *
- Total Beef Imports (not including variety meat) - all sources: 132,350 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 196,805 mt
- U.S. Share of Total Beef / BVM Import Market: 10%
- Argentina 6% Domestic Self Sufficiency * Based on USMEF Estimates: 1%*
- U.S. Beef Exports (not including variety meat): 26,876 mt
- U.S. Beef Variety Meat (BVM) Exports: 7,876 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 2%
- Customers for U.S. Beef Imports: Processing 0%, HRI 80%, Retail 20%

Top Imported U.S. Beef Cuts: middle meats, boneless/bone-in short rib, chuck short rib, short plate, chuck roll, top blade, hanging tender, rib fingers, rounds

Top Imported U.S. BVM Items: omassum, backstrap, pizzle, tripe, tendon, diaphragm, oxtail, tongue, inside skirt, outside skirt, feet

Market Access Issues include a) uncertainty about China eligible plant lists and lack of updates to the list since November 2022; b) Non-transparent quarantine clearance procedures/regulations; and c) onerous bilingual labeling requirements on product external and internal packaging.

Market Strategy

A) Build customer loyalty with increased support for importers and downstream buyers including trainings and promotions highlighting U.S. beef safety/inspection systems, unique production capabilities, grading, quality, and profitability; B) Create demand in untapped segments in the China/Hong Kong region – e.g. e-commerce - 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; C) Introduce chilled beef branded products to buyers and support communication between suppliers and importers to increase product availability and improve logistics; Identify regional opportunities for U.S. beef based on unique local consumption patterns, food culture, etc. that exist across the large landscape of mainland China; E) Where appropriate, counter negative perceptions of U.S. products, and design and implement positive image-building campaigns utilizing various media platforms.

Growing Demand for Beef - Chilled and Grain-fed, but Education is Still Key

- New first-tier cities, such as Shenzhen (19 million people), Guangzhou (17.2 mill), Chengdu (14.7 mill), Foshan (7.5 mill), and Shantou (4.5 mill) represent new consumer targets for U.S. beef.
- China continues to diversify beef supplies, purchasing more from grass-fed exporters out of South America. The U.S. remains one of the few high-quality suppliers to the region, although competitors like Australia and Argentina are increasing their grain-fed production.
- Expansion of ecommerce platforms into second and third-tier cities is allowing wider distribution of U.S. and all imported products.
- Although down in 2022, China's imports of chilled beef from all suppliers continued to grow through 2021. Chilled product is a small percentage of total beef imports, but growth is reflective of growing demand for quality and freshness from consumers and of increased penetration of the entire beef category into modern retail.
- The quality attributes of U.S. chilled beef are not widely known among all consumer demographics and across different regions. However, other competing beef suppliers, especially Australia, are putting more emphasis and focus on chilled beef.

- According to a report by the China Federation of Logistics & Purchasing titled “China Cold Chain Logistics Development Report 2022”, in the past ten years total demand for food cold chain logistics in China has increased 300%.
- While U.S. beef buyers are enthusiastic about U.S. product, end-users remain relatively unfamiliar with U.S. beef specifications and best attributes. Some buyers remain reluctant to spend premiums to buy and distribute grain-fed beef.
- Training and seminars introducing the qualities and attributes of U.S. beef are the most requested marketing activities by trade accounts who recognize that there are opportunities for U.S. beef but are limited by lack of experience.
- U.S. beef can satisfy the demands of even middle-tier buyers with alternative cuts or middle meats that are cost effective substitutes to more popular and more expensive cuts. Beef variety meats are heavily consumed in China.
- Demand for Prime, wagyu, and dry-aged products continues to grow; however, buyers need more training on appropriate handling and marketing techniques for these products, especially of the secondary wagyu cuts. More U.S. wagyu brands are appearing in Hong Kong in particular, with strong interest from HRI operators as a tool to differentiate.
- Strategic Objective: Increase interest in U.S. beef, including chilled, with renewed levels of trade servicing and support, and identify newly emerging opportunities for beef export growth. Improve buyer knowledge on the safety, quality, and availability of U.S. beef, especially on chilled product. Promote a mix of chilled, dry-aged, alternative cuts, etc. to suit the needs of different buyers.
- Tactical Response: Offer increased and intensified levels of support for new and existing U.S. beef buyers with additional trainings and promotional marketing programs, including branded product. Promote the grain-fed quality attributes of chilled U.S. beef, linking U.S. suppliers with buyers. Create customized, hands-on trainings for processors, retail, and HRI buyers to renew buyer knowledge of U.S. beef, highlighting the versatility of alternative cuts, while demonstrating the differences in Australian grain-fed product vs. U.S. product. Discuss the profitability in secondary and alternative U.S. beef cuts. Explore the innovation of U.S. beef ready-to-cook and ready-to-heat products.

Foodservice Demand

- Many foodservice operators stopped using imported beef in 2022 due to significant cost increases associated with zero-COVID requirements such as separate storage for imported product.
- China scrapped their zero-COVID policy in January 2023. While these restrictions negatively impacted the foodservice industry, foodservice is expected to rebound with increased consumer foot traffic and improved travel.
- While there are expectations for a rebound in foodservice demand in China post Covid, it has been slow to start with little or no incremental demand for the January - April 2023 period as consumers continue to stay home. Consumers will eventually resume their dining out habits and tourism will continue to increase similar to the patterns observed in Latin America. China will lead the world in foodservice sales growth. From 2019-2026 foodservice sales are expected to grow by \$166 billion. Sales at full-service restaurants are expected to surpass their sales pre-COVID, while growth among limited-service restaurants will be slower. (Euromonitor).
- As schools and corporate environments return to normal, group meals and catering will make up a larger share of foodservice operations.
- Hong Kong’s foodservice sector is the main outlet for imported beef. Restaurant chains are building centralized kitchens, improving food safety, and offering better value.
- Chinese consumers, utilizing social media platforms for information, are interested in trying new and varied cuisines. Yakiniiku and hotpot menus are growing in popularity. In addition, consumers want customized experiences from restaurants offering exclusive menus to cross-branding options. Meat and spirit pairings are popular with consumers, especially for premium sake.
- Hotpot and yakiniiku restaurants are advertising “fresh” ingredients to their customers, driving demand for chilled product and increasing consumer standards.
- Regional flavors and cuisines are trending among consumers. Strategies for pushing beef may be tailored in specific regions according to local tastes.
- Demand for wagyu is increasing among foodservice operators in China and Hong Kong as a means of differentiation. Even dry- aged product is becoming a popular menu item to capitalize on premiumization trends and improve menu perception among consumers. Menus highlighting Prime grade are trending.
- Rebounding tourism to lower-tier cities may drive foodservice upgrades to these regions, although chefs outside of first-tier cities may be unfamiliar with U.S. beef.

- Big-name restaurants are re-investing in ready-to-heat meals available at retail to reach consumers seeking easier meal prep and convenience.
- Ghost kitchens are growing in popularity throughout China and some restaurants only offer take-out menus to satisfy this niche of customers and reduce costs.
- China is expected to have the second highest (behind Singapore) share of home delivery sales out of total foodservice globally at 23% by 2026. (Euromonitor)
- **Strategic Objective:** Build loyalty with key U.S. beef buyers and new customers in the HRI sector, while demonstrating the value in utilizing U.S. beef to differentiate among menus and improve perceived restaurant quality. Identify regional culinary differences and leverage opportunities among these different food cultures to reach new buyers. Expand educational efforts to second and third-tier cities and include more alternative cut promotion to satisfy all levels of buyers.
- **Tactical Response:** Utilize chef tables and HRI seminars to train HRI professionals on menu ideation and proper handling for U.S. beef. Position U.S. beef as ideal for menu differentiation in both mainland China and Hong Kong and offer increased levels of support to buyers interested in continuing long-term use of U.S. beef on menus. Capitalize on trends for yakiniku, Korean BBQ, hot pot, etc. to push grain-fed beef. Utilize promotions, celebrity endorsements, KOL posts on social media, and other tactical means to target affluent consumers and drive the perception that U.S. beef is different and superior to other imported product. Highlight visible U.S. beef “success story” establishments, whose attributes are widely distributed on social media.

Traditional Markets, Modern Retail

- Retail throughout China is still relatively fragmented, with mom-and-pop shops and wet markets dominating the retail sector. Wet markets are modernizing with improved hygiene practices, logistics, etc. Some wet markets are even incorporating online ordering and pick up stations into their services for added convenience. Sales of imported beef in traditional markets are growing in the double digits annually.
- Modern retail is still developing in mainland China, especially in lower-tier cities; however, international players with the ability to move large volumes of product (i.e. Costco, Sam’s Club) via membership and warehouse-style outlets are expanding with increased focus on first and upcoming first-tier cities.
- Retail in Hong Kong is mostly modern, with high-end specialized meat shops remaining popular with a wealthy consumer base.
- Retailers who once allocated more space to portioned, case-ready frozen and marinated packaged beef products to meet demand for convenience from consumers are expanding shelf space for more premium chilled beef.
- Importers are processing product into portion-control items for downstream customers like retailers that are interested in both convenience and labor savings.
- Shelf-stable ready meals continue to demonstrate positive growth among consumers seeking convenience. According to Euromonitor, ready meal sales between 2019-2026 are expected to grow 20%, reaching \$1.776 billion.
- Branded beef is becoming more popular among modern retail chains.
- Fresh food online ordering and grocery delivery are becoming more standard in urban areas, including lower-tier cities. Online ordering with pick-up in store is also becoming popular, especially for meat products. Ecommerce food and drink sales in China are expected to grow 89% from 2019 to 2026 (Euromonitor).
- Prior to COVID-19 ecommerce platforms were expanding into rural areas for sustained growth and improved access. JD.com, alibaba.com, and MPDD are among the largest ecommerce platforms in China. Alibaba.com hit 1 billion users for the first time in 2022.
- E-commerce sales of beef, mainly lower priced items but also including premium grain-fed beef, have grown rapidly in the last 5 years, albeit from a small base. Product authenticity can be a problem with inaccurate claims about origin, grade, etc. USMEF invites verified importers and distributors to feature their U.S. beef products on the USMEF JD.com storefront.
- **Strategic Objective:** Further establish trust and loyalty among key retailers – online and offline – with potential to move large volumes of U.S. beef, including membership stores. In China, adopt a “flagship” store approach to perfect the meat case with high traffic outlets of targeted modern retailers. Develop U.S. beef’s image as a quality product with support to niche boutique meat shops and ecommerce platforms.
- **Tactical Response:** Customize trainings for retailers, ecommerce platforms, new U.S. beef buyers and their in-store staff that are unfamiliar with U.S. beef. Offer support via tasting demonstrations; online and in-store promotions, including for branded product; and livestreaming events. Develop merchandising ideas for new cuts at retail including value-added convenience products made with U.S. beef raw material.

China's Digital Footprint

- Online sales during the pandemic have increased consumer receptivity to frozen foods, including frozen beef items. Online sales are also paving the way for more imported beef penetration into lower tier urban and even rural areas.
- China has been the longstanding leader in global food and drink ecommerce sales. Online shopping for home delivery is part of normal life even in Tier 2 and 3 cities.
- Livestreaming and group buying have become popular tools among consumers. Douyin (TikTok) videos and WeChat for group buying are popular methods of mobile ecommerce referred to as m-commerce.
- Importers are diversifying channels in the midst of continued shutdowns impacting foodservice operators. Importers are using WeChat groups to sell products direct to consumers.
- Brands use short videos like Douyin and Kuaishou (200 million active users) as a marketing tool powered by influencers. Through the use of popular SNS WeChat, Weibo, Douyin, attributes of U.S. beef can easily be shared and effectively educate a large audience.
- Strategic Objective: Maintain a presence on top social media sites, including WeChat, Weibo, YouTube (in Hong Kong), Douyin (TikTok), and others to reach a wide range of consumers and build a positive reputation for U.S. beef. Tap into ecommerce platforms to establish a presence for U.S. beef.
- Tactical Response: Utilize social media tools to reach consumers and highlight various promotions. Use digital tools to educate consumers on U.S. beef attributes, sustainability, cooking techniques, availability, etc., and create a positive image for U.S. beef with the help of KOLs and relevant influencers. Create a trustworthy presence for U.S. beef on JD.com with verified U.S. beef sellers.

Other Key Initiatives

- Help align U.S. beef exporters with Chinese importers. Support exporters in navigating Chinese import regulations. Identify more China-eligible supply options from the U.S. and share these contacts with Chinese buyers, including packers with the ability to supply popular offal items like tripe and abomasum.
- Work with U.S. government officials and relevant Chinese organizations to resolve commercial and technical trade issues making the import process more reliable and transparent.
- In addition to working with well-known importers, drive further market penetration through the education and development of promising startup companies (e.g. online retailers, independent meat shops and new restaurant concepts) eager to expand their purchases and sales of imported U.S. beef.
- Educate Chinese chefs about the U.S. beef industry and U.S. beef culinary history and expand the presence of U.S. beef in high- end hotel and restaurant outlets, through chef and culinary events expanded to second and third-tier cities.
- Educate student chefs and other food industry students to cultivate future U.S. beef spokespersons.
- Expand interaction with large HRI operators such as high-end and casual dining establishments in Hong Kong and Macau.
- Continue to build relationships with government officials and key influencers, including the domestic beef producing and processing industry to make them aware of U.S. quality and safety standards.
- Monitor the presence and expansion of alternative meat options in mainland China and Hong Kong and remain prepared to respond to targeted questions about U.S. beef sustainability.

Citations:

2022 import and market share data is based on import data of China and Hong Kong, excluding reported imports from China (from Trade Data Monitor), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.
**China per capita pork consumption and domestic self-sufficiency are based on USMEF estimates.*

Measurable Objectives

Measurable Objective #1

57% of targeted Hong Kong and China importers/distributors will report that they understand the supply capabilities and quality attributes of U.S. beef based on information provided by USMEF.

Measurable Objective #2

80% of targeted Mainland China importers/distributors will 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.

Measurable Objective #3

88% of targeted Hong Kong HRI outlets/chains will regularly feature 4 beef cuts, including at least 1 underutilized cut.

Measurable Objective #4:

79% of targeted Hong Kong and China HRI outlets/chains will actively participate in and/or contribute to USMEF promotions to their customers.

Measurable Objective #5:

80% of targeted China online or offline retailers will feature or actively promote U.S. beef to end-consumers.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT

In 2013 Russia 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, and finally with the sanctions imposed due to Russia's invasion of Ukraine in late February of 2022. Prior to this, Russia was the U.S. beef industry's sixth largest export market.

However, with a total combined population of approximately 140 million people, excluding Russia, neighboring countries within the nearby Commonwealth of Independent States continue to represent solid long-term potential for U.S. beef steak cuts, alternative cuts, especially those from the round complex, and livers. Within this region, USMEF targets the most promising markets, namely Ukraine, Kazakhstan, Azerbaijan, Moldova, Kyrgyzstan, Georgia and Uzbekistan. Total share of exports of U.S. beef and beef variety meats to the region in 2022 was less than 1% of all imported beef and beef variety meats, underpinning the untapped potential of the market. SPS barriers for the Euro Asian Economic Union (EAEU – Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) are the same as for Russia, with zero tolerance for ractopamine residues and a ban on the use of hormones. 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). The foodservice sector in the region, which is a major channel of distribution for U.S. beef, continues its development after the COVID-19 pandemic, which placed further downward pressure on consumer disposable income levels. Furthermore, increased production in recent years of local high-quality beef and concentrated Russian efforts targeted at larger exports to neighboring countries are changing the competitive environment.

Russia and Ukraine play an important role in global food production and supply. The conflict between Russia and Ukraine, which began in 2022, remain uncertain in terms of duration and intensity. But echoes of conflict are felt in neighboring countries, especially as supply chains are disrupted, commodity prices spike, mass inflation, and food and energy instability are felt. The likely disruptions in agricultural activities of these two major basic goods exporters can seriously exacerbate the food security problem around the world, while international food prices and production factors are already high and unstable. The conflict limits agricultural production and purchasing power in Ukraine, which will increase food security at the local level. The Russian economy survives under the influence of the imposed economic sanctions, the country's GDP fell by 10% in 2022 and the economic decline will continue in 2023. Exports of U.S. beef and beef variety meats to the C.I.S. region in 2022 were down 84% to 40 mt, valued at \$517,000, down 81%.

Ukraine

- Per Capita Beef Consumption: 6.9 kg
- Total Beef Imports (not including variety meat) - all sources: 1,789 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 8,138 mt
- U.S. Share of Total Beef/ BVM Import Market: <1%
- Other Beef/BVM Suppliers & Market Shares: EU-27 95%, Poland 62%, France 10%
- Domestic Self Sufficiency: 106%
- U.S. Beef Exports (not including variety meat): 5 mt
- U.S. Beef Variety Meat (BVM) Exports: 0 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Importers: Processing 60%, HRI 33%, Retail 4%

Kazakhstan

- Per Capita Beef Consumption: 29.6 kg*
- Total Beef Imports (not including variety meat) - all sources: 7,477 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 576 mt
- U.S. Share of Total Beef/ BVM Import Market: <1%

- Other Beef/BVM Suppliers & Market Shares: Belarus 43%, Russia 34%, Ukraine 8%
- Domestic Self Sufficiency: 98%*
- U.S. Beef Exports (not including variety meat): 18 mt
- U.S. Beef Variety Meat (BVM) Exports: 0 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Importers: Processing 40%, HRI 40%, Retail 20%

Top Imported U.S. Beef Cuts: ribeye, striploin, tenderloin, short ribs, top blade, short plate, hanging tender, skirt, flanks, brisket

Top Imported U.S. BVM Items: liver, trimming, beef fat

Market Access Issues include a) Russian and Belarussian zero tolerance for the presence of ractopamine residues in beef imports – resulting in a continued ban on U.S. beef imports; b) Russia's zero tolerance for Salmonella spp., Listeria monocytogenes, coliforms, and low tolerance for aerobic and anaerobic plate counts on raw product; c) Russian and Belarussian BSE-related restrictions on imports of U.S. beef from cattle over 30 months of age; d) Russian and other Eurasian Economic Union (EAEU) countries' lack of clarity regarding the requirements and process to get additional slaughter and exporting establishments approved; e) Russian and EAEU non science-based slaughter plant inspection criteria; f) no access to Mongolia; g) lack of clarity to add new plants to Uzbekistan approved plant list; h) no agreed certificate with Moldova; and i) tariff rate on U.S. beef imports in Georgia. These Russia and EAEU measures are, at varying timeframes, being incorporated into the standards and requirements of the EAEU between Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia, compounding the impact on U.S. red meat exports.

Market Strategy

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 post-COVID-19 recovery efforts for foodservice operators within the region. Furthermore, remain prepared logistically for the possibility of the market reopening into Russia.

Regional Expansion

- 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 declining, and prices are high for consumers.
- The nascent regional markets outside of Russia represent solid untapped potential for U.S. beef and provide greater diversity for U.S. beef exports.
- Kazakhstan, Uzbekistan, Georgia and some Caucasian and Central Asian countries, despite economic challenges, are showing growth in beef consumption, and most of the region's countries have strong traditions of using offal products.
- In general beef remains expensive for the average consumer; however, opportunities exist for alternative cuts that are still perceived as high-quality beef.
- Some high-end retailers have picked up U.S. beef in regions such as Ukraine, Georgia and Kazakhstan, setting the stage for other retailers and increasing U.S. beef visibility.
- 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.
- Strategic Objective: Focus on expanding promotional reach into emerging export markets of Armenia, Azerbaijan, Georgia, Moldova, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine as opportunity allows.
- Tactical Response: 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.

Foodservice Opportunities

- The HRI sector in Georgia, Kazakhstan, Uzbekistan, and Azerbaijan is rapidly developing, presenting viable opportunities for U.S. beef and veal.
- 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.
- Domestic beef is generally lean, and not well-suited for Western-style cuisines like BBQ.
- 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.
- Foodservice outlets are demonstrating strong interest in U.S. beef alternative cuts (such as short plate, brisket, short ribs, top blade, etc.) as a price conscious option for high-quality material.
- Since September 1, 2017, chilled beef and BVM in Uzbekistan has had zero customs duties, presenting a key opportunity for export growth.
- Ukraine has an option to supply U.S. beef via EU ports and airports as well as the western border for further importing opportunities.
- 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.
- 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.
- **Strategic Objective:** 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.
- **Tactical Response:** 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. Partner with key foodservice outlets to relaunch U.S. beef into high-end HRI as COVID-19 recovery continues.

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 and culinary expositions.
- 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. In addition, there are strong opportunities for leaner cuts from the round as well, such as the knuckle as well as the inside and outside round, given that consumers traditionally are accustomed to leaner cuts.
- 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 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.

Citations:

2022 import and market share data is based on import data of Kazakhstan and Georgia (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. *USMEF estimates based off rough production estimates and trade data from TDM

Measurable Objectives

Measurable Objective #1

89% of targeted trade accounts will report that they understand U.S. beef's quality attributes based on information provided by USMEF.

Measurable Objective #2

89% of targeted trade accounts will report that they understand how to properly handle U.S. beef.

Measurable Objective #3

100% of targeted HRI outlets/restaurants chains will regularly stock U.S. beef.

Measurable Objective #4:

100% of targeted retail outlets will identify the origin of U.S. beef.

Measurable Objective #5:

80% of targeted retail outlets will actively promote U.S. beef and its origin.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

In August of 2019, the U.S. gained a significant win in the EU market with the signing of the agreement that grants a U.S. - only share of the European Union's 45,000 mt duty-free, high-quality beef quota (HQB). The agreement established 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 (2026). For calendar year 2022, the U.S. share of the quota was 25,400 mt, and the U.S. share increases to 27,800 mt for 2023. Because U.S. beef is traditionally reliant on high-end foodservice and tourism-related sales, COVID-19 related impacts on demand significantly hampered U.S. suppliers from capitalizing on improved access granted by the revised high-quality beef quota.

However, by early 2022, COVID restrictions related to travel and foodservice were relaxed just in time for the summer tourist season throughout the continent. With pent-up demand unleashed, particularly at high-end restaurants, the traction for U.S. beef within retail as well as e-commerce that has been developed over the past two years further bolstered renewed demand at foodservice. Second and third tier markets such as Poland, Bulgaria, Romania, Greece, Czech Republic, Hungary and the Baltic states are becoming increasingly reliable buyers of U.S. beef, particularly for underutilized alternative cuts, which balances demand from high-end middle meat cuts from imports of full sets. However, access issues remain for U.S. beef in the United Kingdom, which no longer affords U.S. product duty-free entry to the market after its exit from the European Union. A U.S.-U.K. trade agreement has the potential to further increase demand for high-quality U.S. beef within Europe. However, there is little momentum from either country to move this issue forward. Furthermore, misconceptions throughout Europe about American agricultural practices, driven in large part by European policy, represent barriers in the market that contribute to consumers not feeling confident about choosing U.S. red meat.

While there remains great growth potential for U.S. beef, due to the U.S.-specific share of the duty-free quota, USMEF will continue to monitor the EU's Farm to Fork Strategy and apparent efforts to reduce meat consumption. In addition, EU certificate changes added significant costs, complexity, and uncertainty to the EU business moving into 2024. However, the war in Ukraine is causing some within the EU to rethink EU priorities and place a renewed focus on food security. The EU has relied on Ukraine for 40% of its corn, barley and wheat imports.

U.S. beef and beef variety meat exports for 2022 to the EU plus UK increased by 39% in volume to 19,657 mt, with value increasing 48% to \$250.7 million.

EU-27

- Per Capita Beef Consumption: 14.6 kg
- Total Beef Imports (not including variety meat) - all sources: 298,022 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 10,593 mt
- U.S. Share of Total Beef / BVM Import Market: 4.5%
- Other Beef/BVM Suppliers & Market Share: UK 39%, Brazil 22%, Argentina 16%
- Domestic Self-Sufficiency: 104%
- U.S. Beef Exports (not including variety meat)* : 18,793 mt
- U.S. Beef Variety Meat (BVM) Exports*: 67 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 1%
- Customers for U.S. Beef Imports: Processing 0%, HRI 70%, Retail 30%

United Kingdom

- Per Capita Beef Consumption: 16.7 kg
- Total Beef Imports (not including variety meat) - all sources: 285,146 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 18,057 mt
- U.S. Share of Total Beef / BVM Import Market: <1%
- Other Beef/BVM Suppliers & Market Share: EU-27 90% (Ireland 65%, Poland 7%), Brazil 7%, Uruguay 1%

- Domestic Self-Sufficiency: 79%
- U.S. Beef Exports (not including variety meat)* : 786 mt
- U.S. Beef Variety Meat (BVM) Exports*: 11 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Imports: Processing 0%, HRI 90%, Retail 10%

Top Imported U.S. Beef Cuts: Full sets

Top Imported U.S. BVM Items: None

Market Access Issues include a) the reciprocity clause (requiring third country compliance) in the antimicrobial use legislation being worked into implementing legislation currently (e.g. Article 118) and set for 2022 implementation; b) the EU and UK's ban on the use of hormone growth promotants and FDA-approved beta agonists, c) the ban on all but one of the many pathogen reduction treatments (PRTs) that are approved for use in slaughterhouses in the United States; and d) no beef access to Bosnia and Herzegovina, Turkey, Montenegro, Moldova, or Macedonia.

MARKET STRATEGY:

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 continue to expand targeted reach to include lesser developed markets such as the Baltic States, Slovakia, Romania, Bulgaria, Hungary, and Poland. Defend key higher-volume and value markets such as Italy, France, UK, Scandinavia and Germany. For 2024, USMEF will continue developing projects in the markets of Southern Europe (EU members; Croatia, Greece, Slovenia, Spain). For 2024 there are plans to further explore the markets where USMEF did not yet partner with local HRI and retail industry such as Austria, Portugal, Luxembourg. We also plan to investigate opportunities in the countries of former Yugoslavia that are not yet EU members – although that can present some challenges due to market access issues (both customs and veterinary). Support growing distribution channels for U.S. beef such as ecommerce. Continue to educate consumers on the safety and sustainability of science-based U.S. agricultural practices to build consumer confidence. Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening. Increase marketing efforts to final consumers through social media platforms and partner communications. Educational content, communication at the retail level, consumer raffles, and blogger engagement can contribute to better awareness of U.S. beef among final consumers and stimulate trial purchases.

Premium Products

- 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.
- In certain countries, strong national/regional promotional campaigns marketing European beef are increasingly becoming a growing threat. At the same time, the fact that in many EU countries we see the attempt to position local beef at a higher quality level contributes to creating a positive attitude in differentiating high quality beef from just beef. This helps create a culture of consuming high-quality beef, which U.S. beef will benefit from as well. With that, USMEF does not necessarily see as a threat the attempts to position Polish, French, Swedish or Irish beef as high-quality products.
- Grilling and American style BBQ trends that are gaining momentum, particularly in 2nd and 3rd tier markets are helping to create more interest in high-quality U.S. products.
- Some wealthy populations, such as consumers in Sweden, Denmark and Germany, choose imported product for quality and general "uniqueness" factor.
- Among the trade and many top chefs, U.S. beef is considered superior, with quality standards above other beef; however, buyers lack knowledge about non-traditional alternative cuts that could help offset the high prices of U.S. beef. We hope to see 2024 as the year when consumers adjust to the new price levels for food in general and for beef; therefore accepting higher price levels of US beef. This will further encourage acceptance of U.S. beef at retail.
- As importers generally purchase full sets (16-22 cuts), they sometimes face difficulty in marketing some of the lesser-known cuts.
- Per capita beef consumption levels in many European countries, particularly in central, southern, and eastern Europe are very low and represent opportunity for strong growth potential.

- Strategic Objective: 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.
- Tactical Response: 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. Continue engaging the retail sector while focusing on second and third tier countries to develop demand for alternative cuts. Engage both social media and traditional communication channels to communicate U.S. beef messaging directly to consumers.

High-End Restaurants

- Entering the summer holiday season, foodservice is back to normal after nearly three years of COVID-19 related restrictions.
- U.S. beef is facing pressure from shipments of cheaper grain-fed beef from Australia, Uruguay and Argentina under the duty-free quota. However, new TRQ for U.S. beef puts U.S. beef in an advantageous position. Logistics issues, Euro/USD/GBP exchange rates, inflation, increase of energy costs and high beef prices pose another challenge. The supply chain faces intermittent interruptions and food service is yet to adjust to new price levels for all beef products, not just U.S. beef.
- 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.
- 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, though inconsistent quality in domestic production is a well-recognized issue.
- Higher inflation levels seen in many European countries may create challenges for high-end dining, a common end-user of U.S. beef. However, there is optimism that consumers will adapt to and accept pricing and adjust habits accordingly.
- 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.
- Developing EU markets, such as Bulgaria, Hungary, Croatia, Romania, and Estonia, with economies growing at a faster pace than the European average, are discovering U.S. beef. This presents further growth opportunity, especially for budget-friendly, alternative cuts. In addition, per capita beef consumption in these countries are relatively low and thus present additional growth opportunities.
- Strategic Objective: Continue to engage top HRI buyers in various markets with 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. Support an HRI relaunch of U.S. beef as the foodservice sector reopens.
- Tactical Response: 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. Engage restaurant chains and HRI distributors to motivate them to organize special activities to promote U.S. beef, thus encouraging them to start introducing U.S. beef cuts to the menu. Use advantageous position of U.S. beef in the Duty-Free quota as additional stimulus in introduction of U.S. beef to the menu.

Retail Differentiation

- Costco is increasing their support of U.S. beef with an expanding reach to countries such as Iceland, UK, France, Sweden, and Spain. In addition, Costco now carries both Prime and Choice product, providing consumers with more choices for quality and price.
- Although constrained by lower price points and margins, most retailers (including discounters) are nonetheless offering premium products to differentiate themselves and attract wealthier consumers. Retail partners in Germany and Poland utilize U.S. beef branded refrigerators to increase attention for the U.S. product while allowing USMEF to disseminate marketing messaging directly to consumers.
- Retailing of US beef cuts at stores not necessarily specializing in food, such as grilling equipment outlets, has proven to be an effective instrument to introduce customers to U.S. beef. In 2024 we will continue to support initiatives by engaging those non- traditional outlets to carry specialized U.S. beef fridges.
- Beyond specialty shops, more supermarkets are interested in having U.S. beef on their shelves, and cash & carry retailers are open to including alternative beef cuts to reach a wider range of customers.

- Ecommerce is a growing distribution channel for premium food and meat items, driven in popularity by buying habits influenced during the height of the COVID-19 pandemic. U.S. beef has a presence in niche ecommerce in established markets such as Germany, Italy and Denmark but also in developing markets such as Bulgaria, Poland, Romania.
- **Strategic Objective:** Build awareness among retailers and their customers about the attributes of high-quality U.S. beef and how different cuts can be utilized. Expand footprint of U.S. beef within the retail segment, both offline and online, to include new cuts. Introduce U.S. beef to new markets within Europe by leveraging existing partnerships with importers and the trade.
- **Tactical Response:** Conduct educational and promotional events in coordination with retailers to raise awareness of U.S. beef and its varied culinary uses. Extensively share USMEF's social media content to help retailers communicate with their consumers. 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. Provide consumers with comprehensive educational resources, both at the point of sale as well as through social media. Differentiate U.S. beef at retail with dedicated coolers in specific areas at retail to heighten consumer awareness and create further educational opportunities.

Other Key Initiatives

- Engage consumers directly through activities that leverage high-profile culinary influencers, digital marketing campaigns and point of sale activities to educate consumers on the high-quality attributes of U.S. beef as well as the safety and sustainability of U.S. agriculture. Use bloggers and influencers extensively to create publicity and excitement about U.S. beef. Maximize engagement with local influencers that possess knowledge of local languages and local cultures.
- Continue combating Farm-to-Fork messaging and pressure to decrease meat consumption by amplifying positive messaging about U.S. beef production sustainability practices.
- Focus on educating buyers in primary markets of Germany, Italy and the UK; secondary markets of France, Netherlands, Finland, Spain, Switzerland, Denmark, Sweden, Poland and Czech Republic; third-tier markets of Romania, Bulgaria, Latvia, Slovakia, Hungary, Greece, and Croatia; investigate new opportunities in the markets of Balkans (with considerations for market access) and continue to work in markets where importers are not very active as a means of opportunity for growth (Austria, Portugal, Luxembourg).
- Partner with importers to promote U.S. beef ecommerce offerings through the partner's own social media channels. Cooperate with partners' digital platforms to reach down-stream end users.
- 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.
- Reach new segments of consumers, such as women, who may not be familiar with or experienced in culinary trends such as grilling or low and slow barbeque methods.
- Demonstrate to the EU market the United States' commitment to maintaining relationships.
- Increase the visibility of U.S. beef through placement on widely viewed grilling and cooking shows as well as customer facing U.S. beef branding on partners' delivery fleets and billboards.
- 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 Instagram to educate traders, chefs, buyers, and consumers about U.S. beef.

Citations:

*2022 import and market share data is based on import data of EU-27 and the United Kingdom (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.*

Measurable Objectives

Measurable Objective #1

84% of targeted distributors are consistent year-round purchasers of U.S. beef.

Measurable Objective #2

55% of targeted distributors will purchase muscle cuts other than traditional loin steak cuts.

Measurable Objective #3

100% of newly targeted distributors will make trial purchases of U.S. beef

Measurable Objective #4:

73% of newly targeted retailers will make trial purchases of U.S. beef.

Measurable Objective #5:

53% of targeted retailers will regularly offer U.S. beef to their customers.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:**MARKET ASSESSMENT:**

Coming off a record year in 2021, beef exports to leading volume market Japan took a step back in 2022. Exports of U.S. beef plus variety meats to Japan decreased 4% in volume to 308,735 mt valued at \$2.32 billion (down 2%). U.S. beef continues to benefit 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. Through the U.S.-Japan FTA, the U.S. is subject to an annual safeguard (except years 2028-2032, which will have a quarterly safeguard) with a snapback duty of initially 38.5%, reducing to 30% from Japan's fiscal year 2021-2027. In March 2022, the U.S. and Japan agreed to a new trigger mechanism that would minimize the risk of the safeguard being triggered, and it was approved by Japanese parliament in November 2022. The last time the U.S. beef safeguard was triggered was March-April 2021. Despite the FTA, Japan's relatively high beef duties compared to other major global importers adds to the expense of U.S. beef in this market.

Japan's imports of beef from all suppliers were down in 2022, with a significant decrease from Australia whose market share dropped from 38% to 35%. Australia's grain-fed beef exports to Japan were down 6% to 116,822 mt in 2022, and down from the peak of 153,225 mt in 2019. U.S. market share increased slightly from 41% in 2021 to 42% in 2022; although this growth in share was mainly due to increased imports of frozen U.S. product as imports of chilled were challenged by sustained logistical issues and the devaluation of the Yen in October 2022.

Although imports of U.S. chilled beef dropped 16.5% in 2022 to 113,383 mt, U.S. market share of the chilled category grew to 52% in 2022. 33.5% of all beef imported into Japan was chilled in 2022, down from 39% in 2021 as demand from the retail sector dropped off reflecting the challenging economic situation and a shift back toward foodservice. Japan's household consumption of beef decreased by 3% compared to 2019 levels and was down 7% year-over-year; expenditures on beef at retail were down 3% yoy but were up 8% compared to 2019, reflecting higher prices. Imports of U.S. short plate were the smallest since 2016 although short plates still accounted for 65% of Japan's imports of U.S. beef cuts in 2022, followed by the chuck/round category accounting for 30%; loin (3%) and trim (<2%) made up the balance. Growth in the trim category did not offset decreases elsewhere. After importing larger chilled beef volumes in 2021, frozen grew in 2022 but not enough to offset the sharp decrease in chilled, partly reflecting sustained shipping and logistical issues. Total imports of frozen beef were up nearly 7% in 2022, with larger supplies from the U.S. (up 15% to 132,737 mt), Canada (up 5.5% to 38,490 mt), New Zealand (up 17% to 24,083 mt) and Mexico (up 46% to 21,095 mt).

Japan's total beef imports peaked in 2019, prior to the pandemic. Yakiniku chains continued to see growth in 2022 while other foodservice operators saw business rebound much more slowly. Beef tongue, intestine, tripe, hanging tender, etc. are popular variety meat items destined for the yakiniku segment. U.S. beef variety meat exports to Japan declined in 2022, although value increased to \$534.5 million. Japan's imports of U.S. beef tongue alone totaled \$477 million (nearly 42,000 mt) which equated to \$18.30 and 1.9 lbs for every fed head harvested in 2022. Duties on U.S. tongues, skirts, and hanging tenders are phasing to zero thanks to the U.S.-Japan FTA.

Consumer foodservice in Japan started to rebound in 2022 with heavy recovery from the izakaya (bar/pub) sector. Despite growth, foodservice was still impacted by stagnant tourism in 2022 (Japan reopened to tourism in late 2022), and high costs of raw material challenged foodservice operators. There is further potential for foodservice growth in 2023. Rebounds in tourism will drive additional beef consumption; prior to COVID-19 Japan was seeing around 30 million tourists per year. With the Yen off its October 2022 lows, chilled beef purchasing may also rebound in the near-term.

- Per Capita Beef Consumption: 9.8 kg
- Total Beef Imports (not including variety meat) - all sources: 568,776 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 79,575 mt
- U.S. Share of Total Beef / BVM Import Market: 42%
- Other Beef/BVM Suppliers & Market Shares: Australia 35%, Canada 8.5%, New Zealand 5%
- Domestic Self Sufficiency: 40%
- U.S. Beef Exports (not including variety meat): 254,065 mt

- U.S. Beef Variety Meat (BVM) Exports: 54,670 mt
- U.S. Beef/ BVM Exports as a % of Total U.S. Beef/BVM Exports: 21%
- Customers for U.S. Beef Imports: Processing 5%, HRI 45%, Retail 50%

Top Imported U.S. Beef Cuts: short plate, rib cap plate, upper plate, chuck eye roll, shoulder clod, chuck flap tail, top round, flat round, 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

Market Access Issues include a) annual safeguard mechanism on beef imports that would increase the duty on U.S. beef products to 30%, if triggered, but the trigger mechanism has been modified to reduce the likelihood of triggering; b) the Export Verification program for U.S. beef exports to Japan, which limits the opportunities for processed and value-added beef products; and c) still relatively isolated but growing concerns among the general public about U.S. production practices including use of growth hormones, sustainability, and environmental issues.

MARKET STRATEGY:

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

Supermarket Retail Trends & Buyer Preferences

- Supermarkets remain the largest retail format in Japan in terms of value sales. Modern retail is sophisticated, and buyers know how to handle chilled product.
- Competition among supermarkets, mini-supermarkets, convenience stores, and ecommerce platforms is driving a need for retailers to differentiate.
- Use of branding is important to differentiate product in retail outlets. U.S. “Black Angus” items are popular on retail store shelves as consumers recognize cattle breeds. U.S. Angus is a well-known symbol for quality in Japan and a preferred marketing tool for retailers.
- Regional retail chains are a key channel to expand U.S. beef sales while displacing competitor product. USMEF is now working with CGC, a retail cooperative with over 4,000 outlets, to bring U.S. beef to more retail shelves.
- Although shipping and logistical delays seem to have improved from the U.S. side, shipments from Australia appear to be inconsistent. Retailers are turning to U.S. beef for reliability and consistency, although logistical delays may continue to impact business, especially for chilled beef.
- Consumer interest in premium products like U.S. Prime grade beef for at-home consumption is growing. Retail chains like Costco, which now operates 31 outlets in Japan, are requesting Prime-only promotions to capture consumer attention.
- Japanese retailers traditionally carry thin-sliced beef ideal for shabu shabu, yakiniku, hot pot, etc. Retailers benefit from thick-cut concepts and prepacked products to reduce in-house labor costs and move more volume. Consumer education is key.
- 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. Some Japanese retail chains have introduced small, pre-packaged U.S. ground beef patties to suit the storage constraints of the Japanese consumer.
- An increasing number of women entering the workforce, rising number of single-person households, and the aging population are driving demand for convenience products with consumers. Supermarkets or hypermarkets looking to cater to the convenience- driven consumer are introducing premade meal kits to retail shelves. Kits featuring Japanese cuisines like yakiniku and hot pot present opportunities for U.S. beef variety meats, such as beef intestine, to gain traction in the retail sector. “Sugomori”, or stay at home food demand, is driving purchases of frozen food, home meal replacement (HMR), and pre-marinated products.
- Retailers are anticipating a decline in sales as consumers shift back towards foodservice once again. USMEF anticipates additional requests for promotional support from retail partners.
- Alternative cuts at retail can help protect beef consumption trends amid high prices and inflationary pressures.
- Special sauce packets attached to product tray-packs are becoming a popular tool to drive sales during retail promotions.

- **Strategic Objective:** Work with national and regional retailers to establish U.S. beef as a key item in the meat case. Protect and gain market share among retail accounts by providing superior promotional support and identifying weaknesses or inconsistencies among competitor suppliers.
- **Tactical Response:** Identify and target regional chains under-served by U.S. beef. Develop company-specific strategies for target accounts, provide educational resources and exceptional promotional support to develop demand and displace the competition. Align U.S. beef brand suppliers and interested retailers to enhance U.S. beef's image. Push thick-cut concepts at the retail level with frequent retail staff trainings and consumer-oriented POS material, while also providing proper training and merchandising information for traditional thinly sliced items. Utilize in-store promotions, "American Beef Fairs", online or mobile app promotion announcements, and other incentives to drive consumer interest in U.S. product.

Convenience Stores (CVS) & Ecommerce

- Pre-COVID, convenience stores were one of the fastest growing retail categories in Japan, with about 57,000 outlets serving 46 million customer visits per day. Many CVS outlets are concentrated around Tokyo, capitalizing on commuting workers stopping in for impulse buys and quick stops. Japan is by far the leading convenience store market globally. However, CVS sales in Japan are not expected to grow in the near-term.
- Convenience stores adapted to COVID-19 by diversifying product lines, expanding into more suburban areas, and allocating shelf space to more fresh items to meet the needs of families.
- Convenience store chains are adding delivery services to remain competitive. 7-Eleven uses an in-house delivery service touting delivery within 30 minutes of order placement.
- 90% of CVS market share is covered by the top three market leaders: 7-Eleven, FamilyMart, and Lawson. To remain competitive, CVS chains are investing in development of their own private label products.
- HMR products continue to thrive in Japan. From 2019-2026 ready meal sales will have the largest absolute sales increase in Japan with sales growing \$1.981 billion up 12% over that time period (Euromonitor).
- Quality upgrades of bento boxes may open additional opportunities for U.S. beef as a raw material for those fresh-made products offered at CVS. However, CVS chains do not often identify country of origin on these products.
- Retailers are investing heavily in their own ecommerce platforms, although this segment remains small. Food and drink ecommerce is still only about 9% of total ecommerce sales with little projected growth through 2026 (Euromonitor).
- Many consumers remain reluctant to purchase fresh foods via ecommerce channels as the preference to grocery shop in person for the best quality remains strong.
- **Strategic Objective:** Increase U.S. beef usage in HMR products/processed product and in new menu items at CVS, retail, and deli chains. Demonstrate the quality message of labeling U.S. beef on products at CVS. Identify and engage with ecommerce platforms to build opportunities for U.S. beef in the long-term.
- **Tactical Response:** Collaborate with CVS chains and HMR processors and their suppliers to develop new items and hot menu items using a variety of U.S. beef cuts. Encourage CVS chains to identify country of origin and highlight U.S. beef attributes on product to elevate product image. Promote U.S. beef on select ecommerce platforms as opportunities arise.

Foodservice Recovery & Trends Favour Beef

- Japan hosted a record 32 million inbound visitors in 2019. In 2023, tourism continues to rebound although not yet above pre- COVID-19 levels. Tourist traffic is key to the hotel and restaurant industries, although today many operators are challenged by lack of labor.
- High beef prices and the weakened Yen are pushing restaurant operators to consider other cost-effective options like top blade, chuck flap, teres major, and brisket skirt. More training on alternative cuts is needed.
- High-end steakhouse chains like Peter Luger are still expanding in Japan. The "niku boom", or preference for red meat, continues among consumers and is driven by demand for health and flavor. Consumers seeking "small luxuries" are driving foot traffic to these outlets.
- The casual steakhouse concept in Japan has become so competitive that foodservice operators are differentiating with premium or branded product.
- Gourmet burgers are a growing trend in Japan as consumers seek takeout-friendly menus. Beef sandwiches, which preserve well in takeout boxes, are also becoming a popular menu item with fast-casual outlets. Consumers prefer bento-style takeout, and U.S. beef sandwiches can be added to these options.

- Increases in operational kitchen expenses are driving many foodservice managers to search for ways to minimize in-house cuts with more portion control, thick-cuts or further processed product. Matsuya, a popular beef bowl chain, introduced automated beef bowl vending machines throughout Tokyo to capture business 24-hours a day with reduced labor costs.
- Yakiniku restaurants have become increasingly popular, using a significant amount of U.S. beef tongue, outside skirt, hanging tender, short plate, abomasum, liver, trimmings, large intestine, and even some OTM product. Single-person yakiniku continues to trend.
- The hotel and catering sector typically has shown high demand for OTM tenderloin and ribeye. Mountain chain tripe is also a popular OTM variety meat. Opportunities for these products are expected to increase as tourism rebounds.
- **Strategic Objective:** Continue to present U.S. beef as a high-quality, consistent menu item to a full range of foodservice operators, including fast-casual outlets and high-end steakhouses or yakiniku chains. Introduce U.S. beef alternative cuts and OTM products to foodservice operators seeking additional raw material options. Demonstrate strong U.S. beef support for the HRI industry as the foodservice sector continues to undergo rebound efforts.
- **Tactical Response:** Offer hands-on culinary trainings and cutting demonstrations to a wide variety of foodservice operators interested in a range of U.S. beef cuts appropriate for fast-casual menus to even high-end steak items. Work with foodservice partners directly to develop new menu ideas, and offer tailored assistance implementing promotions, including free delivery. Collaborate with U.S. beef foodservice users to launch themed menu campaigns. Identify opportunities for a diversified and expanded purchasing portfolio from foodservice operators in need of raw material options.

Digital Marketing

- Social media trends are expanding beyond just millennials as consumers seek a sense of community, communication, and even resources from social media channels. LINE is a very popular and user-friendly app. Consumers of all ages use this free messaging mobile app to talk with friends, play games, send money, shop, etc.
- COVID-19 has pushed many consumers to engage in hobbies or skill-building exercises with online platforms, including online cooking classes.
- 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”.
- Social media platforms 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 is “factory farmed”.
- 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.
- **Strategic Objective:** Build U.S. beef’s image on diverse social media platforms as a healthy, high-quality, and delicious center-of- the-plate option. Use social media to reach consumers to keep U.S. beef top of mind and build familiarity and trust. Help consumers find locations that carry U.S. product by linking social media content including videos, influencer pages, etc. to ecommerce or retail promotions/pages.
- **Tactical Response:** Develop U.S. beef’s presence on diversified social media channels or online platforms to reach a wide variety of consumers. Leverage the expansion of social media in Japan by linking traditional promotions and activities to customized shopping sites and utilize recognizable social media leaders with a strong following to effectively expand the reach of the U.S. beef message. Create digital content for consumer education or to highlight U.S. beef partners, like key restaurants.

Other Key Initiatives

- Utilize cross-branding strategies to bring attention to U.S. beef and develop a trustworthy reputation.
- Continue to develop U.S. beef’s image as a “family-farmed” product with producer videos and real-life interviews with actual U.S. producers to be used at tradeshows, retail events, and shared across social media.
- Create a network of “Master Chefs” from hand-selected culinary school instructors to promote the quality and diversity of U.S. beef to consumers and other culinary professionals, sometimes bringing these events to virtual platforms as needed.
- Partner with Japanese chef KOL’s to reach consumers on social media and dispel myths that U.S. beef should not be used in traditional Japanese cuisine.

- Communicate the benefits of American beef to influencers, including culinary teachers. Establish partnerships with appropriate culinary, grill-enthusiasts, etc. influencers and include them in U.S. beef educational events. Encourage these influencers to promote American beef to consumers.
- Partner with renowned magazines and newspapers targeting Japanese seniors to generate demand for U.S. beef and use these media sources to build confidence from certified nutritionists promoting U.S. beef.
- Emphasize the health and nutritional benefits of U.S. beef in a balanced, high-protein diet on consumer-oriented marketing tools to reach health-conscious and fitness-focused consumers.
- Monitor the presence and evolution of plant-based meats that are appearing in more foodservice and retail outlets as consumer interest in the environment and sustainability grows.
- Position the U.S. beef industry as community-oriented and supportive to the Japanese market by identifying opportunities to work with food banks, children's centers, schools, etc. for charitable programming.

Citations:

2022 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

Measurable Objectives

Measurable Objective #1

94% of targeted importers and distributors in Japan will report that they are confident in the safety and reliable supplies of U.S. beef.

Measurable Objective #2

88% of targeted importers and distributors will consistently purchase two or more U.S. beef alternative cuts.

Measurable Objective #3

86% of targeted HRI and retail accounts will consistently feature two or more U.S. beef cuts.

Measurable Objective #4:

73% of targeted HRI and retail accounts will add additional U.S. beef items to the menu/in the meat case.

Measurable Objective #5:

66% of targeted bento/convenience stores will offer items featuring U.S. beef.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

Beef exports to Korea in 2022 totaled 291,748 mt, up 4% and eclipsing the previous record set in 2021. Export value increased 13% to \$2.697 billion – not only a record for Korea, but the highest value achieved in any destination. Korea's surging demand for U.S. beef has been driven largely by growth in the retail sector, both in traditional retail venues and e-commerce platforms where demand for fresh beef and grain-fed product from consumers seeking premium foods continues to escalate. Of the international export markets for U.S. beef, Korea has the highest per capita consumption of U.S. beef, reaching nearly 5 kg in 2022 (product weight), up from 1.9 kg in 2012, or a 163% increase. U.S. beef accounted for 34% of Korea's beef consumption, and even U.S. beef variety meat exports to Korea were up 45% (valued at \$54.9 million) in 2022.

While chilled beef accounted for only 20% of Korea's total beef imports in 2022 (down from 23% in 2021, but up from 18% in 2019 and still the second highest year on record), this continues to be a rapidly growing market for chilled beef products. U.S. market share surpassed Australian share of imported chilled beef in 2017 and since has grown from 55% to 64.5% in 2022. Imports of U.S. chilled beef set a record in 2021, reaching 77,257 mt, up 40% over chilled beef imports in 2019. Shipping delays pose a threat to the chilled beef business as importers and retailers add more frozen product to the mix, hoping to reduce the risk of shelf-life issues. Imports of U.S. frozen beef were up 10% in 2022 to 190,000 mt, accounting for 51% of Korean's frozen beef imports.

U.S. beef continues to benefit from the phase-out of Korea's import duties as the tariff rate under the Korea-U.S. Free Trade Agreement (KORUS) dropped to 8% for 2023, down from 40% prior to implementation of the FTA. The tariff rate is scheduled to decline to zero by 2026. Top competitors Australia, Canada, and New Zealand also benefit from FTA's with Korea; however, the U.S. will continue to maintain a duty advantage until 2028 when these competitor rates also decline to zero.

Domestic Hanwoo production is record-high and the domestic industry is heavily promoting its beef while the government is supporting a herd buyout program to bring inventories closer to estimated demand. There will be a much smaller spread between Hanwoo and Prime/Choice U.S. beef. Australia's grain-fed exports to Korea in 2022 declined just 1% from the 2021 record to 63,500 mt. While Australia is the top competitor in the region, Australian market share continues to decline as U.S. beef captures new demand for high-quality product.

Korean officials finally lifted all quarantine measures for COVID-19 on inbound travelers in October 2022, and all mask-related mandates were lifted in March 2023. Although consumers are feeling inflationary pressures, they are expected to spend more on travel and foodservice even as takeaway, delivery, and ecommerce remain popular in the post-pandemic era. Single-person households account for over one-third of all households in Korea with convenience and polarized purchasing trending.

- Per Capita Beef Consumption: 17.9 kg
- Total Beef Imports (not including variety meat) - all sources: 476,829 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 30,506 mt
- U.S. Share of Total Beef/BVM Import Market: 52%
- Other Beef/BVM Suppliers & Market Share: Australia 36%, New Zealand 5%, Canada 4%
- Domestic Self Sufficiency: 36%
- U.S. Beef Exports (not including variety meat): 282,102 mt
- U.S. Beef Variety Meat (BVM) Exports: 9,646 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 20%
- Customers for U.S. Beef Imports: Processing 15%, HRI 45%, Retail 40%

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, shoulder clod, brisket, short plate, clod, back rib

Top Imported U.S. BVM: femur bone, large intestine, tendon, feet, abomasum

Market Access Issues include a) Korea's ban on imports of U.S. beef from cattle over 30 months of age and selected products from cattle under 30 months of age (i.e. processed beef, small intestine, tongue, trimming, ground beef, etc.); and b) related restrictions on beef from imported Canadian cattle.

MARKET STRATEGY:

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) Continue to capitalize on growing demand for premium product in both retail and foodservice sectors, leveraging the benefits of KORUS to gain market share; C) Establish loyalty to the U.S. beef industry among buyers by demonstrating superior promotional support and supply capabilities.

Premium and "Small Luxury" Purchasing Favors Imported Beef Despite Inflationary Pressures

- Korea has the highest per capita consumption of U.S. beef compared to other international export markets. 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.
- Decreasing tariffs on U.S. product 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 2028-2029 when main competitors such as Australia, Canada, and New Zealand also reach a 0% duty. U.S export growth through 2028 will be key to long-term success in Korea.
- Consumers in Korea find small luxuries in eating premium or high-quality foods; however, consumers are also showing polarized consumption propensity. For everyday meals, consumers are choosing less expensive meal options, while still demanding the small luxury of high-end food. Consumers had been on a path of "revenge spending" after a couple years of social distancing but are now conscious of inflationary pressures and are shifting to more rational spending to cope with increasing living costs.
- U.S. beef Prime and wagyu products are in high demand with some retailers adding specialized sections to their stores to highlight these products.
- During the pandemic, Korean consumers' first choice for home meals were meat-centric, including medium-priced steak cuts found at retail. Steaks were a popular choice with consumers due to affordability, and convenience of cooking. High demand for HMR and meal kits with U.S. beef ingredients increased consumption of U.S. beef at home. U.S. beef took full advantage of changing consumer behaviors driven by the pandemic.
- Consumers are increasingly interested in personal health and nutrition, focusing more on fresh foods. Retailers and ecommerce operators are responding by launching specific "fresh" product lines with quality guarantees. Camping and other outdoor activities are trending among consumers seeking a mental getaway and extracurriculars. Luxury camping with high-quality foods is also popular among consumers, creating opportunities for U.S. beef steaks and processed products to be merchandised as a camping essential.
- Strategic Objective: Capitalize on growing consumer interest in beef and the benefits of the KORUS agreement to build stronger demand for high-quality grain-fed U.S. product. Gain maximum market share by developing new demand and displacing competitor product. Protect market share as consumers turn to more "value" purchasing and competitors like domestic Hanwoo and Australian beef drop prices.
- Tactical Response: Continue to connect a broad group of importers/distributors and end consumers to U.S. beef suppliers through various trade sector activities 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 or branded products. Strategically bring U.S. beef into the conversation about sustainability and animal welfare, using keynote speakers, influencers, and science to educate consumers.

Convenience & Processed Product

- Single-person households are the leading household type. These consumers typically seek small, packaged goods and convenient meal options.
- Consumers tend to have limited storage space. Single-package items are in high demand and some delivery platforms, like Coupang, Baemin, SSG.com, Market Kurly etc, offer low-volume single-service delivery for consumers who wish to order low quantities.
- From 2019-2025 ready meal sales are expected to increase \$502 million in South Korea (Euromonitor).
- Home meal replacement (HMR) products are popular with both single-person households and families for both chilled and frozen items. Consumers appreciate variety and diversity in HMR lines to suit differing tastes.

- Quality standards of HMR product have grown tremendously, creating opportunities for high-quality beef to be used as a raw material and for products to differentiate with “Prime”, “dry-aged”, and other keywords that consumers prefer.
- Upgrading the HMR experience, restaurants are partnering with processors to create branded lines of restaurant-meal- replacement, or RMR, items that appeal to customers’ familiarity with certain chains and brand names. These items can be found in-stores and online.
- Hot meals at convenience stores, such as lunch boxes, are becoming a popular item among workers seeking quality at a low price. Emart24 (CVS) launched a lunch box subscription service where consumers can try different lunch boxes for a flat monthly fee.
- Labor in Korea is challenged by a rapidly aging population exiting the workforce. A sharp 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 via further processed product.
- Retailers are seeking more case-ready product for labor savings, and some foodservice operators utilize robots for tableside service.
- **Strategic Objective:** 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 and satisfy demands from convenience-seeking families.
- **Tactical Response:** 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, retailers, and even foodservice operators. Utilize specialty products like dry-aged and Prime-grade beef in processed product and demonstrate the benefits of advertising these features to differentiate.

Reshaping Retail & Demand for Fresh Foods at Ecommerce

- Club-membership retail formats are becoming more popular as consumers seek value options, giving them special access to coupons, deals, and products reserved for members. The pandemic underscored the growth of this segment, and all membership warehouse clubs in Korea have plans to open new stores. Some warehouse style stores are opening “non-member” options to reach more consumers.
- As competition with online retail intensifies, offline retailers are strengthening their online malls and apps and using each store as a logistics base. In addition, offline retailers are trying to attract customers through store renewals such as customer experience- type stores and fresh food stores.
- Retailers are diversifying to meet the needs of convenience-driven consumers. High end department stores are now offering morning delivery through online platforms and diligently developing processed items made in collaboration with their restaurant chains. Tapping into demand for convenience, Costco now offers overnight order delivery in Seoul, using a third-party company to complete these orders.
- South Korea’s food and drink ecommerce sales increased 220% from \$10.5 billion in 2017 to \$33.6 billion in 2022. (Euromonitor)
- South Korea has the highest value per capita sales globally for online grocery (\$628 in 2022, expected to grow to \$842 by 2026), and is the third-largest market for total food and drink ecommerce sales after China and the U.S. (Euromonitor)
- Ecommerce companies are introducing “fresh food quality assurance programs” that guarantee a 100% refund to consumers if not satisfied with a fresh food purchase.
- For improved quality control, ecommerce platforms are launching their own private brands and are choosing more high-quality products to elevate their reputations among consumers.
- Coupang is selling U.S. beef tomahawk and T-bone steak with prices competitive with what could be purchase at a steakhouse restaurant. Prime beef and branded products are often highlighted on ecommerce channels.
- Chuck eye roll, top blade, chuck flap tail, bone-in steak, and short ribs have all been popular sellers on ecommerce platforms. Loin items are newly emerging as another popular item on ecommerce channels that are well-equipped to handle chilled product.
- The largest hurdles facing ecommerce platforms have been the ability to maintain stock, especially for fresh products with short shelf lives, and delivery capabilities.
- Business to business ecommerce platforms are expanding in Korea, allowing foodservice operators and small retailers the opportunity to purchase product box by box. Meatbox, a wholesale ecommerce platform, has expanded from boxed beef to fresh items.
- Importers are able to sell direct to consumers via Naver Smartstore, reducing the layers of distribution channels.

- Experiential marketing is popular with consumers. The lines between ecommerce and m-commerce (mobile retailing) are further blurred by livestreamed shopping events. M-commerce (mobile commerce) gift giving via apps is becoming increasingly important in Korea. Buyers can have products, including chilled meat, shipped to a recipient who enters their address and delivery information. Holiday gifting of meat sets is becoming more popular alongside the small luxury trend.
- **Strategic Objective:** Expand U.S. beef's presence in a diverse set of retail channels including ecommerce platforms and m-commerce apps and address their individual needs via trade servicing, merchandising, and promotional support.
- **Tactical Response:** Identify new and diverse ecommerce platforms capable of promoting U.S. beef and help launch new "ecommerce-friendly" products to increase available SKUs 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 for ecommerce and in-store retail formats.

Foodservice Diversification & Distribution

- Restaurant operators are diversifying revenue by tapping into meal kit, RMR, and other carryout convenience items.
- Even BBQ restaurants are tapping into delivery demand with overnight delivery of meal kits that are meant to be prepared at home. These new products retain the quality of items off a dine-in menu.
- Ghost kitchens and delivery-only concepts are thriving amid demand for convenience and improved accessibility. In the long-term sales at ghost kitchens are expected to decline; however consumers are still seeking convenient options.
- Despite high demand for takeout and delivery, some restaurant brands are revamping their dine-in operations to target specific consumer groups like the high-end diner. Polarized dining trends with strong demand for the cheapest meals and highest-end will trend through 2023.
- USDA Prime grade beef, branded beef, and wagyu beef are in high demand among foodservice outlets looking to differentiate. Some restaurants are adding unique items to their menus, like marinated tomahawk steaks, to differentiate. Consumers continue to demonstrate a willingness to pay for premium products and experiences.
- The growing interest in American-style cuisine such as steaks, BBQ, bone-in beef, and gourmet burgers is penetrating both high-end and family-style restaurants, increasing the use of secondary beef cuts.
- International burger chains like Five Guys and Super Duper Burgers are expanding in Korea.
- 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 menus.
- Cafes serving quick bites and grab-and-go meals are growing in popularity, offering consumers an intimate, cozy atmosphere with convenient options.
- Beef-centric authentic yakiniku, beef noodles, Chinese-style hot pot and American BBQ are rapidly developing, creating more market opportunity for alternative cuts.
- 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.
- Institutions are the least penetrated HRI sector but are a potential venue to move volumes of secondary beef cuts such as short plate, chuck roll, shoulder clod, etc.
- **Strategic Objective:** Target a variety of foodservice subsectors which demand high-quality, value-priced items, and promote alternative cuts that can be consistently supplied including chilled product. Offer superior promotional support to loyal foodservice outlets.
- **Tactical Response:** Work with targeted HRI operators and suppliers on using higher grades of U.S. beef along with alternative cuts (e.g. hanging tender, chuck flap tail, chuck eye roll, shoulder clod, etc.) and new culinary styles to displace the competition and gain market share. Support U.S. beef users with trainings, promotions, advertisements, menu ideas, social media engagement, etc. Further develop and expand the annual "restaurant week" promotions by including more outlets, expanding to ecommerce/delivery, etc.

Social Media

- YouTube, Instagram, Facebook, Naver Blog, and TikTok are the most popular social media platforms in Korea. YouTube's influence among consumers of all generations is growing. Millennials and Gen Z preferentially search for information on YouTube.
- Consumers are seeking more information via longer YouTube videos that offer specific knowledge and in-depth reviews rather than short videos that lack details.

- Korean consumers of all age groups are utilizing social media platforms and engaging with relatable influencers or micro influencers. Over 90% of the population is active on social media.
- Food-related blogs, forums and networks are heavily utilized by Korean consumers who follow and trust SNS “celebrities” more than traditional thought leaders.
- Social media, now combined with ecommerce and promoted with the help of influencers, has become a substantial outlet to move product. Foreign companies are utilizing influencers as brand ambassadors to establish a sense of trust and familiarity among consumers.
- Millennials and Gen Z are demonstrating an interest in quality over brand names. Key words used on social media like “sustainability”, “ethical”, and “premium” are trending with these consumers.
- Strategic Objective: 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. Provide accurate information and create positive awareness on U.S. meat production.
- Tactical Response: 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. Feature U.S. producers on social media for industry endorsement and to create a sense of authenticity while highlighting the ethical and sustainable production practices used by the U.S. beef industry. Develop and create additional video content to meet consumers’ increasing desire for media-rich and text-light information, for use in both SNS and traditional communications. Link social media channels to retail, HRI, or ecommerce promotions to track their impact on sales and foot traffic.

Other Key Initiatives

- Promote the use of underutilized cuts that offer both quality and value, compared to domestic beef and other imported product. Capitalize on opportunities for new usage of cuts that align well with rapidly increasing camping and outdoor trends.
- Utilize popular virtual cooking platforms to teach consumers via cooking classes, reaching consumers both in Seoul and outside of the city.
- 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. red meat.
- 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.
- Provide training to high-end restaurants and retailers on the handling, cooking and merchandising of specialty products such as dry-aged beef.
- Monitor the presence and messaging of alternative meat options.
- Position the U.S. beef industry as philanthropic by identifying opportunities to work with donation centers, hospitals, distribution centers, cold storage facilities, etc.

Citations:

2022 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.

Measurable Objectives

Measurable Objective #1

Targeted importers will report that 98% of their total imported beef will be U.S. product.

Measurable Objective #2

72% of targeted Korean BBQ, steak & grill, salad bar (buffet), burger/BBQ, and other Asian HRI accounts will feature a new U.S. beef item on their menus.

Measurable Objective #3

85% of targeted hotel/banquet accounts will feature U.S. beef on their menus.

Measurable Objective #4:

100% of targeted institution accounts will express an interest in U.S. beef.

Measurable Objective #5:

22% of targeted restaurants will feature U.S. beef on their restaurant meal replacement (RMR) menus.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

In 2022, U.S. beef and variety meat exports to Mexico totaled 184,938 mt, down 8% year-over-year, but December 2022 and January 2023 exports rebounded to the highest level since December 2021. Mexico is the largest market for U.S. beef chuck and round exports, with shoulder clods and gooseneck rounds as top items. Mexico is also the largest destination for U.S. beef variety meat exports, taking nearly a third of total export volume in 2022. Beef variety meat volumes decreased 4% from 2021 levels at 94,049 mt, but slightly increased in value to \$266.6 million, up 1%. Mexico is the top destination for exports of U.S. beef tripe, lips, hearts, and sweetbreads. It is also a top destination for exports of beef intestines and livers.

With the lifting of all COVID-19 restrictions, the foodservice industry is expected to rebound to pre-pandemic levels by the end of 2023, and tourism to the region is continuing to increase. In 2022, hotel occupancy rates ranged from 70% to 90% depending on location. Resort destinations favored by international tourists had slightly higher occupancy rates than those favored by domestic tourists. A full value share recovery for consumer foodservice is expected by the end of 2023 for most categories, although chained restaurants are likely to see a faster recovery than independent operators due to their greater resources and adaptability.

Recently the Mexican peso has been strengthening against the U.S. dollar, in contrast to most other global currencies. In March 2023 the peso was the strongest since April 2018 at 18.5 and up 10% over a year ago. Yet even with the relatively strong peso, Mexican consumers have felt the burden of inflation, and this has challenged consumption of beef, the higher priced protein. Although the inflation rate is currently decreasing, high interest rates (11.25 %) are restricting economic growth and impacting consumer purchasing power. After 2021's economic bounce-back that amounted to 4.8% growth in Mexico's real GDP, recovery in 2022 slowed to 3%, and is projected to reduce to 1.5% in 2023. Consumers have become more selective with their purchases, thus reducing the amount they spend dining out. They are also more price-sensitive, leading harder-hit consumers to trade down to less expensive foodservice options and protein choices.

With rising costs, Mexico has turned to more affordable beef from Nicaragua, and the lean enhanced product will likely be increasingly sold along with Mexico's domestic product targeting consumers pinched by rising food prices. The Mexican government not only eliminated all import duties on meat and poultry but also opened to Brazilian pork in November 2022 and to Brazilian beef in February 2023. Mexico's import requirements for Brazil mostly mirror those of USDA/FSIS and it is possible that Brazilian beef makes inroads to help meet Mexico's demand for lean, affordable beef, especially while duties are waived through 2023. The market also opened to beef from Argentina in November 2022, with the first shipments arriving in March 2023. The threat of increasing competition from these markets is expected to continue throughout 2023.

Mexico has been expanding its beef production capacity and market access opportunities, and as a result, has become a significant net exporter of beef. Mexico's top export markets are the U.S., Japan, Canada, Korea, and Hong Kong, and a limited number of plants gained access to ship beef to Taiwan in June 2022. Mexico's beef exports set another record in 2022, up 7% to 342,000 mt, with the U.S. as the top destination (290,600 mt, +7%) but also strong growth to Japan (29,250 mt, +36%) and Canada (9,900 mt, +9%). Exports slowed for Korea and Hong Kong. Mexico's cattle prices were record high for most of 2022, but dropped in Nov-Dec and in Jan-Feb were 7% below the year-ago highs. U.S. imports of Mexican feeder cattle fell in 2022, down 23% to just 870,000 head, the smallest since 2008.

- Per Capita Beef Consumption: 15.4 kg
- Total Beef Imports (not including variety meat)- all sources: 132,326 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 73,653 mt
- U.S. Share of Total Beef/BVM Import Market: 73%
- Other Beef/BVM Suppliers & Market Shares: Canada 3%, Nicaragua 12%, Australia <1%
- Domestic Self Sufficiency: 112%
- U.S. Beef Exports (not including variety meat): 90,889 mt
- U.S. Beef Variety Meat (BVM) Exports: 94,049 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 12.5%
- Customers for U.S. Beef Imports: Processing 50%, HRI 10%, Retail 40%

Top Imported U.S. Beef Cuts: clod, goose neck, inside round, boneless chuck, outside round, inside skirt, knuckle
Top Imported U.S. BVM Items: tripe, outside skirt, liver, oxtail, tongue, lips, intestines

Market Access Issues include a) high turnover and lack of training regarding import regulations among border officials causing container delays and other import delays.

MARKET STRATEGY:

A) Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening activities; B) 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; C) 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; D) 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, particularly undervalued cuts from the round such as the knuckle.

Market Diversification

- 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.
- Across sectors, U.S. beef is known mainly for high-end/high-cost cuts, which limits the perceived culinary applications.
- 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. Retailers should be encouraged to differentiate product at the meat case to capitalize on profit potential.
- Concerns about reliable supply and rising prices due to inflation have forced buyers to diversify beef imports, leading to an import quota for countries like Brazil and Argentina that do not have an FTA, as well as negotiation of trade agreements with U.S. competitors.
- Nicaragua is a growing competitor in the region with the majority of volume processed and imported by Sukarne. Mexico's imports of beef and beef variety meats from Nicaragua have tripled since 2015, overtaking Canada as the second largest beef importer in 2020.
- Developing diverse market segments for U.S. beef for a broad range of products is important to reaching new buyers, meeting consumer needs, and defending market share.
- Strategic Objective: 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, inside round, outside round and variety meats and continue to demonstrate the profit potential, stability and safety of the U.S. beef supply.
- Tactical Response: 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 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.

Medium-Sized Importers & Processors

- Beyond the large importers/processers in Mexico, there are hundreds of smaller firms that either do not source, or could source more, U.S. product.
- Many newer players do not have experience with U.S. beef and lack knowledge about the unique product attributes and specs.
- The availability of U.S. beef in metropolitan areas is significant; however, in other regions of Mexico, which typically tend to have more price-conscious customers, availability and awareness among buyers is much lower. Processors are demonstrating strong interest in new processed product development.
- Strategic Objective: 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.
- Tactical Response: 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.

High-End & Specialty Retail

- Global demand and strength in US beef pricing have made US beef an unaffordable product for price-sensitive consumers.
- 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.
- Large retailers, such as Walmart and Costco, are investing additional resources into Mexico, presenting an opportunity for growth of U.S. beef.
- Meat boutiques are finding success selling high-quality U.S. beef on weekends, especially to men who enjoy grilling, and are looking to increase sales during the workweek with value-added products such as marinated cuts for easily prepared meals.
- 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.
- **Strategic Objective:** 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.
- **Tactical Response:** Intensify training and promotions with high-end retailers whose customers seek out quality products and are less price sensitive. Incentivize retailers to correctly identify U.S. beef in the meat case.

Rebounding Foodservice Sector

- Tourism is rebounding from the impacts of COVID-19, increasing the importance for expanding the opportunities for the HRI sector in Mexico's tourist hubs.
- Domestic tourism expanded during the pandemic to eco-tourism and rural tourist destinations. While many people return to the highly developed resort destinations post-COVID, incremental growth remains in rural-based tourism.
- Ghost kitchen concepts have become a major foodservice trend in Mexico, reaching across a wide variety of cuisine types and spurred on by the increased relevance of dine-at-home options.
- The all-inclusive formats of an increasing number of resorts will continue to drive the push for affordability.
- Tourism is rebounding from the impacts of COVID-19, increasing the importance for expanding the opportunities for the HRI sector in Mexico's tourist hubs.
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- Ghost kitchen concepts have become a major foodservice trend in Mexico, reaching across a wide variety of cuisine types and spurred on by the increased relevance of dine-at-home options.
- The all-inclusive formats of an increasing number of resorts will continue to drive the push for affordability.
- Chefs do not realize how alternative cuts compare on cost, flavor, and cooking styles, while also providing a consistently enjoyable eating experience.
- With beef prices high, restaurants are looking for ways to keep input costs, and thus meal prices, at a competitive level as middle- class consumers are eating out less often due to shrinking disposable incomes.
- **Strategic Objective:** 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.
- **Tactical Response:** 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) and chuck tender to keep costs low. Leverage technology such as virtual reality to more cost effectively reach a broader number of buyers with virtual cutting demonstrations.

Consumer Level

- Ecommerce is gaining steam in Mexico, spurred on by the COVID-19 concerns of 2020. Consumers are increasingly more educated with the average consumer consulting 5 online resources before making a purchase decision.

Citations:

2022 import and market share data is based on reported export data to Mexico for the U.S. and Canada (from TDM) and PIERS data for imports from Nicaragua due to issues with Mexico's 2022 import data. U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau and includes tripe (which is not included in the TDM data).

Measurable Objectives**Measurable Objective #1**

73% of targeted importers/distributors/processors that actively promote a range of U.S. beef cuts, including value cuts, highlighting the products quality attributes.

Measurable Objective #2

57% of targeted restaurant chains will actively feature/ promote U.S. beef, including value cuts, to their customers.

Measurable Objective #3

57% of targeted restaurant / hotel groups will increase sales of U.S. beef by at least 10% compared to the previous year, during USMEF promotions.

Measurable Objective #4:

71% of targeted retailers will consistently incorporate suggested merchandising methods to promote U.S. beef to their customers.

Measurable Objective #5:

71% of targeted retailers will increase sales of U.S. beef by at least 10% (compared to the previous year) during USMEF promotions.

LRP Initiatives Addressed by this Tactic**Drive Growth in Beef Exports**

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

Egypt is the largest global import market for beef livers. In 2022, global exports of beef livers to Egypt totaled 66,134 mt, up 9% from 2021 (but down slightly from 2020). The U.S. was the top supplier, with market share of 70% in 2022. The other main suppliers were Australia (4,365 mt, -19%), Brazil (4,253 mt, +625%), India (3,353 mt, +10%), and Paraguay (3,038 mt, +420%). Egypt is the top market for U.S. beef liver exports, taking 70% of U.S. liver exports in 2022 with an export value of \$88 million. While Egypt, has long been a mainstay market for U.S. beef liver exports, the U.S. industry has become less reliant on the Egyptian beef liver market in recent years, diversifying to Sub-Saharan Africa, Latin America and Asia. Informal foodservice has been one of the primary buyers of U.S. beef liver in Egypt and the effects of the COVID-19 pandemic and ensuing public-health measures including the closure of street food stalls, curtailed demand in this channel. After a 31% decline in 2020, the informal foodservice sector rebounded by 29.2% in 2021 and was expected to expand by an additional 26.1% by the end of 2022. Now retail outlets are the main channel for liver sales. Instead of the full liver, livers are being sliced and sold per tray to line up with smaller family sizes and provide affordable protein.

There have been recent regulatory improvements for U.S. beef liver access to Egypt with the lifting and revision of zero-tolerance ractopamine residue limits and the extension of shelf-life limits for frozen beef livers from 7 to 10 months and is currently valid through June 2023. These standards have long been an issue for U.S. exporters sending livers to the Egyptian market, often resulting in increased product rejection rates and costly re-testing fees in order for shipments to clear. While the newly revised standard for ractopamine residue (20 PPB) is still half of the internationally recognized limit, the revised limit should continue to provide sufficient relief for U.S. exporters to continue business reliably in the region.

Opportunities for growth in exports of U.S. beef muscle cuts to Egypt are increasing and noted by several importers. High oil prices throughout 2022 as well as record revenue generated by the Suez Canal have contributed to the economy. In early 2022, the Central Bank of Egypt stopped dealing with collection documents for imports and instead used letters of credit for most commodities. Thus, importers were not able to provide foreign currency which led to a crisis for importers and a back up goods at Egyptian ports. At the end of 2022, the Central Bank cancelled the requirement to use a letter of credit and reverted to collection documents. According to Euromonitor, per capita disposable incomes have risen by 8.5% on average, compared to pre-COVID levels. Hotel occupancy rates are near capacity in Egypt, with many new hotels and resorts being built to accommodate increased demand in the tourism sector. Hotel-based foodservice in Egypt, decimated during the COVID-19 pandemic, was forecasted to increase by over 10% in 2022, compared to pre-COVID levels and are expected to jump by nearly 39% in 2023, as compared to 2019 pre-COVID levels. However, despite the early optimism, significant currency devaluation of the Egyptian Pound has created significant challenges for industry and consumers alike in 2023 and moving forward.

Saudi Arabia also saw improved access in 2020 for high-quality chilled U.S. beef with the approval to increase the shelf-life for chilled beef from 70 days to 120 days. Prior to this much needed change, U.S. beef exported to Saudi Arabia was restricted to air freight transport to comply with the limited existing shelf-life requirements, thereby significantly increasing the cost of the product. However, strict interpretations of Halal standards continue to present access barriers, limiting opportunities for U.S. beef in this market.

For the region as a whole, U.S. beef/bvm exports were up 3% in volume in 2022 to 66,433 mt, with value increasing 34% to over \$297 million. Growth was primarily driven by a 14% increase in exports to the United Arab Emirates (6,736 mt) as food service rebounded from lingering COVID-19 related restrictions.

Egypt - Beef

- Per Capita Beef Consumption: 6.7 kg
- Total Beef Imports-All Sources: 268,943 mt
- U.S. Share of Total Beef Import Market: <1%
- Other Beef Suppliers & Market Shares: India 65%, Brazil 32%, Colombia 1%
- Domestic Self Sufficiency: 63%
- U.S. Beef Exports: 325 mt
- Exports as a % of Total U.S. Beef Exports: <1%
- Customers for U.S. Beef Imports: Processing 10%, HRI 85%, Retail 5%

Egypt - BVM

- Per Capita Beef Consumption: N/A
- Total Beef Imports-All Sources: 89,250 mt
- U.S. Share of Total Beef Import Market: 53%
- Other Beef Suppliers & Market Shares: India 22%, Brazil 10%, Australia 5%
- Domestic Self Sufficiency: N/A
- U.S. Beef Exports: 47,701 mt
- Exports as a % of Total U.S. Beef Exports: 16%
- Customers for U.S. Beef Imports: Processing 2%, HRI 28%, Retail 70%

United Arab Emirates - Beef

- Per Capita Beef Consumption: 14.1 kg Total Beef Imports-All Sources: 180,027 mt
- U.S. Share of Total Beef Import Market: 4%
- Other Beef Suppliers & Market Shares: Brazil 32%, India 30.5%, Pakistan 22%
- Domestic Self Sufficiency: 14%
- U.S. Beef Exports: 6,647 mt
- Exports as a % of Total U.S. Beef Exports: <1%
- Customers for U.S. Beef Imports: Processing 4%, HRI 76%, Retail 20%

United Arab Emirates - BVM

- Per Capita Beef Consumption: N/A
- Total Beef Imports-All Sources: 5,921 mt
- U.S. Share of Total Beef Import Market: 1.5%
- Other Beef Suppliers & Market Shares: EU-27 37%, Brazil 22%, Australia 22% Domestic Self Sufficiency: N/A
- U.S. Beef Exports: 89 mt
- Exports as a % of Total U.S. Beef Exports: <1%
- Customers for U.S. Beef Imports: Processing 0%, HRI 10%, Retail 90%

Top Imported U.S. Beef Cuts: Brisket, short ribs, chuck cuts, tenderloin, rib-eye, striploin, T-bone, flat iron, round cuts, tri-tip, outside skirt, flank, bone-in ribs, back ribs, ground beef (both high-quality graded beef, and standard cuts derived from cattle 30 months of age or older)

Top Imported U.S. BVM Items: Liver, heart, kidney

Market Access Issues include a) Feeding restrictions for cattle supplying beef exported to Saudi Arabia; and b) Potential changes to GCC halal regulations (cattle stunning limitations, cattle feed requirements, etc.) that could impact beef exports to the region.

Market Strategy

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, 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; E) Increase share of muscle cuts in product mix of exported items to Egypt.

Foodservice Expansion

- 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.
- The region is a growing market for Halal products and the importance of highlighting this attribute on the menu, ads and social media pages is growing as it affects consumer purchases in this region.

- High end restaurants require cost efficiency, but will not compromise on taste and quality, leading to increased interest in alternative cuts.
- There is still a lack of understanding regarding proper usage and cooking applications of U.S. beef underutilized cuts and the internal marbling aspect of U.S. beef contributing to the U.S. beef grading system.
- Dark kitchens or cloud kitchens are a growing trend in some Middle Eastern foodservice markets mainly in Saudi Arabia the UAE and Jordan catalyzed by an increased demand for dine-at-home options and online delivery services in the region.
- Growth of mobile food trucks present an opportunity for U.S. beef.
- Casual dining, fast food chains, 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, Skirt, Brisket, Longhorn Texas BBQ have been establishing a presence in major metropolitan areas.
- Family-style restaurants, catering operations and meat processors are now the top destination for Select and Commercial grade beef middle and end meats.
- Focus on sliders, handhelds, wraps, mini burgers, and grab-and-go sandwiches in Jordan, Lebanon, Egypt, Kuwait and Qatar is driving a dramatic shift towards alternative U.S. beef cuts of lower grades and prices.
- More international and local culinary schools, cooking academies, and chef associations are opening in Jordan and Lebanon, and Saudi Arabia are becoming highly active and influential.
- Increased interest in E-commerce and online shopping among HRI buyers in Egypt. "One Order" is a new App swiping the purchasing attention of Egyptian hotels/restaurants and catering companies.
- Consumers are becoming more concerned with health, and are better informed thanks to communication from dietitians, food bloggers, sports trainers, chef students, etc.
- **Strategic Objective:** Educate importers and distributors about available alternative cuts and appropriate culinary applications. Build U.S. beef's image by focusing on U.S. beef production, internal marbling characteristics that differentiate U.S. product from competitor product, and U.S. beef halal certification requirements.
- **Tactical Response:** Provide hands-on sales and culinary trainings on menu planning and preparation for various cuts, ranging from ribeye, triploin 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.

Retail Sector Growth

- 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.
- 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.
- Modern retail growth continues at a rapid pace, and consumers increasingly seek convenience, ambiance, and a wider variety of affordable products.
- Gourmet meat boutiques are targeting well-educated, affluent shoppers in Lebanon, Jordan, Egypt, and the UAE. This boom in meat boutique stores is creating opportunities for U.S. chilled beef products.
- Distributors are hesitant to promote new muscle cuts with retailers as they lack the marketing, butchering and merchandising knowledge to penetrate this sector. Moreover, consumers still lack knowledge of the different attributes of U.S. beef such as marbling, safety, versatility and Halal capabilities.
- 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.
- 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.
- The increased use of social media and internet usage has led to an adoption of digital channels by retailers and strong growth in e-commerce sales, especially in the UAE, Saudi Arabia, Egypt, Jordan and Lebanon.
- The e-commerce sector continues to grow considering its convenience, reach and sizable investments from various retailers and third parties. Refining online assortments and marketing tools is considered essential to ensure diversity across various sales channels.

- Consumer willingness to order meat online is growing, reflecting demand for convenience, although online meat purchases still lag behind grocery e-commerce. Frozen meals are also growing in popularity as the need for convenience rises.
- Strategic Objective: 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.
- Tactical Response: Provide retail staff training and conduct demonstrations to showcase alternative cuts such as top sirloin butt, chuck roll, brisket, flank, flat iron, short ribs, 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

- 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, India, Paraguay, South Africa, Colombia, as well as Australia's intensified brand imaging and promotional activity for chilled beef.
- 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 and Egyptian 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 in addition to providing continuous support to existing U.S. beef buyers in the country.
- Support new distribution channels selling beef, particularly online shopping platforms recently developed by regular U.S. beef importers noting that these companies are now directly catering to consumers.
- Participate in white-jacket chef gatherings and in sponsoring culinary competitions, such as Salon Culinaire, 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. In addition, participate in numerous newly established food concepts in Saudi Arabia and Egypt that would help increase U.S. beef exports to the market focusing mainly on the foodservice sector where the demand for the product is the highest.
- 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.
- Tap into new geographic locations of Jordan and Egypt to establish and develop a culinary art capacity building program that can gather under one roof groups of aspiring experienced and young chefs. Such a high caliber training program can uplift the knowledge and skills of chefs in U.S. beef cutting techniques and culinary innovations in trending cuisines.
- Conduct Junior Chefs' Tutorials to help youthful chef groups build their skills and knowledge base on U.S. beef production practices, marbling, grading, safety standards, and product consistency.
- Implement Butchering Master Classes and Butcher Training Workshops geared towards improving butchers' understanding of U.S. beef technical information, cutting techniques, and handling and storage techniques. Demonstrate skills to help butchers better 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, HACE Egypt, and other regional trade shows like HORECA Riyadh to help U.S. beef achieve greater exposure among a considerable audience of potential and existing buyers.
- Organize live cooking and tasting 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 on how to cut, grill, braise, simmer, and sear the different cuts each according to its optimal cooking method.
- Reinforce hands-on ladies cooking classes with Ramadan TV cooking shows to give housewives daily U.S. beef recipe ideas to prepare for their family Iftar meals after a long day of fasting.

- Reach out to end consumers through influencers, celebrity chefs, and nutritionist to educate them about the versatility of U.S. beef cuts in cooking local recipes.
- Optimize USMEF's Middle East Facebook and Instagram pages 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.
- Optimize the USMEF recipe App entitled "U.S. Beef ME" by adding innovative recipes prepared by renowned chefs in the region, adding valuable information on the aspects of U.S. beef and increasing its reach.
- Support U.S. beef suppliers, that are USMEF members, in their promotional activities in the region.

Citations:

2022 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. Reported exports from Pakistan to the UAE are estimated for 2022 based on data available through November 2022.

Measurable Objectives

Measurable Objective #1

71% of targeted importers/distributors will report having a favorable attitude toward U.S. beef/bvm and are more willing to purchase it based on information provided by USMEF.

Measurable Objective #2

94% of targeted fine dining and casual family-style restaurants/chains will hold a U.S. beef promotion or use menu promotional materials provided by USMEF.

Measurable Objective #3

100% of targeted retail chains will report having a favorable attitude toward U.S. beef/BVM and are knowledgeable of its quality based on information provided by USMEF.

Measurable Objective #4:

95% of targeted retail chains will identify the origin of U.S. beef/bvm and actively participate in USMEF promotions.

Measurable Objective #5:

100% of targeted media outlets will report favorably on U.S. beef and incorporate recommended key message points.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score This Tactic: International Marketing

Tactic Description:

MARKET ASSESSMENT:

U.S. beef and variety meat exports to South America decreased by 19% in 2022 to 25,716 mt. Yet, beef demand in Colombia continued to strengthen in 2022 as exports reached a record 9,844 mt, up 5% from a year ago, driven by growth in muscle cuts. Export value increased 18% to \$47.9 million, also a record. Colombia is now the top volume market in South America for U.S. beef and second to Chile in value. U.S. beef export volume to Chile decreased in 2022, but beef variety meat export value to Chile increased by 61% to \$6.9 million.

In Colombia, home meal preparation, especially grilling, increased significantly in the upper economic classes during the pandemic and continued at an elevated level even as Colombia came out of the Covid restrictions on the HRI sector. While the demand for high-quality beef increased in the restaurant and hotel sector as restrictions were lifted, the increases in retail purchases of high-quality beef continued. Another factor that drove strong increases in Colombia was the introduction of new branded products in the market. This, combined with growing interest from many mid-sized importers to sell U.S. beef, resulted in substantially increased US beef purchases. Colombia's imports of beef and variety meats were record large in 2022 at 12,182 mt, up 14% from the previous year, driven by growth from the U.S. and Uruguay. The U.S. is the top supplier to the market with 65% market share for total beef and variety meat imports in 2022. U.S. beef product mix is mostly middle meats and ground beef (close to 4,000 mt of ground beef in 2022 according to both US export data and Colombia's import data). The majority of U.S. beef variety meat exports to Colombia are livers.

Chile's total beef and variety meat imports were the second highest after the 2021 record at 260,965 mt in 2022, down 13%. Chile's imports are dominated by regional suppliers, but the U.S. is an important supplier of chuck rolls for retail, primarily consumed as steaks called "asado americano." U.S. beef has a premium image in the market, but there is competition in the high-quality beef space from domestic brands as well as from Argentina and Uruguay. Logistical/shipping issues also limited the opportunities for U.S. beef in 2022, but U.S. brisket is growing in popularity. Chile's beef variety meat imports totaled 4,548 mt in 2022, and the U.S. was the top supplier at a record 3,178 mt (70% market share). Beef livers are the top item from the U.S. and account for the majority of the volume. Demand for beef feet and neckbones is also growing due to the collagen trend in the market. Retailers are concerned that consumers will trade down to poultry and fish because of price, so smaller presentations and convenience items, including steaks, strips, cubes, meat balls, and patties, are in demand to meet consumer needs. Exports of Chilean beef to international markets have been rising in recent years and Chile exported 17% of its production in 2022, a new high. However, exports rebounded to a new record in 2022 at 26,047 mt, up 32% year-over-year. China still remained the dominant buyer of Chilean beef, taking 86% share of all exports from the country.

In 2022, U.S. beef variety meat exports to Peru totaled 4,772 mt, down 41% from 2021. Exports were valued at \$9.5 million, down 32% from 2021. Peru was the 2nd largest market for U.S. beef livers (4,106 mt, -39%) and the 7th largest market for U.S. beef tripe (188 mt, -50%). Beef liver will continue to be an important source of affordable, nutritious protein in the market. Peru is a major global beef liver importer, and the U.S. is the main supplier of livers to Peru with 80% market share in 2022. Riots and protests continued through early 2023 in Peru due to government turmoil. Roads were blocked in regions across the country which led to imported protein being stuck in Lima. Distribution facilities and cold storages are mostly located in Lima, but expansion into secondary cities is key for future growth in U.S. variety meats. USMEF has been increasing the focus on secondary cities since 2019 including in the rainforest area of Tarapoto. It is important to note that inflation is impacting consumers particularly hard in Peru and throughout much of Latin America. Inflation along with a volatile political environment in Peru has dampened the economic outlook.

Brazil reopened to U.S. beef in 2016 following a 13-year hiatus. Opportunities exist for exporters interested in the Brazil market, however onerous label registration procedures, as well as differing specs and packaging requests on popular cuts like the picanha, present challenges to exporters. USMEF continues to work with suppliers as well as importers to educate on pertinent issues related to establishing the supply chain of U.S. product into this high-potential market.

Peru

- Per Capita Beef Consumption: 5.9 kg*
- Total Beef Imports (not including variety meat) - all sources: 5,860 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 18,924 mt
- U.S. Share of Total Beef/BVM Import Market: 23%
- Other Beef/BVM Suppliers & Market Shares: Brazil 29%, Argentina 28.5%, Paraguay 7%
- Domestic Self Sufficiency: 96% *
- U.S. Beef Exports (not including variety meat): 1,515 mt
- U.S. Beef Variety Meat (BVM) Exports*: 4,772 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: Processing 0%, HRI 25%, Retail 75%

Chile

- Per Capita Beef Consumption: 26.3 kg
- Total Beef Imports (not including variety meat) - all sources: 256,417 mt
- Total Beef Variety Meat (BVM) Imports - all sources: 4,548 mt
- U.S. Share of Total Beef/BVM Import Market: 3%
- Other Beef/BVM Suppliers & Market Shares: Paraguay 53%, Brazil 30%, Argentina 9%
- Domestic Self Sufficiency: 37%
- U.S. Beef Exports (not including variety meat): 5,372 mt
- U.S. Beef Variety Meat (BVM) Exports*: 3,089 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: Processing 0%, HRI 10%, Retail 90%

Top Imported U.S. Beef Cuts: Chuck roll, outside skirt, beef shank, picanha, short ribs, ribeye, striploin, tri-tip

Top Imported U.S. BVM Items: Liver, tripe, unfulfilled demand exists for sweetbreads and hearts

Market Access Issues include a) Brazil's onerous label registration process for beef products; b) Colombian rules which prohibit frozen meat from being thawed for sale at retail; c) port issues related to dirty containers and boxes and documentation/labeling in Colombia; d) Ecuador's nontransparent import licensing process and plant registration process; e) onerous product and plant registration requirements in Uruguay and Argentina (also includes label registration); f) no beef offal access for Paraguay and unclear registration requirements; and g) no beef access for Venezuela and Bolivia.

MARKET STRATEGY:

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. Work with importers, distributors, and retailers to educate them on how to properly merchandise and market U.S. beef to consumers with little knowledge of the unique attributes of U.S. product.

Developing Markets

- Some consumers in Peru, Ecuador, Colombia, Brazil and Chile are willing to pay higher prices for high-quality beef, and interest is growing in other markets. In Brazil, the demographic representing a real opportunity for U.S. beef cuts amounts to 51 million people (out of a total of 211 million), slightly higher than Peru and Chile combined, thanks to a larger segment of the population earning higher incomes and driven by high demand for premium product.
- Opportunities exist for both primal and subprimal cuts of beef and variety meat due to the variable demographics in this diverse market.
- 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.
- Growing interest in BVM, especially sweetbreads in Brazil, Uruguay and Argentina and hearts in Chile and Peru, 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 and hearts.

- Although there is increased interest from new markets such as Brazil, U.S. labor shortages are leading to limited availability of popular cuts such as picanhas.
- Despite relatively low adoption by consumers, e-commerce and home delivery channels, for both the retail and HRI sectors, have grown and become increasingly more popular choices for consumers during COVID-19 shutdowns.
- 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.
- Improving, yet underdeveloped, infrastructure in intermediate cities challenge the distribution channel.
- Despite recent high U.S. beef prices and unfavorable exchange rates, the consumer preference of U.S. product has remained relatively strong. Still, lack of product availability combined with high freight costs and shipment delays have impacted the export volume of U.S. beef in Chile and Colombia.
- **Strategic Objective:** Educate buyers on the quality and profit potential of U.S. beef, including value cuts and other more affordable options, and demonstrate effective merchandising of unfamiliar cuts and products. Focus on encouraging smaller and improved retail ready presentations as well as value-added products.
- **Tactical Response:** 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. Capitalize on opportunities for U.S. beef in Brazil by facilitating increased product registration by working with exporters and regulatory agencies. Advise importers on different applications for the same cut and retailers on different presentations in order to expand the target audience and increase options for consumers.

Retail Development

- Retail ranges from wet markets, which are still prevalent throughout the region, to modern supermarkets and high-end meat boutiques.
- While mainly sold in wet markets, beef variety meats can also be found in modern retail. The growing middle class is spending more on premium food items, including imported beef.
- “Asado Americano”, the localized term for U.S. chuck roll, is used by suppliers of beef from other countries to capitalize on the perception of quality and flavor that the term carries.
- 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 consumers.
- 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.
- The CVS sector plays a predominant role in consumer shopping habits, with 80% of Colombian households regularly shopping at convenience or discounter shops.
- Informal ecommerce channels based on social media platforms are increasingly popular.
- In Peru, new butcher shops and specialized meat stores are opening, which complement the growing penetration of modern retail stores. Though volume is still relatively low, these new sales outlets require supplier attention.
- **Strategic Objective:** 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. Work with importers and distributors and specifically butcher shops and small retail chains, to provide category management training, cold chain audits and marketing program planning.
- **Tactical Response:** 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 and origin identification.

Favorable Access

- 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 premium retail outlets.
- U.S. beef now has expanded access to Ecuador, Argentina, and Uruguay, though Ecuador remains non-transparent regarding their import licensing process and informal arbitrary import quotas.

- 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.
- Dietary and nutritional labeling regulations present additional barriers for exports of value-added product to the region.
- Strategic Objective: 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.
- Tactical Response: 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

- Position U.S. beef muscle cuts in settings that promote U.S. beef as a premium protein item associated with health and active lifestyles among segments of consumers that would be likely buyers.
- 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.
- Encouraging South American importers to add steps in their processing lines to be able to meet the needs of different market segments.
- 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.
- Create resources for exporters to help educate them on requirements for exporting to the Brazil market, while also creating resources to educate importers on the quality, safety and reliability of the U.S. beef industry.

Citations:

*2022 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. * USDA/FAS stopped reporting estimates/forecasts for Peru in 2020, so the 2022 numbers for Peru are USMEF estimates.*

Measurable Objectives

Measurable Objective #1

100% of targeted importers/distributors have a favorable attitude toward U.S. beef based on information provided by USMEF.

Measurable Objective #2

100% of targeted importers/distributors consistently source U.S. beef.

Measurable Objective #3

100% of targeted HRI outlets/chains regularly use U.S. beef.

Measurable Objective #4:

100% of targeted retailers identify the origin of U.S. beef.

Measurable Objective #5:

90% of targeted retailers actively promote the attributes of U.S. beef to their customers.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score

International Marketing

Tactic Description:

MARKET ASSESSMENT:

U.S. beef exports to Taiwan set yet another record in 2022 with volume up 3% to 64,818 mt (2% above the previous high reached in 2020) and value up 12% to \$746.9 million, breaking the previous (2021) record. Australia is the largest competitor for grain-fed beef in the region, although Australia's market share of imported beef continues to decline, dropping to 15.5% in 2022. U.S. market share surpassed Australia in 2015 when U.S. share climbed to 34% while Australian share declined to 31.5%. Since then, U.S. market share has continued to grow, reaching 43% in 2022 (down from 45.5% in 2021). New Zealand's share of the imported beef market has dropped significantly, making up just 14% of the market in 2022. Paraguay, an emerging competitor that is benefitting from strengthened trade relations in Taiwan and duty-free access, captured additional market share in 2022, becoming the second largest supplier of beef after the U.S. Product from Paraguay is only frozen. Although Taiwan's total imports of frozen beef were up in 2022, with growth from both Paraguay and the U.S., the U.S. regained its position as the top supplier of frozen product with 35% market share (up 43% year-over-year) compared to 30% share from Paraguay (volumes up 24%). Mexico also gained access to the Taiwan beef market in 2022, but only a limited number of plants are approved to ship to Taiwan. Despite the additional access, no beef from Mexico was imported in 2022.

Taiwan's appetite for high-quality beef has been on the upward trajectory as consumers desire healthier and more "wholesome" choices while mirroring the premiumization trends occurring throughout Asia. U.S. beef alternative cuts thrive in this market, where price conscious buyers are willing to try new items while still providing the superior quality of U.S. beef for their customers. This alternative cut strategy is key to capturing new demand in Taiwan as buyers often cannot compete with other buyers in Asia. In 2023, USMEF will introduce the outside round flat to displace Australian top blade muscle and cuts with similar applications. U.S. share of imported chilled beef in 2022 was 76%. Nearly 50% of U.S. beef imports to Taiwan were chilled in 2022, down from 52% in 2021 as shipping delays and fears of shelf-life issues pushed buyers to purchase more frozen product.

Demand for beef continues to thrive in Taiwan as tourism and catering rebound. Per capita consumption of beef hit a new record in 2022 at 8.8 kg carcass weight equivalent, up 6% from 2021 and up 25% from 2017. In 2022 Taiwan received 900,000 tourists, down from 11.8 million tourists in 2019. As the world reopens to international travel pent-up demand from consumers, particularly those in other Asia markets like China and Korea, will drive tourism to Taiwan. Although most U.S. beef is utilized in foodservice, a growing share of U.S. product is finding its way on retail shelves, signaling demand for quality at home from consumers. Similar to the rest of the world, labor continues to be an issue across the board with foodservice outlets and retailers feeling the pinch. Consumers are also feeling the squeeze as inflation and rising menu prices mean consumers are seeking value despite feeling keen to dine-out.

- Per Capita Beef Consumption: 8.6 kg
- Total Beef Imports (not including variety meat) - all sources: 143,446 mt
- Total Beef Variety meat (BVM) Imports - all sources: 7,016 mt
- U.S. Beef of Total Beef/BVM Import Market: 42%
- Other Beef/BVM Suppliers & Market Shares: Paraguay 26%, Australia 16%, New Zealand 12%
- Domestic Self Sufficiency: 4%
- U.S. Beef Exports (not including variety meat): 64,742 mt
- U.S. Beef Variety Meat (BVM) Exports: 76 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 44%
- Customers for U.S. Beef Imports: Processing 1%, HRI 59%, retail 40%

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

Market Access Issues include a) existing BSE-related restrictions requiring imported Canadian cattle be fed in the U.S. for at least 100 days; and b) bans on the importation of ground beef, trimming and certain offal.

MARKET STRATEGY:

A) Drive demand for high-valued U.S. chilled beef, capitalizing on the current trends of buyer preferences 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, including frozen product; C) Promote U.S. branded beef products to satisfy demand from retailers and HRI operators while further building the high-quality image of U.S. beef in Taiwan; D) 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 in U.S. product; and E) Promote the image of the U.S. beef industry with facts regarding sustainability management and food security to combat any misconceptions around the impact of the livestock industry on the environment.

Shifts in Competition, but Growing Consumption of Beef

- Premiumization trends are continuing to thrive, pushing demand for high-quality protein options. Taiwan is one of Japan's largest export markets for wagyu, demonstrating consumer interest in quality and consumers' willingness to pay for premium product.
- U.S. beef is a reputable and price effective alternative for price-conscious buyers.
- 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 continues to rise in Taiwan, hitting a new record in 2022 at 8.8 kg carcass weight equivalent, up 6% from 2021 and up 25% from 2017. Although poultry is still the leading protein choice in kg/capita, beef continues to show favor with consumers.
- Food safety remains a priority concern among consumers, and as such high-end food products are growing in popularity while cheap, low-quality foods continue to be phased out.
- Paraguay is a significant competitor for frozen beef. The Taiwan government continues to encourage importers to purchase beef from Paraguay, which enters the market duty free. Top items imported from Paraguay include top blade, chuck tender, knuckle, chuck eye roll, and sirloin butt. Importers who previously trialed chilled beef from Paraguay have reported negative feedback of the product.
- Australia is putting more focus on grain-fed exports to Taiwan as competition with Paraguay heightens. However, Australia's exports of grain-fed beef to Taiwan are still small reaching only 3,365 mt in 2022.
- Utilization of U.S. beef alternative cuts, both chilled and frozen, is an effective strategy to reduce the risk of U.S. beef price increases on more popular items. Popular U.S. beef alternative cuts that have been successfully promoted by USMEF in Taiwan include petite tender, clod heart, plate finger, rib cap plate, top sirloin cap, brisket, tri-tip, chuck ribeye, and knuckle. Potential exists for flank, chuck tender, chuck short ribs, and outside round flat. In 2023 USMEF will promote the outside round flat.
- Strategic Objective: Capitalize on growing interest in high quality beef as a protein option to all buyers and consumers demonstrating the value and versatility in U.S. beef alternative cuts. 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, OTM products, and even processed product.
- Tactical Response: Identify opportunities for U.S. product to displace competitor cuts. Develop promotional programs, POS material, and social media content to increase buyer exposure to U.S. beef, pushing safety and quality messaging about U.S. product. Collaborate with U.S. packers to identify new alternative cuts appropriate for the market, introducing HRI and retail buyers to these options.

Diverse Dining Culture

- Foodservice operators are facing additional costs associated with changing labor laws, higher raw material prices, and labor shortages. As a result, these buyers are eager to incorporate less expensive cuts that still reflect the quality consumers are demanding.
- Over-thirty-month product has potential with lower-tier restaurants seeking cost effective raw material. Items like OTM ribeye, tenderloin, short ribs, chuck tender, knuckle, top blade muscle, rib fingers, and shank could easily be added to menus, although more education is needed among foodservice buyers and chefs.
- 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.
- New restaurants are happy to try U.S. beef alternative cuts to reduce costs and differentiate; however, long-term players are more reluctant to change their menus.

- Chained foodservice is taking a larger share of total foodservice sales at 42% in 2022, compared to 38% in 2017 (Euromonitor). Chain restaurants are focusing on expansion to capture renewed demand as a main strategy in 2023.
- Pre-COVID-19, Taiwan consumers dined out frequently, even up to 4x/week. Consumers of all ages utilize delivery platforms, including seniors who find it difficult to leave their homes. However, with the resumption of in-house dining consumers are using delivery and takeout services less frequently. Instead, restaurants are working directly with processors to develop restaurant meal replacement (RMR) products for distribution through retail channels for the convenience-driven buyer.
- Hotels are tapping into demand for ready-to-eat and other RMR products to compensate for lost revenue with reduced tourism. These convenient products are becoming more popular among Taiwanese consumers that can make these meals at home without losing out on the quality of a professional kitchen.
- 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. Culinary influences from these other markets are widespread throughout Taiwan, many of them favoring beef consumption. Successful USMEF promotions or marketing strategies from other export markets in Asia can typically be applied to Taiwan.
- Experiential dining is popular in Taiwan, where dining out is considered a fun social event. Cross-branding and pop-up menus are becoming more popular among consumers seeking a “different” experience.
- USMEF’s Diamond Plus Program is a well-regarded differentiator tool among foodservice operators seeking ways to acknowledge quality. The Diamond Plus Program offers participants key marketing tools and customized trainings to help operators stay abreast of beef trends.
- Strategic Objective: Target the HRI sector to find and develop suitable outlets for a range of cuts that coincide with consumer eating trends that are ideal for a wide variety of cooking styles, including various types of cuisines like BBQ, yakiniku, steak, burgers, and beef bowl.
- Tactical Response: Introduce and educate importers and buyers to new cooking applications for alternative cuts to leverage the diverse dining culture in Taiwan, including OTM product. Identify key market players to further penetrate the HMR/RMR sectors. Identify emerging foodservice trends and support HRI operators with promotions and evolving consumer events or pop-up menus to further boost sales. Utilize gourmet identifiers, such as the Diamond Plus Program, to help foodservice operators differentiate from the competition.

Evolving Retail

- Consumers’ preference for fresh foods at retail soared in 2021 and 2022 as quality became a leading purchasing factor for consumers making meals at home. Convenience stores were sure to capitalize on this trend by expanding their fresh food offerings.
- PX Mart started its own food delivery platform that includes fresh produce, cold storage food, and dry goods. PXGO has been a success due to fast delivery times thanks to a high concentration of PX Marts around Taipei City. However, grocery delivery is extremely competitive, as convenience stores, supermarkets, etc. exist in high concentration in metro areas.
- Processed beef products like ready meals continue to gain popularity with consumers. According to Euromonitor, from 2019-2025 ready meal sales are expected to increase by \$1.4 billion. Taiwan is expected to see ready meal sales grow 79% in this timeframe. HMR products are being sold at hotels, gift shops, online platforms, department stores, convenience stores, and supermarkets in ready-to-eat packs.
- Convenience stores are offering their own private labels and are seeking ways to differentiate not only amongst themselves but also to compete with supermarkets. Leading CVS players in the market include 7-Eleven, FamilyMart, Hi-Life, and OK Mart.
- Convenience store chains are implementing omnichannel strategies to capture market share. Consumers can still shop online and pick up items at the nearest outlet. Delivery, and even limited online-only items are available on CVS chain mobile apps.
- 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.
- Meat boutiques are a trendy retail venue for high-quality imported product and often feature imported beef from the U.S., Australia, and New Zealand.
- Cross-branding and collaborations between retailers and foodservice operators seeking to create “exclusive” or “pop-up” products and stores can capture demand from consumers wanting new experiences. Retailers are upgrading, incorporating premium options, and even combining concepts for an original experience.
- Traditional markets are upgrading, opting for a more “boutique” feel that is hygienic and modern.

- Vacuum-skin-packaged (VSP) items extend shelf life and allow retailers to add higher-priced items like tenderloin and ribeye to their shelves. Australian VSP products have been available in the market for years, but U.S. beef options are new. Importers are recognizing the potential in these products and are investing in the equipment to offer VSP raw material, cooked/marinated meat, etc. to retailers.
- 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.
- **Strategic Objective:** Identify opportunities for U.S. beef to further integrate the retail sector in supermarkets, meat boutiques, online, etc. including displacing competitor product and capturing new demand with processed/convenience items. Build retailer confidence in U.S. beef, especially for chilled items, for long-term use.
- **Tactical Response:** Support traditional supermarkets, convenience stores, and meat boutiques with promotions, recipe cards, tasting demonstrations and educational material to launch new alternative cuts and highlight U.S. origin where appropriate. Announce promotions through social media channels, allowing more consumers to follow U.S. beef promotions and focus on the availability of U.S. product.

Digital Marketing

- Consumers in Taiwan are heavy users of social media sites such as Facebook, YouTube, Instagram, or LINE and rely on these platforms to share information and keep up on current trends.
- Local SNS “celebrities” and bloggers have a lot of influence over consumers’ purchasing patterns as reviews are perceived as honest and credible.
- More consumers are seeking fresh/healthy convenience items, though food safety is a growing concern in general among consumers. Improving and maintaining consumer trust through public platforms is a priority.
- Consumers are taking more notice of environmental sustainability. Social media platforms are an ideal venue to engage with consumers and highlight the sustainable production practices backing U.S. beef.
- **Strategic Objective:** Use social media to educate importers, restaurateurs, retailers, and consumers on U.S. beef production safety, using unified messages to create a favorable image among consumers. Use social media tools to help consumers find USMEF Taiwan and build familiarity and trust with USMEF.
- **Tactical Response:** Create content to heighten visibility for U.S. beef and educate on U.S. beef safety and quality, including videos to be shared on social media platforms while collaborating with foodservice and retail partners to highlight specific promotions featuring specific cuts. Cooperate with restaurants using U.S. beef to develop video advertisements designed for Facebook and YouTube to increase consumer traffic and enhance restaurant loyalty to U.S. beef. Utilize other digital platforms to reach consumers, including online cooking class material targeting young consumers with growing purchasing potential. Teach U.S. beef buyers how to best utilize digital marketing tools to reach consumers and partner with KOLs to share key information about promotions, product quality, safety, and production.

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.
- Counter misconceptions about the environmental impact of the livestock industry with targeted messages about the role of the U.S. beef production system in sustainability and global food security.
- Work with U.S. packers to 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, chuck tender, knuckle, outside round, 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.
- 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.
- Monitor the presence and growth of plant-based protein options in retail and foodservice.

Citations:

2022 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.

Measurable Objectives

Measurable Objective #1

76% of targeted trade accounts will report that they have a favorable attitude toward U.S. beef based on information provided by USMEF.

Measurable Objective #2

69% of targeted trade accounts have a willingness to purchase additional U.S. beef items.

Measurable Objective #3

60% of targeted restaurants will actively participate in and contribute to USMEF beef promotions.

Measurable Objective #4:

69% of targeted retailers will stock or promote an additional alternative U.S. beef cut.

Measurable Objective #5:

92% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports

- Identify and address export customer needs and values
- Collaborate with targeted partners to promote U.S. beef in foreign markets
- Invest in research, marketing, and education programs

Checkoff Program Committee(s) to Score This Tactic

Committee(s) to Score

International Marketing

Supplemental Information for This AR

1. Please explain changes from the FY23 approved AR:

As part of the strategic planning process, USMEF incorporates its “on-the-ground” market analysis as it works year-round with industry partners to identify priority markets and strategies that will provide the greatest impact in meeting industry long-range plans. With these market trends in consideration, and in continual collaboration with primary beef industry partners, including the Cattlemen’s Beef Board, the National Cattlemen’s Beef Association, USMEF aligns its strategic objective to meet the needs of each industry.

International demand for U.S. red meats is extremely high. U.S. beef exports in 2022 achieved new records in both volume and value, with a 2% increase over the previous record at 1.47mmt, and value increasing by 10% and topping \$11.68 billion.

Looking forward towards 2024, a number of challenges as well as opportunities present themselves. High volume markets like China and Japan which dealt with lingering COVID-19 restrictions as late as early 2023 are now back open which has been a welcome development for foodservice industry partners that faced extreme challenges since late 2019. This has been an important development particularly for China as their growing preference for high-quality grain fed beef is reliant on foodservice reaching consumers to a large extent. Many developing markets continue to exhibit strong growth in demand for U.S. beef, including the Middle East, the ASEAN region, the Caribbean, Colombia, and Africa. Logistics-related headwinds that have been a significant factor over the past few years are showing improvement, with less congestion at terminals and decreasing freight costs.

However, challenges remain. U.S. beef exports are expected to slow from 2022’s record levels in 2023 as liquidation leads to tighter beef supplies. The global economic headwinds continue, although energy prices are well off their highs as are grain prices, and there is potential for further downside on grains. However, high inflation levels, particularly for food, increases price sensitivity of consumers in certain market segments, compounding issues expected from higher prices as a result of tighter beef supplies.

To meet these challenges and capitalize on opportunities, USMEF will be emphasizing and elaborating a key element of its overall global strategy in 2024, to increase focus and investment on demand generation and capacity building programs for underutilized and undervalued cuts. Specifically, USMEF will focus on highlighting the value and versatility of cuts from the round for beef. With tighter supplies and increasing economic pressure, providing U.S. red meat buyers with alternative options that are both economical and consistently reliable will provide advantages for international customers as well as U.S. red meat producers and exporters.

In addition, USMEF continues to focus on further development of growth markets for U.S. beef, which is an important strategy that increases the diversification of U.S. meat exports, support prices and decrease risk of overreliance on any one market. USMEF has further developed resources in a few key growth markets by expanding regional representation in the ASEAN and South America region. In 2022, USMEF added a representative in Indonesia as well as Chile. Furthermore, USMEF has also increased engagement in Egypt, a market with long term potential for increased exports of U.S. beef muscle cuts. Therefore, USMEF is pleased to present its 2024 Beef Authorization Request, detailing a comprehensive overview of strategies, tactics, market drivers, and measurable goals that guide the organization in its mission to create value for U.S. beef producers by putting U.S. beef on the world’s table.

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 that is in compliance with USDA requirements and the nature of international work, in-market subcontractors are pursued and selected as needed.

3. Will all work with vendors/agencies be competitively bid?

Per USMEF's vendor selection process, contracts greater than \$35,000 must be competitively bid every three years. Selection will be based on qualifications and reasonableness for cost. Contracts under \$35,000 do not need to be competitively bid, but documentation demonstrating reasonableness for cost must be collected. Under specific circumstances, a contract over \$35,000 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 Beef Promotion Operating Committee (BPOC).

As USMEF marketing strategies are designed for long-term market development, the FY22 AR is a continuation of the strategies and tactics outlined in the FY22 AR. These strategies and tactics are 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.

5. If applicable, explain how this AR can be extended by State Beef Councils or other contractors.

State Beef Councils may independently collaborate with USMEF to expand upon projects that are aligned with the strategic objectives outlined in this AR. USMEF works closely with interested State Beef Councils to support initiatives with the approval of local Boards, and shares information and program success via various reports and featured articles in the USMEF Export Newswire. In addition, State Beef Councils may be invited to participate in USMEF-sponsored trade missions to specific target markets for industry producers to observe and learn hands-on the impact of USMEF's on-ground international marketing initiatives. USMEF is appreciative of local State Beef Council support and invites all producers to participate and learn more about the international distribution of U.S. product.

Potential Partnerships

Please list all potential partners/collaborators for this AR, and include any partnership and/or collaborations with a third party by identifying the third party, the nature of the collaboration, and extent of the collaboration.

Potential partners will include "Other Funding" contributors. Funds are pooled and leveraged for maximum program reach and flexibility.

Detailed Budget Summary

The tables in the following three sections report program budget information from the following funding sources:

1. Cattlemen's Beef Board/Beef Promotion Operating Committee (CBB/BPOC) Funding
2. "Other Funding" sources such as:
 - Federation of State Beef Councils (FSBC) Funds
 - Individual Qualified State Beef Council (QSBC) Funds
 - Government Funds (e.g., Market Access Program, Foreign Market Development) Grain/Oilseed Funds (e.g., National Corn Growers Association, American Soybean Association)
 - Corporate Funds (e.g., tech and pharma companies)
 - Other

Section 1 - Funding Requested by Tactic

CBB/BPOC Funding Requested by Tactic

The following table outlines the amount of CBB/BPOC funding that is being requested for each tactic within this AR, and the committee(s) that has been selected to score each tactic.

| CBB/BPOC Funding Requested by Tactic | | | | | |
|---|---------------|--|-----------------------|-----------------------|-----------------------|
| Committee Name | Tactic | Tactic Name | Direct Costs | Implementation | Total |
| International Marketing | Tactic A | Africa | \$153,000.00 | \$57,000.00 | \$210,000.00 |
| International Marketing | Tactic B | ASEAN | \$190,000.00 | \$70,000.00 | \$260,000.00 |
| International Marketing | Tactic C | Caribbean | \$110,000.00 | \$41,000.00 | \$151,000.00 |
| International Marketing | Tactic D | Central America & Dominican Republic | \$234,000.00 | \$86,000.00 | \$320,000.00 |
| International Marketing | Tactic E | China & Hong Kong | \$496,000.00 | \$183,000.00 | \$679,000.00 |
| International Marketing | Tactic F | Commonwealth of Independent States (CIS) | \$87,500.00 | \$32,000.00 | \$119,500.00 |
| International Marketing | Tactic G | Europe | \$282,000.00 | \$104,000.00 | \$386,000.00 |
| International Marketing | Tactic H | Japan | \$1,830,000.00 | \$677,000.00 | \$2,507,000.00 |
| International Marketing | Tactic I | South Korea | \$793,000.00 | \$293,000.00 | \$1,086,000.00 |
| International Marketing | Tactic J | Mexico | \$735,000.00 | \$272,000.00 | \$1,007,000.00 |
| International Marketing | Tactic K | Middle East | \$423,000.00 | \$157,000.00 | \$580,000.00 |
| International Marketing | Tactic L | South America | \$201,500.00 | \$75,000.00 | \$276,500.00 |
| International Marketing | Tactic M | Taiwan | \$415,000.00 | \$153,000.00 | \$568,000.00 |
| | | Total | \$5,950,000.00 | \$2,200,000.00 | \$8,150,000.00 |

Other Funding Sources Requested by Tactic

The following table reports the amount of proposed and/or anticipated "Other Funding" sources that would be applied to this AR's tactics. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

| Other Funding Sources Requested by Tactic (Informational Only) | | | |
|---|---------------|--|-----------------------|
| Funding Source | Tactic | Tactic Name | Total |
| Government Funds | Tactic A | Africa | \$107,840.00 |
| Grain/Oilseed Funds | Tactic A | Africa | \$2,500.00 |
| QSBC Funds | Tactic A | Africa | \$35,000.00 |
| Government Funds | Tactic B | ASEAN | \$210,000.00 |
| Grain/Oilseed Funds | Tactic B | ASEAN | \$1,000.00 |
| Government Funds | Tactic C | Caribbean | \$134,500.00 |
| Grain/Oilseed Funds | Tactic C | Caribbean | \$6,568.00 |
| QSBC Funds | Tactic C | Caribbean | \$45,000.00 |
| Government Funds | Tactic D | Central America & Dominican Republic | \$119,600.00 |
| Grain/Oilseed Funds | Tactic D | Central America & Dominican Republic | \$4,500.00 |
| QSBC Funds | Tactic D | Central America & Dominican Republic | \$30,000.00 |
| Government Funds | Tactic E | China & Hong Kong | \$144,700.00 |
| Grain/Oilseed Funds | Tactic E | China & Hong Kong | \$39,300.00 |
| QSBC Funds | Tactic E | China & Hong Kong | \$111,600.00 |
| Government Funds | Tactic F | Commonwealth of Independent States (CIS) | \$192,840.00 |
| Grain/Oilseed Funds | Tactic F | Commonwealth of Independent States (CIS) | \$1,000.00 |
| QSBC Funds | Tactic F | Commonwealth of Independent States (CIS) | \$59,000.00 |
| Government Funds | Tactic G | Europe | \$498,380.00 |
| Grain/Oilseed Funds | Tactic G | Europe | \$6,400.00 |
| QSBC Funds | Tactic G | Europe | \$150,315.00 |
| Government Funds | Tactic H | Japan | \$1,353,263.00 |
| Grain/Oilseed Funds | Tactic H | Japan | \$476,732.03 |
| QSBC Funds | Tactic H | Japan | \$1,558,389.00 |
| Government Funds | Tactic I | South Korea | \$1,177,840.00 |
| Grain/Oilseed Funds | Tactic I | South Korea | \$341,575.00 |
| QSBC Funds | Tactic I | South Korea | \$1,027,600.00 |
| Government Funds | Tactic J | Mexico | \$279,600.00 |
| Grain/Oilseed Funds | Tactic J | Mexico | \$67,218.00 |
| QSBC Funds | Tactic J | Mexico | \$162,500.00 |

| | | | |
|---------------------|----------|---------------|--------------|
| Government Funds | Tactic K | Middle East | \$460,000.00 |
| Grain/Oilseed Funds | Tactic K | Middle East | \$8,000.00 |
| QSBC Funds | Tactic K | Middle East | \$85,000.00 |
| Government Funds | Tactic L | South America | \$250,900.00 |
| Grain/Oilseed Funds | Tactic L | South America | \$2,100.00 |
| QSBC Funds | Tactic L | South America | \$100,000.00 |
| Government Funds | Tactic M | Taiwan | \$225,000.00 |
| Grain/Oilseed Funds | Tactic M | Taiwan | \$62,252.00 |
| QSBC Funds | TacticM | Taiwan | \$215,000.00 |

Other Funding Total **\$9,753,285.03**

Use the space below if you wish to provide additional comments/information on the FY24 CBB/BPOC or Other Funding amounts that are being requested for this AR's tactic(s).

N/A

Section 2 - Summary of FY23 AR Budgets and Expenses

Classification:

This AR is a continuation of, or builds upon, program work from last year. CBB will report information in the "FY23 CBB/BPOC Funding" table and we will provide information for the "FY23 Other Funding Sources" table.

FY23 CBB/BPOC Funding

This table reports the amount of awarded and expended CBB/BPOC funding for this Authorization Request in FY23.

| FY23 CBB/BPOC Funding | | | |
|---|---------------------|-----------------------|----------------|
| <i>Note: The Cattlemen's Beef Board will complete the fields in this table.</i> | | | |
| | AR# 2340-FM | | |
| | Direct Costs | Implementation | Total |
| Funds Awarded | \$5,940,000.00 | \$2,260,000.00 | \$8,200,000.00 |
| Actual Expenses <i>(October 1, 2022 - June 30, 2023)</i> | \$1,911,299.00 | \$1,253,057.00 | \$3,164,356.00 |

FY23 Other Funding Sources

The following table reports the amount of committed and expended "Other Funding" sources for this AR in FY23. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

| FY23 Other Funding Sources (Informational Only) | | | |
|--|-----------------------------|------------------------|---|
| | Other Funding Source | AR# 2340-FM | |
| | | Funds Committed | Funds Expended <i>(October 1, 2022 – June 30, 2023)</i> |
| A | Government Funds | \$8,666,074.00 | \$7,709,132.00 |
| B | QSBC Funds | \$3,666,840.00 | \$1,078,801.00 |
| C | Grain/Oilseed Funds | \$1,377,613.00 | \$564,359.00 |

Use the space below if you wish to provide additional comments/information on the FY23 CBB/BPOC or Other Funding budget and expense summaries.

N/A

Section 3 - Historical Summary of AR Budgets and Expenses

Classification:

This AR is a continuation of, or builds upon, program work from the last two years (or longer). CBB will report information in the "CBB/BPOC Historical" table, and we will provide information for the "Other Funding Sources Historical" table.

CBB/BPOC Funding – Historical Summary

The following table reports the amount of awarded and expended CBB/BPOC funding for this AR in FY20, FY21, and FY22.

| CBB/BPOC Funding - Historical Summary | | | | |
|---|--------------------|-----------------------------|-----------------------------|-----------------------------|
| <i>Note: The Cattlemen's Beef Board will complete the fields in this table.</i> | | | | |
| | | FY22 AR# 2240-FM | FY21 AR# 2140-FM | FY20 AR# 2040-FM |
| AR Period¹ | <i>Start Date:</i> | Oct. 1, 2021 | Oct. 1, 2020 | Oct. 1, 2019 |
| | <i>End Date:</i> | 09/30/2022 | 09/30/2021 | 12/31/2020 |
| Funds Awarded | | \$8,400,000.00 | \$8,350,170.00 | \$8,279,846.00 |
| Actual Expenses² | | \$8,396,839.00 | \$8,344,705.00 | \$8,234,304.00 |

¹For multiyear ARs, the "End Date" reflects the date that the AR is scheduled to be completed.

²If the AR "End Date" has not year occurred, actual expenses will be reflective of the following time period:
AR Start Date - June 30, 2023

Other Funding - Historical Summary

The following table reports the amount of "Other Funding" source expenditures for this AR in FY20, FY21, and FY22. The funding information in this table is for informational purposes only and demonstrates external collaboration as delineated in the 2021-2025 Beef Industry Long Range Plan.

| Other Funding Sources – Historical Summary (Informational Only) | | | | | | |
|--|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | FY22 AR# 2240-FM | | FY21 AR# 2140-FM | | FY20 AR# 2040-FM | |
| | Other Funding Source | Total Expenditures | Other Funding Source | Total Expenditures | Other Funding Source | Total Expenditures |
| A | Government Funds | \$8,643,000.00 | FSBC Funds | \$795,705.00 | FSBC Funds | \$1,196,171.00 |
| B | Grain/Oilseed Funds | \$1,607,000.00 | Government Funds | \$7,321,000.00 | Government Funds | \$6,279,000.00 |
| C | QSBC Funds | \$3,782,000.00 | Grain/Oilseed Funds | \$2,336,000.00 | Grain/Oilseed Funds | \$1,332,000.00 |

Use the space below if you wish to provide additional comments/information on the historical CBB/BPOC or Other Funding budget and expense summaries.

N/A