

U.S. Meat Export Federation

AR# 2540-FM

AR Title: International Market Development & Access

AR Purpose and Description:

The U.S. Meat Export Federation (USMEF) works on behalf of the U.S. red meat industry to increase the value and profit opportunities for U.S. beef and other red meats by enhancing demand in export markets through a coordinated and collaborative partnership of all stakeholders. Simply put, USMEF is "Putting U.S. Meat on the World's Table". In support of the Beef Industry Long Range Plan to drive export growth in beef exports, the U.S. Meat Export Federation (USMEF) develops international programs intended to promote U.S. beef's superior quality vs competitor product, health and nutritional benefits, and supply capabilities. Programs in global markets are organized 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.
- 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 and elevate U.S. beef's image as a premium product.
- 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 reasonable access and availability in a market. USMEF's global staff monitor and manage the impact of government requirement and attributes, 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. product 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 works closely with U.S. beef customers to develop new outlets for U.S. meat and grow each market by penetration new market subsectors, even in mature markets. For example, targeting convenience stores within the retail sector. In some markets, this also includes developing demand 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 works 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 assumes 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, invitation to seminars and other special events, 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 product lines. 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. USMEF currently hosts several biannual showcases like the the Latin American Product Showcase and the Mexico Red Meat Symposium targeted at specific regions, and may opt to expand the USMEF-hosted showcases 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, 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 representing the entire chain of buyers and decision makers but also sometimes including media influencers. Teams allow participants to see the U.S. beef production cycle at its fullest and teams often interact with U.S. producers. 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. USMEF is diligent and mindful of disease conditions and relevant outbreaks when selecting teams to visit the United States. USMEF also directs trade

teams to other export markets to demonstrate unique merchandising, menuing and production 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. Promotional support may sometimes be the difference of a buyer carrying U.S. beef over competitor product. Promotion may take many forms, including livestreaming events and ecommerce banner ad campaigns, 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 their portfolios 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, 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 service 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 education 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 USEMF 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: 10/1/2024

End Date: 9/30/2025

FY25 CBB/BPOC Funding Request		
Direct Costs	Implementation	Total
\$5,840,000.00	\$2,160,000.00	\$8,000,000.00

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

- Drive Growth in Beef Exports

TACTIC DESCRIPTION:

MARKET ASSESSMENT

The World Bank reports that Sub-Saharan Africa has witnessed substantial population growth since the 1960s, surging from 227 million in 1960 to 134 billion in 2020, marking nearly a five-fold increase. Projections suggest that Sub-Saharan Africa's population could grow ten-fold from 1960 to 2050, reaching 2.2 billion individuals. This growth elevates Sub-Saharan Africa's share of the global population from 7% in 1960 to 14% in 2018, with the potential to reach 23% by 2050. This implies that nearly 1 in 4 people globally could be from Sub-Saharan Africa by 2050 if these trends continue. In addition to population growth, the African Development Bank forecasts that Africa will 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, surpassing global averages of 2.7% and 3.2% respectively. Despite the COVID-induced recession, longer-term trends are optimistic, projecting a doubling of per capita GDP in Sub-Saharan Africa by 2050. This economic growth fuels the rise of an emerging African middle class with disposable income and a demand for imported goods.

A Deloitte consumer review of Africa identifies the continent's economy as supportive of an emerging middle class that will drive consumer demand. They identify five key pillars underpinning this growth: a rising middle class, exponential population growth, a youthful demographic, rapid urbanization, and the adoption of digital technologies. These factors collectively signal increasing demand for higher-quality animal protein.

In its nascent stage of development, Africa is still an unsaturated export destination with significant opportunities for growth; however, infrastructure challenges, political instability, credit restrictions, and other factors are still challenging the market and leading to constraints in the supply chain. As these restrictions develop and are eventually resolved due to implementation of new technologies, infrastructure investment, and economic growth, Africa will become a hot destination for red meat exports. Africa is currently the second most populous continent in the world, with an emerging middle class that will no doubt conform to appetites with increasing consumption of red meat.

Despite hurdles such as inflation, soaring freight costs, load shedding (rolling blackouts to prevent grid failure), and infrastructure damage due to flooding and social unrest contributing to a difficult environment for U.S. meat imports into South Africa in 2022, U.S. beef and beef variety meat exports to Africa in 2023 strongly rebounded and were up 49% in volume to 20,464mt, led by variety meat export growth to South Africa (up 70%).

In 2023, 98% of total U.S. beef exports to Africa were variety meats, with nearly two-thirds imported into South Africa, a key market for U.S. beef liver. South Africa opened to U.S. beef in 2016 and has emerged as the sixth largest destination for U.S. beef variety meat for 2023, and the second largest destination for U.S. beef liver. Through November of 2023, the U.S. accounted for 59% of all South Africa's beef liver imports, making them the top exporter of the product to the country. Currently, exports of U.S. beef to Africa are dominated by variety meats as traditional cuisines utilizing these ingredients and low-price points appeal to consumers. Variety meats are highly sought-after sources of protein with strong connections to local cuisines. Despite lower volumes of U.S. beef liver exports to the region in thus far in 2024, opportunities to continue driving demand for U.S. beef variety meats exist, as messaging about nutritional value, safety, and recipe ideas can all be used to generate interest among consumers. Tapping into other local traditions, such as grilling and informal "shisa nyama" restaurants that are popular in South Africa, Mozambique, eSwatini, Lesotho, and Zimbabwe, demand for both variety meats and underutilized cuts can be amplified. However, the market for U.S. beef liver exports into South Africa is sensitive to price fluctuations stemming from decreased supply from lower cattle production as well as competing offers in other export markets such as Egypt.

New regional markets for U.S. red meats have also been identified in Africa, such as Tanzania, Mozambique, and Namibia. While these emerging markets suffer from challenges such as power shortages and inadequate transportation infrastructure, high unemployment and income disparities, and in some cases political instability, these markets also have potential to capitalize on growing tourism, infrastructure improvements, an increasing number of expats, and growing middle class populations. The U.S. beef industry can capitalize on growing consumption of beef variety meat in these emerging markets, especially in Mozambique, where U.S. beef variety meat exports continue to rebound following challenges in 2014 and 2015.

Africa is truly a "frontier" market, and as the world's second most populous continent, opportunities will continue to emerge as economies and consumer needs evolve. As a developing market, increasing urbanization rates will further drive improvements in cold chain infrastructure and grow demand for animal proteins. Consumers in Africa today shop most frequently at traditional stores, open-air markets, street kiosks, and other informal outlets where variety meats are popular; although South Africa, Namibia, Botswana, Lesotho, eSwatini, Zimbabwe, Zambia, and Angola are outliers with a steady modern retail sector. However, in general, the proliferation of modern retail outlets is occurring, driven by rapid urbanization and fast-growing consumer expenditure. Major international retailers, such as Spar, Walmart, and Carrefour, already exist and are expanding into South Africa, Ghana, Niger, and Kenya. Shoprite, the largest supermarket chain in the region, reaches a wide range of cross-national consumers and is the largest employer in the region.

In 2023, exports of U.S. beef plus variety meat to the African region were 20,464 mt, an increase of 49% over 2022 levels. Value rose by 22% to over \$25 million.

South Africa

- Per Capita Beef Consumption: 15.8 kg
- Total Beef Imports (Not Including Variety Meat) - All Sources: 2,721 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 37,275 mt
- U.S. Share of Total Beef/BVM Import Market: 40%
- Other Beef / BVM Suppliers & Market Shares:
 - Australia 16%
 - EU - 27 10%
 - Argentina 10%
- Domestic Self Sufficiency: 104%
- U.S. Beef Exports (not including variety meat): 123 mt
- U.S. Beef Variety Meat (BVM) Exports: 13,019 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 Meat) - All Sources: 16,240 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 14,053 mt
- U.S. Share of Total Beef/BVM Import Market: 3%
- Other Beef / BVM Suppliers & Market Shares:
 - Brazil 32%
 - EU - 27 24%
 - Argentina 15%
- Domestic Self Sufficiency: 81%
- U.S. Beef Exports (not including variety meat): 29 mt
- U.S. Beef Variety Meat (BVM) Exports: 891 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 root, tripe, fat

Market Access Issues Include a) zero tolerance for Salmonella spp. on beef imports; b) no access for processed products.; c) no access for fresh (and frozen) red meat to Nigeria; d) no red meat access to Namibia as well as the loss of transit permits through Namibia; e) limited information on import requirements for African countries not listed in the FSIS Export Library; and f) non-tariff barriers in general.

Market Strategy

Focus on introducing U.S. beef to prominent market stakeholders and enhancing the reputation of U.S. beef through the following strategies: a) Foster supply chain development for both beef variety meats and beef muscle cuts by facilitating connections between buyers and sellers and facilitating commercial partnerships; b) Cultivate relationships with key trade representatives; c) Educate buyers across various sectors and increase exposure to high-quality U.S. beef, showcasing its consistency and reliability from U.S. suppliers; d) Identify and address market challenges while positioning U.S. beef as a dependable protein source capable of meeting the dynamic demands of the market; e) Conduct sampling and educational activities through appropriate channels to stimulate trade.

Population Growth and Urbanization Trends

- 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, in 2023 the median age in sub-Saharan Africa was only 18.8 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 2023, 43% 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: Give precedence to Africa as a burgeoning export market, vigilantly tracking economic trends and the demand for animal protein across various nations. Foster effective communication channels between prospective buyers and suppliers, providing trade support services to harness the expanding opportunities.
- Tactical Response: Promote relationships between U.S. suppliers and importers to enhance trust and bolster supply chain confidence. Coordinate trade delegations to bring prospective buyers to the United States, fostering dialogues with suppliers, and emphasizing trade support to tackle market hurdles. Cultivate fresh business prospects by engaging target accounts through informative in-market seminars. Establish a repository of video resources aimed at enlightening U.S. suppliers about African importers and the present opportunities in the market.

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 Spar, Walmart and Carrefour, have already entered the market in Southern Africa, Ghana, Nigeria and Kenya. This evolution of investment type, or stake acquisitions into existing Store and Distribution Networks is inevitable.
- 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 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, Jwayelani, Roots, Chester 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. Continue national television advertising in South Africa, and initiate 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.
- African 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: Implement a comprehensive approach by launching sampling initiatives to introduce U.S. beef muscle cuts directly to the African market. Conduct educational seminars to promote both marbled, graded, and ungraded middle meats, targeting high-end consumers. Simultaneously, develop retail and foodservice channels for U.S. beef variety meats to reach a broader consumer base. Utilize the "Meating Room," a test kitchen for South African trade, hotels, and restaurants, to highlight the quality difference between domestic and U.S. grain-fed beef. Enhance two-way communication between importers and suppliers to increase offers and interactions, with a specific focus on the nutritional value of variety meats to address 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: Utilize import data analysis to refine trade channels and uncover prospects for increased U.S. beef exports. Collaborate with processors to identify demand-building opportunities through technical workshops and product development training, showcasing the quality and cost-effectiveness of U.S. red meat raw materials. Assist processors by implementing sampling programs for testing U.S. products and assessing potential. Maintain the expansion of a video content library focused on educating U.S. suppliers about African importers and the existing opportunities.

Other Key Initiatives

- 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 companies, to create mobile billboards, using their own 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.
- 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 the Hotel School syllabus for young Chefs e.g., International Chefs Schools based in RSA.
- 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, football and cycling, to reach large numbers of consumers interested in grilling while associating U.S. beef with active lifestyles.

Citations:

2023 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

68% of targeted importers/distributors will report that they understand the supply, quality, and value relationships of U.S. beef based on information provided by USMEF.

**note, an increase in targeted importers/distributors from 2024*

Measurable Objective #2

72% of targeted HRI distributors will promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.

**note, an increase in targeted HRI distributors from 2024*

Measurable Objective #3

50% of targeted retailers will understand proper cold chain management, handling, and merchandising of U.S. beef.

**note, an increase in targeted retailers from 2024*

Performance Efficiency Measures*:

**Performance efficiency measures are not required for the Foreign Marketing AR.*

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

In 2023, exports of U.S. beef plus variety meat to the ASEAN region declined 38% in volume to 39,444 mt, with value down 45% to just under \$245 million. Indonesia, Philippines, Vietnam, and Singapore are the leading export destinations for U.S. beef. While Singapore is one of the smallest markets in the region, this wealthy consumer base leads many of the trends across the ASEAN. U.S. beef is also exported to Cambodia and Thailand, although in very small volumes. This is a region challenged by low incomes, consumer diversity, geographical spread, and small buyers. Trade servicing efforts intended to strengthen connections between buyers and U.S. traders or purveyors are key to building export growth to the region. While this region comes with many challenges, increasing urbanization rates, population growth, young demographics, rising incomes, and increased international tourism to this region will fuel long-term export potential for high quality beef.

Total U.S. beef exports to Indonesia declined 16% in 2023. U.S. exports are limited by ever-changing import restrictions, limited plant approvals, de facto import quotas, delayed import licenses, and halal barriers. Cheap beef suppliers in the market like India take significant share of the market, while Brazil, another low-cost supplier, is advocating for export growth to Indonesia. However, buyers in Indonesia continue to modernize with a smaller share of sales moving through wet markets, increases in ecommerce sales, and growing consumer interest in high-quality beef. Although per capita consumption of beef is low, opportunities to build demand are present. Chains like Yoshinoya and Pepper lunch continue to invest in the market, and Japanese/Korean style BBQ restaurants that are well-positioned to sell more U.S. beef are trending.

Exports to the Philippines were down 53% in 2023 to 11,566 mt valued at \$83.9 million (down 48%). Overall Philippine imports slowed following the 2022 record and related inventory carryover. Total beef imports from all suppliers declined 20% in 2023. Australia's grain-fed beef exports to the Philippines were just 3,256 mt in 2023, down from a peak of 7,240 mt in 2021. Rebounding tourism and a proliferation of affordable steakhouses and Japanese and Korean BBQ outlets throughout the Philippines will fuel future demand for U.S. beef.

Although down from 2018 highs, total imported beef in Vietnam increased 46% in 2023. Imports of cheap beef from India, Australia (grass-fed), and even Paraguay led growth last year. Inventory buildups of U.S. beef in 2022 and higher priced U.S. beef led to a slowdown in demand in 2023. As a result, imports of U.S. beef declined 63% and U.S. market share dropped from 5% to just over 1% in 2023. A significant tariff disadvantage continues to limit U.S. opportunities in the market. Canada's exports to Vietnam surpassed the U.S. in 2021 and they

remain a much larger supplier than the U.S. due largely to their tariff advantage. In the long-term, tourism and large foodservice chains will offer opportunities for U.S. beef. Today, many medium and lower-income restaurants are closing, while more high-end restaurants are opening across Vietnam.

Indonesia

- Per Capita Beef Consumption: 2.8 kg*
- Total Beef Imports (not including variety meat) - All Sources: 241,383 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 66,442 mt
- U.S. Share of Total Beef / BVM Import Market: 6%
- Other Beef / BVM Suppliers and Market Shares:
 - Australia 51%
 - India 37%
 - Brazil <1%
- Domestic Self Sufficiency: 46%
- U.S. Beef Exports (not including variety meat): 10,938 mt
- U.S. Beef Variety Meat (BVM) Exports: 6,759 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/BVM Exports: 1%
- Customers for U.S. Beef Exports: Processing 15%, HRI 60%, Retail 25%

Philippines

- Per Capita Beef Consumption: 3.2 kg
- Total Beef Imports (not including variety meat) - All Sources: 143,966 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 8,863 mt
- U.S. Share of Total Beef / BVM Import Market: 8%
- Other Beef / BVM Suppliers and Market Shares:
 - Brazil 36%
 - India 24.5%
 - Australia 15%
- Domestic Self Sufficiency: 48%
- U.S. Beef Exports (not including variety meat): 10,482 mt
- U.S. Beef Variety Meat (BVM) Exports: 1,084 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Exports: Processing 25%, HRI 55%, Retail 20%

Vietnam

- Per Capita Beef Consumption: 4.25 kg **
- Total Beef Imports (not including variety meat) - All Sources: 233,114 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 81,269 mt
- U.S. Share of Total Beef / BVM Import Market: 1%
- Other Beef / BVM Suppliers and Market Shares:
 - India 79%
 - Australia 9%

- Canada 4%
- Domestic Self Sufficiency: 60%
- U.S. Beef Exports (not including variety meat): 3,646 mt
- U.S. Beef Variety Meat (BVM) Exports: 324 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/BVM Exports: <1%
- Customers for U.S. Beef Exports: 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; and f) other non-science-based barriers throughout the region.

Market Strategy

Educate key accounts about the quality and value of a wide range of U.S. beef products to a) Further develop the supply chain throughout the market with expanded and more diverse purchases among trade, HRI and retail accounts while connecting U.S. traders and purveyors to these buyers; b) Defend relationships with existing buyers and support loyal U.S. product users as they adopt a more diversified approach to reach consumers; c) Develop consumer demand for high-quality protein by elevating U.S. beef’s image and improving product availability and visibility including on social media; and d) Connect small buyers with U.S. traders and purveyors to improve U.S. beef accessibility and open opportunities for U.S. product among underserved customers.

Trade Servicing

- Communication and trade servicing among buyers in southeast Asia can be difficult due to the geographical nature of this region.
- Potential buyers in markets without physical representation from USMEF (i.e. Cambodia, Thailand) are unaware of the supply capabilities and quality attributes in U.S. beef. Maintaining communication, extending educational outreach, and tailoring promotions for importers in these markets is critical to export development.
- Importers most frequently request promotional support to help keep U.S. beef top of mind with both retail and foodservice operators.
- Lack of experience with frozen beef often results in mishandling of U.S. product that deteriorates quality, giving U.S. beef a bad reputation. Additional training via the USMEF ASEAN Epicurean Table, a customized training format where USMEF’s trained chefs

conduct hands-on and individualized workshops with U.S. beef customers, can help improve in-market handling practices.

- Halal requirements vary greatly among markets in SE Asia. There is significant consumer demand for halal beef in this region. Local importers can help navigate which communities and customers to target for halal-based exports.
- Strategic Objective: Build a consistent supply chain for U.S. beef to increase availability and visibility in the market. Identify key accounts in small markets that are underserved by the U.S. beef industry. Work with importers to identify market needs and trends that present opportunities for U.S. beef.
- Tactical Response: Identify key regional opportunities with importer support in each market. Conduct trade servicing activities regularly to establish direct contact with importers and distributors and focus on exchanging market information with potential customers. Further develop the U.S. Red Meat ASEAN Product Showcase to include more in-market buyers and U.S. suppliers. Expand educational outreach efforts with the USMEF ASEAN Epicurean Table, reaching importers, distributors, and upcoming culinary professionals in the region.

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, the Philippines, and Vietnam.
- Thin-sliced products are 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.
- 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. · 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. 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 Response: 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

- Countries across the ASEAN are expected to see significant growth in middle class consumers. By 2028 forecasts estimate that the number of households with disposable incomes over \$25,000 will grow 61% in Indonesia, 80% in Philippines, and 101% in Vietnam. Strong growth will also be seen in Malaysia, Thailand, and Cambodia. (Euromonitor).
- 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 as a safe product.
- “Tenderness” is a top searched word related to beef from consumers in Vietnam. Other suppliers in the market are not marketing “tenderness” for beef. Similarly, other suppliers are not advertising “corn-fed” or “grain-fed” in Indonesia. U.S. beef has the opportunity to establish an elevated reputation as the first to highlight this feature.
- Consumers are seeking convenience in product selection. Drivers include 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.
- Many consumers prefer smaller packages for processed meats that are meant to be purchased more frequently.
- Similar to other Asian markets, convenience stores continue to establish a presence in the region, creating opportunities for ready-made fresh products. Indonesia, Thailand, and Malaysia are forecasted to experience some of the largest growth in convenience store sales in the world by 2028. (Euromonitor).
- 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.

- 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. Additionally, identify opportunities to improve packaging to meet consumer demand for efficient storage. 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 Trends Pave the Way for Growth in Beef Consumption

- Hotpot, tonkatsu, Korean BBQ, beef bowl and other Asian cuisines continue to perform well in this region.
- International restaurant brands are popular with consumers who look to these brands for quality and status.
- Affordable steakhouse trends are surging, creating opportunities for U.S. beef. Reflecting polarized trends, world-renown steakhouse Wolfgang has expanded into the Philippines, featuring 100% U.S. dry-aged Prime Black Angus on the menu.
- Beef from Canada and Australia is growing in popularity in Da Nang, a tourism hub in Vietnam. Opportunities to displace competitor products here will require additional trade servicing, education, and exposure.
- Street food options 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.
- 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. Target key food distributors, chefs, purchasing managers and restaurant owners to address company-specific opportunities and challenges, demonstrating support and flexibility to U.S. beef partners within each market.
- 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.

Other Key Initiatives

- 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.
- 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:

*2023 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. *Indonesia's per capita consumption based on USMEF estimates. **Vietnam per capita consumption reflects assumptions on trans-shipments.*

Euromonitor Reports

Measurable Objectives:

Measurable Objective #1

88% 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.

**note increase in target accounts*

Measurable Objective #2

90% 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.

**note increase in target accounts*

Measurable Objective #3

100% 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.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT:

In 2023, U.S. beef and beef variety meat exports to the Caribbean (excluding the Dominican Republic) decreased by 8% to 17,634 metric tons, worth \$147.5 million. U.S. beef exports to the Caribbean historically have leaned heavily on tourism and the high-quality beef demand within the foodservice sector. While the COVID-19 pandemic dealt a severe blow to tourism, 2023 saw a full recovery within the industry, leading to a resurgence in travel and upscale dining and increased interest in U.S. beef despite higher prices and supply challenges. Economic growth has been notably strong in several Caribbean destinations, including Turks & Caicos, Aruba, Bonaire, Curaçao, Guyana, and the Cayman Islands. Airlines are expanding their routes to the region, while hotel chains and retailers are increasing their presence both in existing markets and in new locations. This economic recovery and heightened demand have led to price increases in the HRI sector, with businesses no longer heavily relying on promotional deals to attract customers. However, tourists facing inflationary pressures are turning to all-inclusive resorts to manage costs. These resorts, along with the rising popularity of BBQ cuisine, present an opportunity for U.S. beef alternative cuts like chuck rolls, coulotte, tri-tip, and flap. Additionally, resort kitchens catering to tourists and staff require a range of beef products, from premium steaks to more budget-friendly cuts and processed items. Consequently, the Caribbean represents a lucrative market for a diverse array of U.S. beef products. The region still faces difficulties in finding skilled and experienced labor, underscoring the importance of training new staff in understanding the quality and versatility of U.S. beef, as well as the value of portion control.

While the tourist-centered foodservice sector is the major driver for sales of high-quality, high-end U.S. beef, more cost-effective cuts are also available at foodservice and retail outlets geared towards the local populations. In regions where frozen U.S. beef is sold in retail settings, it typically comes in portion-controlled steaks, burgers, or variety meats including oxtail, feet, liver, and kidneys. Local consumers are generally more price-sensitive, demonstrating the importance of emphasizing the quality of U.S. beef to justify its higher cost. At the same time, there is a growing interest among affluent ex-pats in branded products and premium value-added options at retail, such as dry-aged beef, all-natural, or upper-choice beef. There is potential to expand the presence of U.S. beef and tap into new markets, especially in areas experiencing economic growth like Guyana. Opportunities also remain for expanding market access in Belize, the French West Indies, and potentially Cuba. Buyers in the region typically make small purchases, and there's a need for additional support from traders or purveyors to consolidate shipments.

Bahamas

- Per Capita Beef Consumption: 14.9 kg*
- Total Beef Imports (not including variety meat) - All Sources: 4,022 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 426 mt
- U.S. Share of Total Beef / BVM Import Market: 76%
- Other Beef / BVM Suppliers & Market Shares:
 - Brazil 21%
 - Paraguay 1%
 - India <1%
- Domestic Self Sufficiency: <1%*
- U.S. Beef Exports (not including variety meats): 3,153 mt
- U.S. Beef Variety Meat (BVM) Exports: 250 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: Processing <1%, HRI 69%, Retail 30%

Jamaica

- Per Capita Beef Consumption: 6.7 kg*
- Total Beef Imports (not including variety meat) - All Sources: 9,006 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 5,220 mt
- U.S. Share of Total Beef / BVM Import Market: 26%
- Other Beef / BVM Suppliers & Market Shares:
 - EU-27 22%
 - Brazil 13%
 - Australia 12.5%
- Domestic Self Sufficiency: 34%*
- U.S. Beef Exports (not including variety meats): 1,899 mt
- U.S. Beef Variety Meat (BVM) Exports: 1,845 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: Processing 60%, HRI 15%, Retail 25%

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

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 at 40% ad valorem plus a 33% additional stamp duty and a 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

- According to the first UNWTO World Tourism Barometer of the year, international tourism ended 2023 at 88% of pre-pandemic levels, signaling a strong return for the industry. However, as many restaurants have been forced out of business over the past few years and as new restaurants open and a new labor force is employed, educating HRI, 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 seeking value in the face of inflationary pressures.
- Improved travel conditions are creating opportunities for increased tourism to the region. Greater flight availability, safety 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 or steak-ready) that reduce labor and excess trim costs for those with labor issues. However, back-of-house training is still needed for new staff—especially on how to properly handle, cook and slice cuts for maximum palatability.
- 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 more 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 locally-made burgers so it is important to highlight the premium burger trend in the U.S.
- 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, and chuck clods or rolls.
- 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 a small box program for price sensitive shoppers. 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.
- With tourism recovery, demand for high-quality value-added products such as dry-aged beef, all-natural, or upper-choice beef has continued to rise in the retail marketplace. There is also a resurging interest in branded products.
- 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 or importing 10 lb chubs to cut into burgers or further grind/fluff up.

- 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. Conduct test “models” with Massy Group to measure sales potential.

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. Where appropriate, 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.

New Cooking Styles

- Locals predominantly use slow cooking methods and stew recipes for beef due to the traditional availability of low-quality beef and the attractive price point of stew meat.
- Increased availability of high-quality beef has spurred interest in other cooking techniques like grilling and barbecuing, although BBQ is still excluded from many culinary training programs and BBQ training in HRI is inconsistent.
- Retailers are seeking to introduce new items suitable for the grill, pan-grill, automated pressure cooker & air fryer.
- Shareable dishes/small bites are becoming more prevalent due to factors related to convenience and flexibility for kitchen staffs. Bowls/one pot meals and small plates are increasing in popularity, especially if leftovers can be utilized in lunches for family.
- Strategic Objective: Demonstrate a variety of grilling techniques to chefs, retailers, and their customers to increase sales of appropriate mainstream and lesser-known U.S. beef cuts suitable for sous vide, grilling, automated pressure cooker, and air-frying and move consumers away from just stewing meat.
- Tactical Response: Develop educational materials for the meat case that include recipes promoting “Protein Power” concepts and provide training for meat department staff on promoting cuts for grilling. Encourage integration of formal barbecue courses into local culinary curriculums and partner with pit-master experts to improve the quality of BBQ training. Introduce the popular air-fryer, automated pressure cooker, or fast and slow cooker methods to replace the stewed meat concept and develop menus around “one meat, many applications.”

Other Key Initiatives

- Continue the launch of a comprehensive culinary school curriculum with the help of influential chefs from the region, including a textbook and video training series, that promotes a contemporary interpretation of traditional Caribbean cuisine that places U.S. beef at the center of the plate.
- Bring together influential chefs within the region to educate and train new and up-and-coming chefs on creative applications of U.S. beef in contemporary Caribbean cuisine.
- Promote U.S. beef as a guilt-free premium source of protein and dietary tool for promoting good health via a “pack more protein on your plate” theme.
- Educate chefs and consumers about regional American barbeque techniques to capitalize on the popularity of Caribbean barbeque (traditionally focused on ribs and chicken) to tie in U.S. beef as a flavorful component of an authentic experience.

- Introduce smoking techniques outside of barbecue applications and focus on how it can work as a flavor infuser by showcasing its potential use with different cuts such as prime rib, tri tip, and coulotte.
- Elevate the image of U.S. beef, focusing on recapturing the memories of great steak eating moments to recreate positive consumer experiences.
- Focus on pairing and promoting U.S. beef with other complimentary products at both retail and through training foodservice establishments.
- Enhance buyer understanding of the U.S. beef grading system and highlight the value/price relationship between quality grades and affordable cuts.
- Present the maximum SKUs (individual items) from each cut and identify ways distributors can work with their customers to broaden menu and retail offerings.
- Demonstrate the profit potential of case-ready and portion control products (e.g. strip, ribeye, top sirloin, burgers and flat iron) to retail and HRI accounts, plus share new co-product ideas—beyond vein steaks, like “in-betweeners”, tenderloins, tips and tails.
- Work with retailers to review their fabrication and storage facilities, meat case setup, pricing, and product labeling and provide recommendations for improvement to maintain the integrity of U.S. beef products, reduce consumer confusion, and increase sales.
- Support the development of a modern cold chain and educate buyers on proper handling techniques.
- Reinforce the U.S. beef story of farmers and ranchers, aligning with consumer interests in brand stories.
- Continue groundwork on getting U.S. beef product into the FWI directly instead of through the EU and support the introduction with seminars, receptions, and promotions.
- Facilitate communication between potential buyers and U.S. suppliers via participation in events such as the USMEF Latin America Product Showcase and Americas Food and Beverage Show. Also, participation in USMEF member shows when heavily attended by Caribbean buyers and on-island distributor shows when invited to attend.

Citations:

*2023 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

84% of targeted importers/distributors will report that they understand the supply, quality, value relationships of U.S. beef based on information provided by USMEF.

**note increase in target accounts*

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

92% of targeted retailers will report that they understand proper cold chain management, handling, and merchandising of U.S. beef.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

In 2023, beef and beef variety meat exports to Central America totaled 21,068 MT, up 3.5% and a record year, and value increased by 7% to \$149.2 million. Exports to the Dominican Republic also hit a record high in 2023, up 2% to 9,673 mt, and value increased by 10% to \$107.4 million. The implementation of trade agreements such as the CAFTA-DR FTA and the U.S.-Panama FTA has opened up new avenues for exporting premium cuts of U.S. beef and beef variety meats to Guatemala, the Dominican Republic, Costa Rica, and Panama. While Panama currently imposes a 6% tariff on U.S. beef, by 2026 it will reduce to zero. By reducing or eliminating tariffs on top-quality beef, these agreements have made American products more accessible to consumers in the region. Currently, the United States stands as the sole provider of high-quality beef to these markets. The advantages of the CAFTA-DR, coupled with a decrease in local beef supply and a resurgence in tourism, are fueling significant opportunities for expanding the market share of U.S. beef across Central America.

Guatemala's total beef imports increased by 20% in 2023 to a new record of 22,802 mt. The U.S. surpassed Nicaragua as the top supplier to the market in 2020. U.S. market share edged down from 44% in 2022 to 43% in 2023, and Nicaragua's market share decreased from 42% to 40% as Costa Rica's share increased from 3% to 7%. Guatemala's self-sufficiency has been on a long-term decline, and in 2023, self-sufficiency reached a new low of 73%, down from 77% in 2022 and 80% in 2018 and 96% in 2023. Imports are accounting for a larger share of consumption, and U.S. beef alone accounted for 14% of Guatemala's total beef consumption in 2023, a new high. This was up from 12% in 2022 and 9% in 2018 (and 5% in 2013). In 2023, per capita consumption was 5.5 kg carcass weight, up 4% year-over-year and the highest since 2019. Total per capita consumption remains below 2013 and prior levels due to the decrease in domestic beef production. However, imports per capita were record high at 1.75 kg carcass weight, up 19% year-over-year and up 26% from 2018 (and more than three times higher than 2013). Product mix is mainly middle meats (ribeyes, NY strips, tomahawks) and coulottes along with chuck cuts, and USMEF continues to support importer and end user education on more economical alternative cuts including tri-tips, sirloins, short ribs, flap meat, briskets, inside rounds, outside rounds, eye of round, and knuckles. The tourism sector is a growing driver for the market in Guatemala with tourism contributing 10% to GDP. Oxford Economics forecasts that in 2024 inbound tourist arrivals will be up 26% from 2019 levels. This is the second fastest growth rate in the region after El Salvador.

U.S. beef accounted for 17% of total beef consumption in the Dominican Republic in 2023, a new high and up from 16% in 2022 and 12% in 2018 (and just 5% in 2013). Brazilian beef gained access to the market in August 2023, but no exports have been reported, and any

exports would be subject to the full 40% duty. Domestic production has been on a long-term downtrend, and FAS estimates that 2023 production was 60,000 mt, down 1% year-over-year and the lowest since 2017. FAS expects production to be steady in 2024. Self-sufficiency decreased from 86% in 2022 to 85% in 2023, which was a new low. Self-sufficiency was 88% in 2018 and 95% in 2013. Per capita consumption decreased by 1% in 2023 to 6.3 kg as the decrease in production was not fully offset by the increase in production. Total per capita consumption has been decreasing in line with the decrease in domestic production, so there is further room for import growth. Imports per capita were record high in 2023 at 1.1 kg, up 4% from 2022 and up 40% from 2018 (and more than double 2013). The DR continues to be a standout tourist destination, with Oxford Economics projecting that 2024 GDP will be up nearly 20% from 2019 due to strong spending growth in the tourism sector. Tourist arrivals were record large at over 10 million in 2023, up significantly from the previous record of 8.5 million in 2022. Tourism continues to fuel growth in the HRI sector, but restaurant demand is also increasing as domestic consumers gain more purchasing power. 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. Hotels use U.S. marinated inside skirts along with flap meat and the whole chuck.

Dominican Republic

- Per Capita Beef Consumption: 6.4 kg
- Total Beef Imports (not including variety meat) - All Sources: 9,197 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 1,050 mt
- U.S. Share of Total Beef / BVM Import Market: 94%
- Other Beef / BVM Suppliers & Market Shares:
 - Guatemala 5%
 - Panama <1%
 - EU-27 <1%
- Domestic Self Sufficiency: 86%
- U.S. Beef Exports (not including variety meat): 8,697 mt
- U.S. Beef Variety Meat (BVM) Exports*: 976 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: 5.4 kg
- Total Beef Imports (not including variety meat) - All Sources: 21,923 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 880 mt
- U.S. Share of Total Beef / BVM Import Market: 43%
- Other Beef / BVM Suppliers & Market Shares:
 - Nicaragua 40%
 - Costa Rica 7%
 - Dominican Republic 6%
- Domestic Self Sufficiency: 74%

- U.S. Beef Exports (not including variety meat): 8,474 mt
- U.S. Beef Variety Meat (BVM) Exports*: 885 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) Panama's domestic producers contend that the Panama Trade Promotion Agreement results in unfair competition for the domestic industry and advocate for renegotiation; and d) zero tolerance for Salmonella spp. for imports entering Nicaragua.

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

- 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 domestic beef and need education on the culinary advantages of U.S. beef as well as new ways to prepare and utilize it so as not to 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 marbling and consistency attributes versus lower quality 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 has made a full recovery from the impacts of the COVID-19 pandemic, in large part due to the booming tourism industry. Countries throughout the region are conducting promotional campaigns to increase both domestic and international tourism.
- 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 have continued growing, even as traditional sales channels have returned to normal operations.
- 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. 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.
- Promote 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 such as the Latin American Product Showcase and other trade shows and networking events

Citations:

*2023 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

80% of targeted importers/distributors will consistently source and successfully promote U.S. beef to their downstream customers.

Measurable Objective #2

83% of targeted HRI accounts will report that they understand the quality and profit potential of U.S. beef based on information provided by USMEF.

**note increase in target accounts*

Measurable Objective #3

80% of targeted retailers will consistently incorporate suggested merchandising methods to promote the quality attributes of U.S. beef.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

China imported a record large volume of beef from all suppliers in 2023, reflective of their growing appetite for beef and growing per capita consumption. U.S. beef export volume to mainland China declined 22% in 2023 to 189,191 mt (down from a record-large year in 2022) while exports to Hong Kong increased 14% to 39,506 mt. Despite the overall decline in exports to China/Hong Kong, this region was still the third-largest market for U.S. beef on a volume basis. Value of U.S. beef exports declined 20% in 2023, but still remained well over \$2 billion, making China/Hong Kong the second-largest export market for U.S. beef on a value basis.

Grain-fed beef accounted for 10% of China's beef imports in 2023, up from just 4% share of China's imports in 2020. U.S. beef accounted for 62% of China's grain-fed imports, widely surpassing Australia. Canada, another grain-fed supplier, remains out of the market following its suspension at the end of 2021 due to an atypical BSE case. USMEF has received reports that Russia is also exporting grain-fed beef to China, with volumes remaining steady at about 20,000 mt per year (compared to U.S. exports nearing 170,800 mt) in 2021 through 2023. The majority of beef imported into China is grass-fed from suppliers like Brazil, Argentina, and Uruguay. Both Argentina and Brazil are heavily dependent on China, taking 62% and 53% of their beef exports, respectively. China is currently the world's largest beef importer, but per capita beef consumption is estimated to be only 7.8 kg with plenty of room for growth. With the world's second-largest population (behind India), premiumization trends, growing middle class, and relatively low self-sufficiency in beef production, China represents significant export potential.

Demand continues to grow as both retailers and foodservice operators in mainland China recognize the value in U.S. product and are eager for the opportunity to elevate their business over competitors with grain-fed beef. Consumers in a post-COVID China are demonstrating conservative spending patterns, but demand for high-quality is still prevalent. Demand for U.S. beef continues at hot pot, yakiniku, and Korean BBQ restaurants and at Sam's Club, Costco and other modern retailers, where U.S. beef is differentiated from the majority of lean commodity product in the market. USMEF is working diligently with loyal U.S. beef buyers to sustain purchasing and maintain market share. USMEF is taking a dual approach and defending U.S. beef's share in China while simultaneously working to further develop demand among untapped market segments.

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 in 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 U.S. beef from cattle of all ages can be exported to China, product is still tested for ractopamine residues upon entry, but there are no longer additional traceability requirements. 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.

U.S. beef exports to Hong Kong benefit from a 0% duty. Although consumers in Hong Kong still benefit from high disposable incomes, consumer sentiment today has slowed consumption. Many consumers in Hong Kong travel into mainland China on weekends and long holidays for cheaper prices and deals. Residents of Hong Kong are moving following years of unrest with national security laws, high living costs, etc. and this mass migration is having a considerable impact on U.S. beef consumption. It is expected that importers in Hong Kong will turn to a more conservative approach, relying more on frozen beef compared to chilled, and perhaps downgrading to lower grades and secondary cuts like chuck roll, top place, top sirloin, etc.

China

- Per Capita Beef Consumption: 7.9 kg
- Total Beef Imports (not including variety meat) - All Sources: 2,743,531 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 34,856 mt
- U.S. Share of Total Beef / BVM Import Market: 6%
- Other Beef / BVM Suppliers & Market Shares:
 - Brazil 42%
 - Argentina 19%
 - Uruguay 10%
- Domestic Self-Sufficiency *Based on USMEF Estimates: 68%
- U.S. Beef Exports (not including variety meat): 170,754 mt
- U.S. Beef Variety Meat (BVM) Exports: 18,437 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/ BVM Exports: 15%
- Customers for U.S. Beef Imports: Processing 10%, HRI 65%, Retail 25%

Hong Kong

- Per Capita Beef Consumption: 17.18 kg
- Total Beef Imports (not including variety meat) - All Sources: 109,515 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 204,832 mt
- U.S. Share of Total Beef / BVM Import Market: 12%

- Other Beef / BVM Suppliers & Market Shares:
 - Brazil 48%
 - Argentina 10%
 - India 4%
- Domestic Self-Sufficiency *Based on USMEF Estimates: 2%
- U.S. Beef Exports (not including variety meat): 30,746 mt
- U.S. Beef Variety Meat (BVM) Exports: 8,760 mt
- U.S. Beef / BVM Exports as a % of Total U.S. Beef/ BVM Exports: 3%
- 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) Zero tolerance for the presence of ractopamine residues; and b) Non-transparent quarantine clearance procedures/regulations.

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 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; D) 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 Chilled and Grain-Fed Beef, but Education is Still Key

- China continues to diversify beef suppliers, 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.
- Compared to other U.S. beef export destinations in Asia, the chilled beef share out of total beef imports is low at only 2%. There are many opportunities to build demand and further develop the market for chilled beef. Of the chilled beef category, U.S. beef takes 28% share.

- 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, although most often found at wet markets.
- Strategic Objective: Promote the grain-fed quality attributes of chilled U.S. beef, linking U.S. suppliers with buyers. Improve buyer knowledge of the safety, quality, and availability of U.S. beef, and identify opportunities to push trial purchases of chilled beef. Promote a mix of dry-aged, chilled, 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. Expand the reach of trainings and U.S. beef communications into new untapped regions. 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, particularly for chilled. Discuss the profitability in secondary and alternative U.S. beef cuts.

Foodservice Demand

- New restaurants are opening at an accelerated pace both in mainland China and in Hong Kong. However, restaurant closure rates are still high as consumers spend less dining out. While restaurant traffic is up, profitability is low.
- Consumers are following more rational and conservative spending patterns, which has made low-priced restaurants very popular. This is pushing high-end restaurants to offer discounted menus and promote heavily over social media to retain foot traffic.
- Consumer consumption is more rational and pragmatic. Consumers are still dining out, but are weighing affordable prices with quality and positive eating experiences. This is driving competition among restaurants, and foodservice operators are paying more

attention to food taste, menu updates, quality of ingredients, value-added eating experiences and good service to retain customers.

- Tourists from Hong Kong are vacationing on the mainland due to lower prices and cost savings.
- Domestic travel and tourism have rebounded, but travelers have been frugal, opting for bargain meals. Rebounding tourism to lower-tier cities may drive long-term foodservice upgrades to these regions, although chefs outside of first-tier cities may be unfamiliar with U.S. beef.
- Many branded and chained restaurants are planning to open more outlets in second, third, and fourth-tier cities.
- Chinese consumers, utilizing social media platforms for information, are interested in trying new and varied cuisines. Yakiniku 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.
- Hotpot and yakiniku 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.
- Big-name restaurants are diversifying revenue channels and 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.
- 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. 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. Train and build relationships with a team of U.S. meat “spokesmen” across the HRI industry that know the attributes and advantages of U.S. meat.

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. U.S. beef variety meats are often found at wet markets.
- 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 second-tier cities.
- Consumers are demonstrating more conservative spending patterns. Membership stores are popular among value-seeking consumers. However, U.S. beef at Sam's Club and Costco is elevated and differentiated from the typical lean, commodity product. There is still considerable demand for Prime U.S. beef among these retailers.
- Gourmet premium supermarkets are facing challenges as consumers downgrade consumption and follow more rational spending patterns.
- Retail in Hong Kong is mostly modern, with high-end specialized meat shops remaining popular with a wealthy consumer base. Retailers who over-expanded in recent years are now closing outlets to reduce operational expenses.
- 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.
- Retail staff need training on proper handling and butcher techniques to maximize profit potential and display the full attributes of U.S. beef.
- Following trends in Korea, shelf-stable ready meals continue to demonstrate positive growth among consumers seeking convenience. According to Euromonitor, ready meal sales between 2019-2028 are expected to grow 15% in China, becoming a nearly \$10 billion industry.
- Strategic Objective: Further establish trust and loyalty among key retailers 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 or display cases that differentiate U.S. beef from lower-quality alternatives.
- Tactical Objective: Customize trainings and specialized butcher certification courses for retailers, new U.S. beef buyers and their in-store staff that are unfamiliar with U.S. beef. Offer support via tasting demonstrations and coordinated online and in-store promotions. 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.
- Traditional ecommerce platforms like JD.com and Tmall.com have seen sales revenue decrease as purchasing channels become more fragmented with the rising popularity of livestreaming and community group buying.
- 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 using WeChat groups to sell products direct to consumers.
- Little Red Book (Xiao Hong Shu) is the most popular online platform for sharing consumption experiences.
- 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.
- Staff and buyers of ecommerce platforms are unfamiliar with U.S. beef and would benefit from hands-on training and experience with U.S. products.
- 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 Objective: 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, micro-bloggers, and other relevant influencers. Create a trustworthy presence for U.S. beef on JD.com with verified U.S. beef sellers. Extend training efforts to meat buyers from ecommerce platforms.

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:

2023 import and market share data is based on import data of China and Hong Kong, excluding reported imports from China (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

Measurable Objectives:

Measurable Objective #1

59% of targeted Hong Kong & 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

86% of targeted 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

100% of targeted Hong Kong HRI outlets/chains will regularly feature 4 U.S. beef cuts, including at least 1 underutilized cut.

Measurable Objective #4:

82% 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:

86% of targeted China online or offline retailers will feature or actively promote U.S. beef to end-consumers.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

The Commonwealth of Independent States (CIS), excluding Russia, encompasses countries with a combined population of approximately 140 million. This region holds significant potential for U.S. beef products, including various cuts such as steaks, alternative cuts (particularly from the round complex), and livers. USMEF is actively pursuing promising markets in Ukraine, Kazakhstan, Azerbaijan, Kyrgyzstan, Georgia, Uzbekistan, and even Mongolia, where interest in high-quality U.S. beef imports is emerging. Despite this, U.S. beef exports to the entire CIS region constituted less than 1% of all imported beef and beef variety meats in 2023, indicating considerable untapped market opportunities. Awareness of high-quality beef is lacking, but initiatives such as tourism and Russia's promotion of premium beef are stimulating demand for improved quality. U.S. beef alternative cuts present an ideal option for buyers seeking to test premium products at a more accessible price point. There is an opportunity for U.S. beef to meet the growing consumer demand for quality products and establish a preference for U.S. offerings, although buyers in the region require more education and exposure to U.S. beef.

The ongoing conflict between Russia and Ukraine, which commenced in 2022, introduces significant uncertainty regarding its duration and severity. This conflict's repercussions extend to neighboring countries, affecting supply chains, commodity prices, causing inflation, and inducing instability in food and energy sectors. Disruptions in the agricultural activities of these major global food exporters could exacerbate food security concerns worldwide, especially given the existing volatility in international food prices and production factors. The conflict also impacts agricultural production and purchasing power in Ukraine, potentially exacerbating local food insecurity. Sanitary and phytosanitary (SPS) barriers within the Eurasian Economic Union (EAEU), comprising Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, mirror those of Russia, with strict regulations on ractopamine residues and hormone use. However, other countries in the region generally offer more straightforward access for U.S. beef, although the situation is fluid as some nations seek closer alignment with Russia (e.g., Tajikistan and Uzbekistan) or the EU (Georgia, Moldova, Ukraine). U.S. beef and beef variety meat exports to the CIS region in 2023 declined by 27%, amounting to 35 metric tons valued at \$838,000, representing a 13% increase.

Despite these challenges, long-term prospects for U.S. beef muscle cuts and variety meats exist in this region. Building further demand and engaging with buyers unfamiliar with U.S. products are crucial. Markets like Kazakhstan, Uzbekistan, Georgia, and several Caucasian and Central Asian countries are witnessing growth in beef consumption, with strong traditions of utilizing offal products. Since 2017, chilled beef and beef variety meat in Uzbekistan have been subject to zero customs duties, offering a significant opportunity for export expansion.

Indicators from the region suggest a growing demand for high-quality beef. Russia, for instance, is investing more in expanding its domestic high-quality beef production to meet demand and reduce reliance on imports. Russian marketing efforts to promote marbled beef have spurred interest in high-quality beef overall, leading to increased consumption in both foodservice and retail sectors across the region. Russian endeavors to boost exports to neighboring countries are reshaping the competitive landscape. While U.S. beef remains relatively costly for the average CIS consumer, alternative cuts like short plate, brisket, short ribs, top blade, shoulder clod, chuck roll, top sirloin butt, knuckle, round, etc., can pave the way for future exports of higher-end items. Markets such as Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine represent opportunities underserved by the U.S. beef industry, especially as tourism in these regions drives demand for quality raw materials. Local beef production typically yields lower quality and leaner products compared to U.S. beef, making it unsuitable for high-end dining. Consumers would benefit from increased exposure to marbled and grain-fed beef, particularly as competitor suppliers in the region generally offer lower quality or grass-fed lean products.

Ukraine

- Per Capita Beef Consumption: 5.7 kg
- Total Beef Imports (not including variety meat) - All Sources: 2,309 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 7,027 mt
- U.S. Share of Total Beef/BVM Import Market: <1%
- Other Beef / BVM Suppliers & Market Shares:
 - EU-27 96%
 - Poland 55.5%
 - France 7%
- Domestic Self Sufficiency: 113%
- U.S. Beef Exports (not including variety meat): 0 mt
- U.S. Beef Variety Meat (BVM) Exports: 0 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 0%
- Customers of U.S. Beef Imports: Processing 60%, HRI 33%, Retail 4%

Kazakhstan

- Per Capita Beef Consumption: 27.2 kg *
- Total Beef Imports (not including variety meat) - All Sources: 13,724 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 880 mt
- U.S. Share of Total Beef/BVM Import Market: <1%
- Other Beef / BVM Suppliers & Market Shares:
 - Belarus 47%
 - Russia 27.5%
 - Ukraine 13%
- Domestic Self Sufficiency: 101% *
- U.S. Beef Exports (not including variety meat): 13 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 of U.S. Beef Imports: 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) Russia and Belarus maintain a strict zero-tolerance policy for ractopamine residues in beef imports, leading to an ongoing ban on U.S. beef imports; b) Both Russia and Belarus have near-zero tolerance for tetracycline residues; c) Russia enforces a zero-tolerance policy for Salmonella spp., Listeria monocytogenes, coliforms, and has low tolerance for aerobic and anaerobic plate counts in raw products; d) Russia and Belarus have restrictions related to BSE on U.S. beef imports from cattle over 30 months old; e) Lack of clarity in Russia and other Eurasian Economic Union (EAEU) countries regarding the requirements and process for approving new slaughter and exporting establishments; f) Unscientific inspection criteria in Russia and the EAEU for slaughter plants; g) No access to the Mongolian market; h) Unclear procedures for adding new plants to Uzbekistan's approved plant list; i) No agreed certificate for beef trade with Moldova; and j) Tariff rates imposed on U.S. beef imports in Georgia.

Measures by Russia and the EAEU are gradually being incorporated into the standards and requirements of the EAEU member countries, which include Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia. This further compounds the impact on U.S. red meat exports. Russia imposed decrees in 2014, 2017, and 2019, prohibiting various agricultural imports from the U.S. and other countries that had placed economic sanctions on Russia following the Ukraine conflict. As a result, the market remains completely closed to all U.S. beef and pork cuts, fat, and offal.

Market Strategy

Enhance the presence of U.S. beef products and bolster the reputation of U.S. beef and beef variety meat in the region by distinguishing them from competitors and informing buyers about the advantages and profitability of utilizing U.S. beef products. Provide support for the recovery of foodservice businesses in the post-COVID-19 period. Additionally, maintain logistical readiness in the unlikely event the market reopens to Russia.

Regional Expansion

- Due to dwindling supply, Russia is investing in expanding its domestic high-quality beef production to reduce reliance on imports, yet production is declining, leading to high consumer prices.
- Emerging regional markets beyond Russia offer untapped potential for U.S. beef and diversify export opportunities. Kazakhstan, Uzbekistan, Georgia, and several Caucasian

and Central Asian countries are experiencing growth in beef consumption, with strong traditions of utilizing offal products.

- Beef remains relatively expensive for the average consumer, but there are prospects for alternative cuts still perceived as high-quality beef.
- Some upscale retailers in regions like Ukraine, Georgia, Uzbekistan, and Kazakhstan have started offering U.S. beef, paving the way for other retailers and boosting U.S. beef visibility.
- While the number of U.S. beef consumers is increasing, regional markets outside of Russia have faced challenges with yield and final product quality, primarily focusing on higher-priced loin cuts.
- **Strategic Objective:** Concentrate on extending promotional efforts into emerging export destinations such as Armenia, Azerbaijan, Georgia, Moldova, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine whenever feasible.
- **Tactical Response:** Generate interest in the region through promotions, seminars, and workshops that highlight the optimal utilization of budget-friendly cuts, expanding the range of available beef cuts and grades while enhancing consumer awareness of the qualities of high-quality products.

Foodservice Opportunities

- The hospitality sector in Georgia, Kazakhstan, Uzbekistan, and Azerbaijan is experiencing rapid growth, offering promising prospects for U.S. beef and veal.
- Expatriate communities employed by oil and gas companies across the region, along with traders, business professionals, and tourists, are inclined to invest in premium dining experiences and favor cuisines they are familiar with. This creates a demand for upscale food establishments offering a variety of cuisines, including Western-style dining that complements U.S. beef.
- Local beef is generally lean and less suitable for Western-style dishes like BBQ.
- The influx of tourists to ski and seaside resorts in Ukraine and Georgia, as well as religious pilgrimage destinations in countries like Uzbekistan, creates opportunities for food establishments catering to the demand for halal meats.
- Foodservice establishments are showing significant interest in U.S. beef alternative cuts (such as short plate, brisket, short ribs, top blade, etc.) as cost-effective options for high-quality ingredients.
- Since September 1, 2017, chilled beef and beef variety meats (BVM) in Uzbekistan have been subject to zero customs duties, presenting a crucial opportunity for export expansion.
- Ukraine has the option to supply U.S. beef through EU ports, airports, and its western border, opening up additional import opportunities.
- Russia's marketing efforts promoting domestic marbled beef have heightened consumer awareness of high-quality beef and its attributes. This has led to increased consumption

of premium beef in both foodservice and retail sectors, fostering beef consumption traditions and enhancing perceptions of the protein. These experiences in Russia are influencing regional markets as well.

- Russian consumers have adapted to the high prices of domestic beef in a closed market, leading to a new trend of upscale burger outlets.
- Strategic Objective: Encourage additional restaurants to experiment with U.S. chilled beef products and alternative cuts. Highlight these alternative cuts as both high-quality and cost-effective choices for upscale dining experiences, family-style meals, and catering services. Provide training to chefs and key decision-makers, emphasizing the superior quality and consistency of U.S. beef compared to domestic options.
- Tactical Response: Provide culinary training to chefs, emphasizing the importance of proper cooking techniques to avoid overcooking. Educate them on how to distinguish high-quality, marbled U.S. beef from competing products, highlighting the advantages of U.S. beef over options from Uruguay, Argentina, Australia, and, in certain cases, domestic sources. Promote American BBQ as a trendy and ideal platform for showcasing high-quality U.S. beef. Collaborate with strategic foodservice establishments to reintroduce U.S. beef into the high-end hospitality and restaurant industry as part of the ongoing COVID-19 recovery efforts.

Other Key Initiatives

- Provide guidance and assistance to regional distributors on effective marketing strategies for premium U.S. beef.
- Enhance the prominence of U.S. beef by participating in globally recognized trade shows and culinary exhibitions.
- Organize workshops in emerging markets within the region, focusing on aspects like fabrication, cutting techniques, portion control, and optimal cooking methods for both popular and less common U.S. beef cuts.
- Illustrate to chefs and distributors the versatility of U.S. beef cuts, such as shoulder clod, chuck roll, and top sirloin butt, suitable for foodservice and home cooking due to their rich marbling and cost-effectiveness. Explore opportunities for leaner round cuts like the knuckle, inside round, and outside round, aligning with consumer preferences for lean options.
- Educate major processors about the adaptability of U.S. beef to meet their specific needs, gathering insights into critical attributes like leanness and packaging improvements, while further bolstering the reputation of U.S. beef within these processing firms.
- Raise consumer awareness regarding the unique qualities of U.S. beef, contributing to increased demand in hospitality and retail sectors.
- Maintain a focus on emerging prospects, including expanded usage of alternative cuts, the growth of chilled beef in retail settings, and engagement with online meat retailers.

- Monitor the development of domestic beef production targeting higher-end segments to adapt U.S. beef strategies accordingly.
- Explore opportunities to enter the e-commerce sector with high-quality U.S. beef, recognizing the importance of consistency in this market.

Citations:

*2023 import and market share data is based on import data of Ukraine and Kazakhstan (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

97% of targeted trade accounts will report that they understand U.S. beef's quality attributes based on information provided by USMEF.

Measurable Objective #2

97% of targeted trade accounts will report that they understand how to properly handle U.S. beef.

Measurable Objective #3

100% of targeted HRI outlets/restaurant 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:

82% of targeted retail outlets will actively promote U.S. beef origin.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

Coming off a record year for both volume and value in 2022, U.S. beef and variety meat exports to Colombia in 2023 totaled 7,642 MT, down 22%, and value decreased by 18% to \$39.1 million. Demand was increasing in the first quarter of 2024, with January-March exports up 3% to 1,698 MT. However, on April 15, 2024, Colombia removed plants located in states with reported cases of HPAI in dairy cows from their eligible plant list and accordingly stopped issuing import permits for beef from these states. USMEF continues to closely monitor this situation and adjust marketing strategies as necessary. Despite this recent challenge, USMEF sees strong potential for further developing demand for U.S. beef in the Colombia market once these access issues have been resolved.

The Colombian market for U.S. beef presents promising avenues for expansion, driven by consumer demand for its high quality and taste. Opportunities exist for both primal and subprimal cuts of beef, and some Colombian consumers are willing to pay premium prices for high-quality and branded beef. Particularly, there is a significant opportunity for U.S. chilled and frozen products, although addressing regulatory hurdles will require USMEF to provide additional support for exporters and buyers. Promotional strategies to promote U.S. pork in Colombia have created opportunities for U.S. beef as well. While the beef market in Colombia is still in its early stages of development compared to pork, USMEF is adopting a similar strategic approach to advance its presence.

U.S. beef is seen as a luxury item among many in Colombia, yet the expanding middle class is increasingly investing in premium food choices, including U.S. beef products. The introduction of new branded beef items in Colombia has spurred a surge in retail demand for high-quality beef. Currently, the U.S. beef market in Colombia is primarily focused on cuts such as ribeyes, bone-in and boneless loin cuts, coulottes, short ribs, and outside skirts. There is also a growing interest in items like tri-tips and flap meat, which are available at upscale restaurants and premium Colombian retailers. Alongside commodity Choice and Prime graded product, brands such as Certified Angus Beef and Swift Black Angus are gaining traction in the market. Additionally, new brands like Certified Hereford Beef are emerging, meeting the demand for variety among Colombian importers and beef consumers. The majority of U.S. beef variety meat exports to Colombia are livers.

- Per Capita Beef Consumption: 13.3 kg
- Total Beef Imports (not including variety meat) - All Sources: 6,412 mt
- Total Beef Variety Meat (BVM) Imports - All Sources*: 5,944 mt
- U.S. Share of Total Beef / BVM Import Market: 58%

- Other Beef / BVM Suppliers & Market Shares
 - Chile 13%
 - Paraguay 10%
 - Argentina 8%
- Domestic Self Sufficiency: 104%
- U.S. Beef Exports (not including variety meat): 4,579 mt
- U.S. Beef Variety Meat (BVM) Exports*: 3,063 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 10%, Retail 90%

Top Imported U.S. Beef Cuts: Outside skirt, picanha, short ribs, ribeye, striploin, tri-tip

Top Imported U.S. BVM Items: Liver, tripe

Market Access Issues include a) Colombian rules which prohibit frozen meat from being thawed for sale at retail; b) port issues related to dirty containers and boxes and documentation/labeling in Colombia; c) In April/May 2024, Colombia implemented non-science based bans on U.S. beef from cattle that have been in states where dairy cattle have been found positive for Highly Pathogenic Avian Influenza (HPAI).

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 Colombia are willing to pay higher prices for high-quality beef and are increasingly becoming interested in branded beef products.
- Opportunities exist for both primal and subprimal cuts of beef and variety meat due to the variable demographics in this diverse market.
- Despite relatively low adoption by consumers, e-commerce and home delivery channels in 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.

- 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 for the HRI and retail sectors on cut fabrication and new applications for more affordable cuts such as the knuckle, flap meat or chuck roll to expand presence of U.S. beef with a more affordable price. 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 added additional momentum to the move to more convenience-driven retail concepts, such as ecommerce, which have remained as the region recovers.
- Informal ecommerce channels based on social media platforms are increasingly popular.
- 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 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

- On April 15, 2024, Colombia restricted imports of U.S. beef from eight U.S. states affected by HPAI, with a ninth state added shortly after. This issue is ongoing, though USMEF, U.S. exporters and Colombian importers are working to find ways to continue shipping product from eligible states and maintain a presence for U.S. beef in the Colombian market.
- 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 Colombia, such as the Latin American Product Showcase.
- Encouraging Colombian 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 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 foodservice to novel cooking techniques, such as BBQ, to increase the ways of preparing U.S. beef and help to promote U.S. beef's image.
- Position U.S. beef liver through national promotions as a dietary solution to address nutritional challenges within the region, in particular widespread anemia.
- 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.

Citations:

2023 import and market share data is based on import data of Colombia (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

Measurable Objectives:

Measurable Objective #1

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

Measurable Objective #2

65% of targeted HRI outlets/chains will regularly use U.S. beef.

Measurable Objective #3

100% of targeted retailers will identify the origin of U.S. beef and promote the attributes of U.S. to their customers.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

In August 2019, the U.S. made a significant breakthrough in the EU market by securing an exclusive share of the European Union's duty-free, high-quality beef quota (HQB), initially set at 18,500 metric tons and slated to rise to 35,000 metric tons by 2026. By 2023, the U.S. had already claimed 27,800 metric tons of this quota, with an increase to 30,200 metric tons projected for 2024.

U.S. beef sales in Europe are predominantly driven by the high-end foodservice sector, which accounts for roughly 70% of the volume. The COVID-19 pandemic and associated restrictions presented a considerable obstacle for U.S. exporters looking to leverage expanded duty-free access through the U.S.–EU trade agreement. However, as COVID-related constraints began to ease in early 2022, demand experienced a resurgence, particularly in upscale dining establishments. The groundwork laid in retail and e-commerce over the preceding years further bolstered demand in the foodservice domain. Compliance with the Non-Hormone-Treated Cattle (NHTC) requirement necessitates exporting the entire beef carcass to the region, making Europe a crucial market due to the variety of cuts sold there. While premium cuts often find their way to high-end foodservice venues catering to less price-sensitive clientele, countries such as Poland, Bulgaria, Romania, Greece, Czech Republic, Hungary, and the Baltic states have also emerged as consistent purchasers of U.S. beef, especially for less coveted cuts, thereby balancing demand.

Accessing the UK market became more complex post its EU departure, as the U.S. lost its duty-free access via the quota. Although a potential U.S.-UK trade agreement could stimulate demand for high-quality U.S. beef in Europe, progress has been sluggish, with the UK having secured new trade pacts with Australia and New Zealand, granting both suppliers duty-free beef access quotas. Moreover, misconceptions about American agricultural practices, influenced by European policies, have dampened consumer confidence in selecting U.S. red meat. Rising food prices alongside increasing economic uncertainty have prompted many European consumers to adopt a more budget-conscious lifestyle. Escalating U.S. beef prices resulting from reduced supply amid herd reduction have rendered U.S. beef unaffordable for some consumers. Nevertheless, given its premium status, a significant segment of loyal consumers remains willing to absorb the heightened cost for the consistently superior dining experience. While there exists substantial growth potential for U.S. beef, ongoing challenges include monitoring the EU's endeavors to curtail meat consumption, adapting to certificate alterations, and addressing the repercussions of the Ukraine conflict on EU food security.

U.S. beef and beef variety meat exports for 2023 to the EU plus UK increased by 4% in volume to 20,481 mt, with value increasing 15% to \$288.7 million.

EU-27

- Per Capita Beef Consumption: 13.8 kg
- Total Beef Imports (not including variety meat) - All Sources: 268,507 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 10,513 mt
- U.S. Share of Total Beef / BVM Import Market: 5%
- Other Beef / BVM Suppliers & Market Shares:
 - UK 32%
 - Brazil 24%
 - Argentina 17%
- Domestic Self-Sufficiency: 104%
- U.S. Beef Exports (not including variety meat)*: 18,189 mt
- U.S. Beef Variety Meat (BVM) Exports*: 36 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: 16.9 kg
- Total Beef Imports (not including variety meat) - All Sources: 274,252 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 17,518 mt
- U.S. Share of Total Beef / BVM Import Market: <1%
- Other Beef / BVM Suppliers & Market Shares:
 - EU-27 69% (Ireland 48%, Poland 8%)
 - Brazil 8%
 - Uruguay <1%
- Domestic Self-Sufficiency: 78%
- U.S. Beef Exports (not including variety meat)*: 2,256 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 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) There is a reciprocity clause in the antimicrobial use legislation being incorporated into current implementing laws. This clause requires third countries to comply; b) The EU and UK have banned the use of hormone growth promotants and FDA-approved beta agonists; c) The EU and UK have also banned most pathogen reduction treatments (PRTs) used in U.S. slaughterhouses, except for one; d) The EU and Switzerland are expected to fully implement the EU's Article 118, restricting use of specific antimicrobials in livestock, in September 2026. The antibiotics listed in the regulation are not used in U.S. livestock, it also prohibits use of any antibiotics as growth promotants, both parts

require verification programs to prove non-use, adding costs to production. e) EU Deforestation Regulation will be applicable to U.S. beef exports December 30, 2024, which will require additional verification steps and possibly geolocation provisions to verify product did not contribute to deforestation; and f) Some countries like Bosnia and Herzegovina, Turkey, Montenegro, Macedonia, and Serbia have no access to U.S. beef exports.

USMEF has concerns about how these issues might affect imports into the EU from third countries and set a precedent for the world. The EU's Farm to Fork (F2F) Strategy and Green Deal could impact U.S. exports in various ways. These policies include proposals like front-of-pack labeling, mandatory country of origin labeling, restrictions on antimicrobial use in livestock farming (including Article 118), regulations on food contact materials, potential packaging taxes, carbon taxes on imports, sustainability and animal welfare labels, deforestation regulation, and date marking rules. The Global Transition, part of the EU strategy, suggests that the EU aims to impose changes on production and documentation in other countries through a mix of education and trade barriers.

Market Strategy

To boost the demand for U.S. beef in Europe, USMEF aims to: 1) Educate targeted buyers about the profit potential and culinary excellence of both traditional and less commonly used cuts of U.S. beef; 2) Defend our strong presence in high-volume and high-value markets such as Italy, France, the UK, Scandinavia, and Germany; 3) Expand our reach into emerging markets like the Baltic States, Slovakia, Romania, Bulgaria, Hungary, and Poland; 4) In 2024 and beyond, USMEF will continue projects in Southern European markets like Croatia, Greece, Slovenia, Spain; 5) Explore new markets such as Austria, Portugal, and Luxemburg and explore partnerships with local restaurants and retail; 6) Investigate opportunities in non-EU countries in the former Yugoslavia, though this may pose some challenges regarding market access; 7) Support the growth of distribution channels, including e-commerce, for U.S. beef; 8) Educate consumers about the safety and sustainability of U.S. agricultural practices to enhance their confidence in our products; 9) Collaborate with key importers, foodservice providers, and distributors to promote U.S. beef in restaurants and as tourism reopens; 10) Increase marketing efforts through social media and partner communications, including educational content, retail-level engagement, consumer raffles, and blogger outreach to raise awareness and encourage trial purchases of U.S. beef.

Premium Products

- People are willing to spend more on high-quality beef, especially in high-end restaurants and specialty stores, even if they buy it less often.
- In some countries, there are strong promotional campaigns for European beef, which can be a challenge. However, in many EU countries, there is an effort to make local beef seem higher quality, and this is creating a culture where people appreciate premium beef. This is a positive trend for U.S. beef, and USMEF does not see the efforts to promote Polish, French, Swedish, or Irish beef as a threat.

- Grilling and American-style BBQ are becoming popular, especially in smaller markets, which is boosting interest in top-quality U.S. beef.
- Wealthy consumers in places like Sweden, Denmark, and Germany like imported products because they're seen as unique and high-quality.
- Many experts and chefs think U.S. beef is better than others, but people have little knowledge about lesser-known cuts. Going forward, as people get used to higher food prices, they might be increasingly open to buying U.S. beef.
- As importers generally purchase full sets (16-22 cuts), they sometimes face difficulty in marketing some of the less common cuts.
- People in many European countries, especially in central, southern, and eastern Europe, tend not to eat much beef. That means there is a big opportunity for more growth in beef consumption.
- Strategic Objective: Establish distribution networks for U.S. beef and provide education to distributors and chefs about the accessibility and culinary versatility of cost-effective alternative beef cuts that enhance profitability.
- Tactical Response: Discover chances for cut-specific growth by addressing trader requirements, offering tailored training on various U.S. beef products, organizing cost-effective collaborations with distributors, and collaborating with the trade, media, and social media influencers to boost awareness and offer diverse options for cuts and cooking methods. Maintain involvement with the retail sector while concentrating on emerging markets to stimulate interest in alternative cuts. Utilize both social media and traditional communication channels to convey U.S. beef messages directly to consumers.

High-End Restaurants

- U.S. beef is facing challenges from the arrival of cheaper grain-fed beef from Australia, Uruguay, and Argentina under duty-free quotas. However, new quotas for U.S. beef give it an advantage. There are also logistical issues, currency exchange rates, inflation, rising energy costs, and high beef prices that add to the complexity. The supply chain is experiencing occasional disruptions, and the foodservice industry is still adjusting to new price levels, not just for U.S. beef.
- Despite increased competition, upscale restaurants provide an excellent niche for high-quality U.S. beef. These restaurants prioritize their image, profit margins, and service over selling large quantities.
- In some parts of the EU, there is a trend of consuming less but choosing higher-quality food. Certain restaurants are using techniques like dry aging to enhance their menus. However, European chefs, restaurant managers, and consumers often express a preference for local beef, even though there are concerns about inconsistent quality in domestic production.

- Higher inflation rates in many European countries may pose challenges for high-end dining, which often features U.S. beef. Nevertheless, there is optimism that consumers will adapt to price changes and adjust their habits accordingly.
- Gourmet burger joints and BBQ catering outlets are gaining popularity, creating opportunities for the growth of cuts like chuck rolls and less commonly used ones. However, educating consumers about these cuts is crucial.
- Emerging EU markets like Bulgaria, Hungary, Croatia, Romania, and Estonia, where economies are growing faster than the European average, are discovering U.S. beef. This offers further growth potential, especially for budget-friendly, alternative cuts. Additionally, these countries have relatively low per capita beef consumption, providing more room for growth.
- Strategic Objective: Maintain connections with prominent hospitality and restaurant industry (HRI) buyers across different markets, emphasizing U.S. beef cuts known for their value, flexibility, and distinctive marbling. With the extra capacity provided by TRQ, concentrate on entering new markets where U.S. beef hasn't established a strong presence yet.
- Tactical Response: Introduce chef training programs aimed at educating influencers who can influence consumers' choices, thereby increasing demand for both standard U.S. beef cuts and less common ones. Collaborate on educational initiatives for chefs and other hospitality and restaurant industry (HRI) professionals alongside U.S. beef distributors. Involve restaurant chains and HRI distributors in efforts to inspire them to arrange special events to showcase U.S. beef, encouraging them to incorporate U.S. beef cuts into their menus. Leverage the favorable position of U.S. beef in the Duty-Free quota as an extra incentive for introducing U.S. beef to their menus.

Retail Differentiation

- Costco is expanding its support for U.S. beef to new countries like Iceland, the UK, France, Sweden, and Spain. They now offer both Prime and Choice products, giving consumers more options in terms of quality and price.
- Many retailers, including discount stores, are offering premium products, even though they work with tighter budgets and profit margins. Retail partners in Germany and Poland use U.S. beef-branded refrigerators to draw attention to American products while allowing USMEF to directly communicate marketing messages to consumers.
- Selling U.S. beef cuts at stores that specialize in non-food products, like those focused on grilling equipment, has been an effective way to introduce customers to U.S. beef. In 2024, USMEF will continue to support such initiatives by getting these non-traditional outlets to carry specialized U.S. beef refrigerators.
- Apart from specialty shops, more supermarkets are interested in stocking U.S. beef, and cash-and-carry retailers are open to offering alternative beef cuts to reach a broader customer base.

- Ecommerce is a growing way to distribute premium food and meat products, especially since people got used to it during the peak of the COVID-19 pandemic. U.S. beef is already available in niche ecommerce markets in established countries like Germany, Italy, and Denmark, as well as in developing markets such as Bulgaria, Poland, and Romania.
- Strategic Objective: Inform retailers and customers about the quality of U.S. beef and its various cuts. USMEF will expand the availability of U.S. beef in both physical and online retail spaces, introducing new cuts. Furthermore, USMEF plans to enter new European markets by leveraging existing partnerships with importers and industry associations.
- Tactical Response: Organize educational and promotional events with retailers to increase awareness about U.S. beef and its versatile uses in cooking while sharing USMEF's social media content to assist retailers in engaging with their customers. Additionally, USMEF will support U.S. beef importers in participating in specialized retail exhibitions across the region. Promoting further processing, such as portion control as a strategy to attract new retail customers. Provide consumers with comprehensive educational materials, both at the point of purchase and through social media channels. To stand out, U.S. beef will be featured in dedicated coolers within specific retail sections, enhancing consumer awareness and offering additional educational opportunities.

Other Key Initiatives

- Engage consumers through culinary influencers, digital marketing, and in-store activities to educate them about the quality and sustainability of U.S. beef. Collaborate with bloggers and influencers, especially those familiar with local languages and cultures, to generate excitement about U.S. beef.
- Counter Farm-to-Fork messages and efforts to reduce meat consumption by emphasizing the sustainability practices in U.S. beef production.
- Focus on educating buyers in primary markets like Germany, Italy, and the UK; secondary markets such as France, Netherlands, and Spain; and third-tier markets including Romania, Bulgaria, and Hungary. Explore opportunities in the Balkans, considering market access, and work in less active markets like Austria and Portugal to foster growth.
- Partner with importers to promote U.S. beef e-commerce through their social media channels and digital platforms.
- Identify new markets, niches, and trends to increase demand for high-quality U.S. beef.
- Provide enhanced trade servicing, training, and gather market intelligence to better understand local stakeholders' needs, including those interacting directly with consumers.
- Target new consumer segments, such as women, that have not historically been the target audience for grilling or barbeque trends.
- Demonstrate the U.S.' commitment to maintaining EU market relationships.

- Enhance U.S. beef visibility through grilling and cooking shows, customer-facing branding on partner delivery fleets and billboards.
- Elevate the image of U.S. beef by showcasing quality cuts at high-profile events in collaboration with FAS.
- Maintain an online presence through social media platforms like Facebook, YouTube, and Instagram to educate traders, chefs, buyers, and consumers about U.S. beef.

Citations:

*2023 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

81% of targeted distributors are consistent year-round purchasers of U.S. beef.

**note increase in target accounts*

Measurable Objective #2

57% of targeted distributors will purchase muscle cuts other than traditional loin steak cuts.

Measurable Objective #3

91% of newly targeted distributors will make trial purchases of U.S. beef

**note increase in target accounts*

Measurable Objective #4:

7% of targeted retailers will make trial purchases of U.S. beef.

**note increase in target accounts*

Measurable Objective #5:

56% of targeted retailers will regularly offer U.S. beef to their customers.

Performance Efficiency Measures*:

**Performance efficiency measures are not required for the Foreign Marketing AR.*

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

Total exports of U.S. beef to Japan were down 22% in volume to 243,019 mt and 23% in value to \$1.809 billion. Despite these declines, Japan remains the second-largest volume market and third-largest value destination for U.S. beef.

Volumes of imported beef in Japan peaked pre-pandemic. Since then, the market has been hindered by the devaluation of the Yen. 2023 imports of U.S. beef were down about 7.5%; however, imports from nearly all other suppliers (with the exception of Australia) were down in 2023. Despite the decrease in volume, U.S. beef still maintained dominant market share at nearly 42%, followed by Australia at 38.5%. Chilled beef products constitute over 33% of Japan's imports, signaling the paramount importance placed on quality within this market, although imports of chilled beef from all suppliers, which also peaked pre-pandemic, were also down in 2023. Again, U.S. market share remained high at 49% of imported chilled beef. Australian market share of the chilled category increased to 43% in this period as well. Preserving U.S. beef's market share in Japan stands as a central priority for USMEF, given the challenges posed by production constraints and elevated prices, which may impede export growth in the near-term.

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 total beef imports peaked in 2019, prior to the pandemic. However, recovering tourism, and improved foodservice sales are already driving demand for beef. End-user demand is polarized, with some consumers seeking high-end dining options and others seeking casual / affordable outlets. Retail and foodservice trends in Japan support the continued growth of high-quality beef as consumer preferences have evolved to favor marbled product, despite polarized spending patterns. Seafood consumption is expected to continue to decline, allowing beef, the next high-quality protein, to take up a larger share of the diet. Compared to other high-income

markets around the world, Japan has relatively low per capita beef consumption and consumption has not recovered to pre-BSE levels. Marketing for U.S. beef will need to shift gears and demonstrate value through alternative cuts and image-building for Choice grade product to differentiate from less expensive competitor product.

- Per Capita Beef Consumption: 9.8 kg
- Total Beef Imports (not including variety meat) - All Sources: 513,631 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 85,001 mt
- U.S. Share of Total Beef/BVM Import Market: 42%
- Other Beef/BVM Suppliers & Market Shares:
 - Australia 39%
 - Canada 8%
 - New Zealand 5%
- Domestic Self Sufficiency: 41%
- U.S. Beef Exports (not including variety meat): 198,528 mt
- U.S. Beef Variety Meat (BVM) Exports: 44,491 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 19%
- Customers for U.S. Beef Imports: Processing 5%, HRI 50%, Retail 45%

Top Imported U.S. Beef Cuts: short plate, rib cap plate, upper plate, chuck eye roll, shoulder clod, chuck flap tail, 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) Defend U.S. beef market share by focusing on alternative cuts that can increase buyer profitability and still suit their needs for quality; 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; D) Elevate U.S. beef's image among consumers with strategic partnerships and imaging campaigns as more Choice grade product becomes available in the marketplace.

Consumer Marketing

- Consumers in their 20s-40s tend to be more budget-conscious with high inflation driving changes in consumption patterns. Some consumers are trading down for less expensive options both at home and dining out.
- Highlighting the U.S. grading system and quality of Choice grade product among consumers will be key to maintaining U.S. beef's premium reputation and differentiating from Australian product.
- Budget-conscious consumers tend to shop at discount stores and dine at family restaurants or fast-casual chains. U.S. beef clod and round cuts can be used to reduce menu prices at these restaurants or on supermarket shelves.
- Retail promotions with giveaways (like sauce packets, reusable bags, etc), additional shopping points, or sweepstakes campaigns appeal to budget-conscious consumers and motivate retailers to feature U.S. product.
- Nearly 35% of the population is over 60 years old. Seniors represent a wealthy consumer base that is less likely to downgrade. (Euromonitor).
- The senior sector and tourists are still showing demand for Prime grade products both at retail and among foodservice outlets. Quality-based marketing, especially for Prime, should target the senior sector.
- While population decline is on the horizon in Japan, priming young consumers today for premium purchasing will protect export business.
- Both seniors and younger generations prioritize health more than pre-pandemic.
- Consumer interest in sustainability is growing, although not yet driving purchasing decisions.
- Consumers today are more interested in participating in in-person events and activities.
- Strategic Objective: Align promotions, PR campaigns, and consumer events with different media channels to reach targeted consumer groups. Develop individual promotions for retailers or foodservice operators depending on their main customer demographics. In general, design promotions for Prime grade products for the senior generation or tourists. Align Choice grade or alternative cut promotions with a younger buyer base who may be more motivated by value.
- Tactical Response: Utilize ads, articles, and professional testimonials from nutritionists or chefs in specialized lifestyle magazines to target consumers of all ages and interest groups. Host consumer workshops for seniors using nutritionists and other health-focused professionals to convey the message that U.S. beef is both high quality and healthy. Explore new ways to target tourists with collaborations or partnerships.

New Target for U.S. Beef - "Sozai"

- "Sozai" products are pre-made items that include bento boxes, rice balls, sushi, etc. It is common for consumers to purchase fresh-made sozai items daily as meal supplements or even meal replacements. There are many different sozai items in the marketplace

including prepackaged goods and fresh made items that are sold in convenience stores, supermarkets, and specialty sozai shops. USMEF will target these three sectors to tap into the sozai market.

- The sozai market is underserved by U.S. beef. Quality upgrades in bento boxes and other convenience items will drive demand for more premium raw material and create opportunities for U.S. beef.
- Many sozai items do not identify or advertise country of origin on raw material. Labelling and advertising U.S. beef in these items can elevate the image and prestige of sozai lines.
- 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, which are concentrated around Tokyo and urban areas, are capitalizing on commuting workers stopping in for impulse buys and quick stops. Japan is by far the leading convenience store market globally.
- Convenience stores are adapting by diversifying product lines, expanding into more suburban areas, allocating shelf space to more fresh items, and adding delivery services to remain competitive. To remain competitive, CVS chains are investing in the development of their own private label products.
- 90% of CVS market share is covered by the top three market leaders: 7-Eleven, FamilyMart, and Lawson.
- Specialty sozai stores include both street stalls and modern chains. Bento box chains like Hokka Hokka Tei, Hotto Motto, and Origin Toshu are underserved by the U.S. beef industry and present opportunities to move large volumes of U.S. beef.
- Strategic Objective: Develop opportunities for U.S. beef in sozai products and in new menu items at CVS, retail, and deli or bento box chains. Target sozai processors and specialty store chains to increase utilization of U.S. beef as a premium raw material. Demonstrate the quality message and benefit of labeling U.S. raw material origin on these products.
- Tactical Response: Collaborate with CVS chains, retailers, processors and their suppliers to develop new items using a variety of U.S. beef cuts as raw material. Encourage sozai targets to identify country of origin and highlight U.S. beef attributes on packaging to elevate product image. Connect with sozai specialty store chains and entice these new targets with potential widespread promotional support.

Retail

- The retail sector is a main avenue for U.S. beef chilled items, reflective of consumers' interest in fresh, high-quality items for at-home consumption. However, consumers today are trading down and U.S. beef's share of the meat case must be defended.
- Defending market share among key retail accounts that move millions of pounds of U.S. beef is critical in Japan's current export environment.

- Retail promotions with giveaways (like sauce packets, reusable bags, etc), additional shopping points, or sweepstakes campaigns appeal to budget-conscious consumers and motivate retailers to feature U.S. product.
- Japanese consumers continue to show a strong preference for shopping in-person and many stop at supermarkets daily for the freshest items.
- Small packaging and single-serve items are trending at retail.
- Elevating consumers' awareness and quality perception of Choice grade U.S. beef will be critical in 2024 and 2025 as Choice takes up a larger share of the retail case.
- Although traditionally a thin-sliced culture, promoting thick-cut beef has labor advantages for retailers and moves more volume.
- Beef variety meat items like tongue and intestine for at-home hot pot are common at retail.
- Strategic Objective: Defend U.S. beef's share of the meat case while highlighting the attributes of U.S. Choice grade beef to consumers. Protect market share among key retail accounts like Costco, Aeon, etc. that regularly move large volumes of U.S. beef. Offer increased promotional support to the retail channel as consumers pull back on spending and trade down for less expensive items.
- Tactical Response: Develop nationwide retail campaigns with key retail accounts, increase frequency of in-store tasting demonstrations, work with retailers to promote U.S. beef on newspaper insertions, recipe cards, POS material, etc. Educate demonstrator staff on the properties and attributes of U.S. beef, particularly highlighting Choice grade beef. Educate retail meat department staff on cutting and slicing underutilized cuts such as clod, round, etc.

Foodservice Recovery & Trends Favour Beef

- In 2024 tourism continues to rebound and normalize. Positive 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 cost-effective options like top blade, chuck flap, teres major, and brisket skirt. More training on alternative cuts is needed.
- Polarized spending patterns among consumers are fueling demand at more family restaurants or fast-food chains for less expensive options while simultaneously supporting "special occasion" dining at high-end restaurants.
- High-end steakhouse chains like Peter Luger are still in high demand in Japan. Seniors and consumers seeking "small luxuries" are driving foot traffic to these outlets.
- Increases in operational kitchen expenses are driving many foodservice managers to search for ways to minimize in-house labor with more portion control, thick-cuts or further processed product.

- Labor shortages are being felt heavily among foodservice operators. Some foodservice operators are reporting only functioning at 70% capacity, not due to lack of demand, but rather due to lack of labor. Restaurants may be more willing to participate in activities if promotions are designed to minimize any in-house labor burden.
- Yakiniku restaurants have become increasingly popular, using a significant amount of U.S. beef tongue, outside skirt, hanging tender, short plate, large intestine, and even some OTM product. Although traditionally a social setting, 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 foodservice operators seek lower-cost raw material.
- Strategic Objective: Introduce U.S. beef alternative cuts and OTM products to foodservice operators seeking additional raw material options. Demonstrate strong U.S. beef support for a full range of foodservice operators as the foodservice sector continues to undergo rebound efforts. Educate foodservice operators on underutilized cuts such as clod and round cuts. To alleviate labor constraints, utilize social media and other promotional tools to advertise menus outside of the restaurant space.
- 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. Offer high-end steakhouse partners more customized promotions. Collaborate with affordable U.S. beef foodservice users to launch themed menu campaigns on a nationwide level. Identify opportunities for a diversified and expanded purchasing portfolio from foodservice operators in need of raw material options.

Digital Marketing

- Consumers of all ages use social media to talk with friends, play games, shop, etc. However, Japanese consumers are showing signs of digital burn out, and are turning back to traditional media channels and in-person events or seminars.
- 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”. These influencers can be incorporated into consumer events.
- 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: 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. 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. Establish partnerships with appropriate culinary, grill-enthusiasts, and other influencers and include them in U.S. beef educational events. Encourage these influencers to promote American beef to consumers. 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 the Journey to American Beef campaign featuring producer videos and real-life interviews with actual U.S. producers to be used at tradeshow, 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 renowned magazines and newspapers targeting Japanese seniors to generate demand for U.S. beef as a healthy and priority option for aging consumers. 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:

2023 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.

Euromonitor Reports

Measurable Objectives:

Measurable Objective #1

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

Measurable Objective #2

88% of targeted importers and distributors will consistently purchase 2 or more U.S. beef alternative cuts.

Measurable Objective #3

86% of targeted HRI and retail accounts will consistently feature 2 or more U.S. beef cuts.

Measurable Objective #4:

76% 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.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

U.S. beef exports to Korea in 2023 totaled 248,562 mt, down 16% from the record in 2022. Export value declined 22% to \$2.129 billion – but still allowing Korea to remain the largest export market for U.S. beef globally. Of the international markets, Korea has the highest per capita consumption of U.S. beef, at about 4.8 kg in 2023 (product weight), up from 1.9 kg in 2012 or a 152% increase. Korea’s surging demand for U.S. beef has been driven largely by growth in the retail sector, both in modern retail venues and e-commerce platforms where demand for fresh beef and grain-fed product from consumers seeking premium foods continues to escalate. U.S. beef is heavily penetrated in the Korean market and the U.S. remains the top supplier of beef to Korea, accounting for close to a third of Korean consumption. Choice and Prime U.S. beef are prominent at retail, on ecommerce, in a wide array of restaurants and even in special meals featured in the institutional sector. U.S. market share of total imported beef declined slightly in 2023, dropping from 52% share in 2022 to 50.5% share in 2023 as Korea imported more frozen beef from Australia.

Imports of chilled beef from all suppliers declined in 2023 and only accounted for 20% of Korea’s total beef imports. However, U.S. beef accounted for a record 68% of Korea’s chilled imports, while Australian share dropped to 31.5%. 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 5.3% 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.

Consumers in Korea are demonstrating polarized spending patterns, with demand for high-end dining thriving and low-cost foodservice also trending. Retailers are responding to consumers shift to more conservative spending by taking a “lowest-priced” merchandising approach, offering weekly deals and frequent discounts. Yet consumers still demand quality and a focus on fresh is trending. Family restaurants and boxed lunches are trending with consumers who still enjoy dining out but are hoping to find less expensive options. Labor shortages are felt everywhere and the rise of institutional catering as a tool to retain workers is fueling demand for higher-quality meals that are well-suited for U.S. beef. With increasing input costs, businesses are diversifying revenue channels with convenience products, ecommerce, etc. Single-person households account for over one-third of all households in Korea with convenience remaining a priority among consumers. Today, Korea is a global leader in the home meal replacement (HMR) market with product lines featuring superb quality and remarkable product diversity.

- Per Capita Beef Consumption: 18.2 kg
- Total Beef Imports (not including variety meat) - All Sources: 474,893 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 30,072 mt
- U.S. Share of total Beef / BVM Import Market: 51%
- Other Beef/BVM Suppliers & Market Shares:
 - Australia 41%
 - New Zealand 4%
 - Canada 3%
- Domestic Self Sufficiency: 37%
- U.S. Beef Exports (not including variety meat): 233,081 mt
- U.S. Beef Variety Meat (BVM) Exports: 15,481 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 19%
- 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 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 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; 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; and C) Establish loyalty to the U.S. beef industry among buyers by demonstrating superior promotional support and supply capabilities.

Premiumization 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 and there is a greater variety of culinary concepts and product availability to meet diverse market needs.
- 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 and building loyal customers throughout 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 same luxury of high-end food.
- U.S. beef Prime and wagyu products are in high demand with some retailers adding specialized sections to their stores to highlight these products, while some retailers are even featuring dry-aging cases in the store to meet consumer demand for premium products.
- 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.
- Strategic Objective: Capitalize on 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 prices from competitors, like domestic Hanwoo and Australian beef, drop.
- 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 to elevate consumers’ perception of U.S. beef, using keynote speakers, influencers, and science to educate buyers.

Convenience & Processed Product

- Single-person households are the leading household type in Korea. These consumers typically seek small, packaged goods and convenient meal options to suit spaces with limited storage. As a result, packaging trends are changing. There will be growth opportunities in sales of convenient products and small-packaged goods.
- From 2019-2028 ready meal sales are expected to increase \$777 million (or 55%) 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. Many products even incorporate variety meat items. Quality standards of HMR products have grown tremendously, creating opportunities for high-quality beef to be used as a raw material and for products to differentiate with chilled beef, Prime grade beef, etc.
- 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.

- Labor in Korea is challenged by a rapidly aging population exiting the workforce. Sharp increases in minimum wage requirements have forced many businesses to reduce in-house labor costs via reductions in employee numbers or reduced working hours. In general, many retail and foodservice operators are seeking opportunities to reduce the workload via further processed product. Retailers are seeking more case-ready product for labor savings, and some foodservice operators utilize robots for tableside service.
- Korea is an aging population. “Care foods” or foods that are easy to eat and prepare created specially for seniors will continue to emerge as a new potential for U.S. beef.
- Strategic Objective: Identify opportunities with retailers, both on and offline, and foodservice operators to develop and introduce more processed U.S. beef products such as pre-marinated, pre-sliced, etc. to meet rapid growth in single-person households, satisfy demands from convenience-seeking families, and reduce in-house labor. Work with HMR, RMR, and meal kit processors to incorporate and label U.S. beef.
- 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 high-end bone-in steak and Prime-grade beef in processed product and demonstrate the benefits of advertising these features to differentiate.

Online & Offline Retail Strategies

- 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.
- 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. 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 are forecasted to follow aggressive growth trends, reaching over \$41 billion by 2028. This would be a 179% increase in food and drink sales on ecommerce platforms compared to 2019. (Euromonitor)
- South Korea has the highest value per capita sales globally for online grocery (\$600 in 2023, expected to grow to \$805 by 2028), and is the third-largest market for total food and drink ecommerce sales after China and the U.S. (Euromonitor).
- 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.

- Family-sized chilled beef packages are trending on ecommerce among consumers demonstrating more conservative spending patterns.
- Previously, the largest hurdle facing ecommerce platforms had been the ability to maintain stock, especially for fresh products with short shelf lives and delivery capabilities. However, ecommerce platforms have recently expanded sales of fresh products by expanding distribution centers and delivery range.
- AliExpress, a Chinese e-commerce channel, announced an investment plan of \$10.8 billion over the next three years to expand its Korean business and also began selling Korean fresh food. Currently, the number of AliExpress app users is 8.18 million, an increase of approximately 130% compared to the same period last year. Competition with Coupang, the strongest e-commerce company in Korea, will intensify.
- 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 distributor, saw record large sales in 2023.
- Importers are able to sell direct to consumers via Naver Smartstore, reducing the layers of distribution channels.
- M-commerce gift giving is becoming increasingly important in Korea. Buyers can have product, 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 or m-commerce apps and address their individual needs via trade servicing, merchandising support, promotional support, and training for staff.
- 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. Utilize giveaways, livestreaming, traditional banner ads, and other promotional tools to help U.S. beef stand out.

Polarized Foodservice Trends

- Polarized dining with strong demand for both the cheapest meals and highest-end is still trending in 2024.
- High-end all-you-can-eat restaurants remain popular with consumers. Premium hotel buffets in the \$130-\$200 per person price range are trending. Meanwhile, low-priced buffet restaurants are also popular with an increasing number of outlets opening.
- Beef-centric authentic Gogigui (Korean-style BBQ), beef noodles, Chinese-style hot pot and American BBQ outlets are rapidly developing, creating more market opportunity for alternative cuts.

- Both regular franchise burger and premium burger restaurants are continuously showing strong growth.
- 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. Institutional catering is becoming more popular as employers seek ways to retain employees. Quality improvements in these meals is opening opportunities for U.S. beef.
- Restaurant have diversified revenue by tapping into meal kit, restaurant-meal-replacement (RMR), and other carryout convenience items.
- Labor shortages are forcing restaurant operators to reduce in-house capacity, change hours, utilize kiosks and serving robots, 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. Target suppliers of the institutional sector and introduce U.S. beef to their downstream customers.
- 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. to keep U.S. beef on menus. Further develop and expand the annual “restaurant week” promotions by including more outlets, expanding to ecommerce/delivery, etc. Participate in institutional sector food shows and other events to introduce institutional buyers to U.S. beef and demonstrate the promotional benefits of partnering with the U.S. beef industry.

Social Media

- YouTube and Instagram are the most popular social media platforms in Korea. YouTube’s influence among consumers of all generations is growing.
- Instagram has emerged as one of the most used social media apps in Korea. The number of Instagram users has nearly doubled over the past five years as consumers enjoy the short-form video service ‘Reels’ that is unique to this platform. Consumption of short form contents is increasing in all ages.
- 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.
- Korean consumers of all age groups are utilizing social media platforms and engaging with 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 platforms, now combined with ecommerce and promoted with the help of influencers, have 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 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, if possible.

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 utilization 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.
- 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:

2023 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.

Euromonitor Reports

Measurable Objectives:

Measurable Objective #1

Targeted importers will report that 95% of their total imported beef will be U.S. product.

Measurable Objective #2

70% 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.

**note increase in target accounts*

Measurable Objective #3

88% 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:

25% of targeted restaurants will feature U.S. beef in their restaurant meal replacement (RMR) menus/product lines.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

In 2023, U.S. beef and variety meat exports to Mexico totaled 210,567 mt, up 14% year-over-year. U.S. beef export prices for Mexico averaged up 11% in 2023, to a new record, and export volume for beef cuts was up 12% from the 2022 low. Mexico remains the largest market for U.S. beef chuck and round exports, with shoulder clods and gooseneck rounds as top items. Beef variety meat exports were the largest since 2016 and totaled 109,100 mt, up 16% year-over-year, including growth in the top categories: tripe (+6%), lips (+25%), hearts (+11%), intestines (+49%) & other (+18%), and sweetbreads were steady. Mexico is the largest destination for U.S. beef variety meat exports in each of these categories.

The foodservice industry saw a strong rebound in 2023, and tourism to the region, particularly in the traditional resort areas, is booming. More than 20 million tourists visited the Mayan Riviera (including Cancun, Cozumel, Playa del Carmen, Isla Mujeres and Tulum) in 2023, setting a new record for the region. A new passenger train route throughout Riviera Maya and the Yucatan peninsula began operations in December 2023, expanding and easing access to these areas. Tourist arrivals to this region are projected to reach 30 million visitors by 2030. USMEF continues to monitor this region and expects to see an increase in demand for U.S. beef as a result.

The Mexican (super) peso continues to be the currency outlier, strengthening against the U.S. dollar. In March 2024 the peso was the strongest since 2015 at 16.8 and up 9% vs. a year-ago. The relatively strong currency and economic conditions combine with tight domestic beef supplies to underpin the growth in Mexico's imports of U.S. beef. Mexico's cattle prices averaged up 11% in 2023, at \$149/cwt and record high. U.S. imports of Mexican feeder cattle rebounded by 40% from the 2022 lows and totaled 1.246 mil head, but still less than imports in 2018-2020. Mexico exported more cattle but less beef, and imported more beef in 2023, indicating tight domestic supplies and stronger demand. Beef exports were down 13% to 273,700 mt, with less to the U.S. and Japan.

In May 2022, Mexico temporarily suspended tariffs on meat and poultry products from all suppliers through 2023, and in late December 2023, this duty suspension was extended through Dec 31, 2024. Mexico 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 Brazilian beef has begun making inroads to help meet Mexico's demand for lean, affordable beef, especially while duties are waived through 2024. Brazil's shipments to Mexico set a record in January 2024 at 4,360 mt, and by the end of Q1 of 2024 they gained 19% market share, up

from 0% in 2023. The market also opened to beef from Argentina in November 2022, with the first shipments arriving in March 2023, though by the end of Q1 2024, their market share was only 3%. Other notable competitors include Nicaragua and Canada. While the U.S. is still the dominant supplier, the threat of increasing competition from these markets, most notably Brazil, is expected to continue throughout 2024, and USMEF strategies will focus on defending U.S. market share.

- Per Capita Beef Consumption: 16.2 kg
- Total Beef Imports (not including variety meat) - All Sources: 156,443 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 86,235 mt
- U.S. Share of Total Beef/ BVM Import Market: 71%
- Other Beef/ BVM Suppliers & Market Share:
 - Canada 13%
 - Nicaragua 11%
 - Australia 1%
- Domestic Self Sufficiency: 106%
- U.S. Beef Exports (not including variety meat): 101,483 mt
- U.S. Beef Variety Meat (BVM) Exports: 109,084 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 16%
- Customers for U.S. Beef Imports: Processing 50%, HRI 10%, Retail 40%

Top Imported 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.
- Issues with 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. Brazil is expanding their presence worldwide, though it is unclear how long term their relationship with Mexico will be; upcoming elections in Mexico may impact Brazil's access.
- Brazil has quickly become the number two supplier of U.S. beef to Mexico, representing 19% of market share by the end of Q1 2024.
- Nicaragua is a growing competitor in the region with the majority of volume processed and imported by Sukarne. Sukarne is also bringing in a significant amount of the Brazilian beef available in the market.
- 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/processors 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.
- While not as popular as they were during the height of the COVID-19 pandemic, Ghost kitchen concepts remain as a niche foodservice trend in Mexico, reaching across a wide variety of cuisine types. Though the delivery fees lead to prices 20-30% higher than traditional restaurant meals, these concepts are still favored by some younger consumers for their convenience.
- 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

- The “Buy Local” trend is increasingly relevant to consumers looking to support local economies and increase the authenticity of their dining experience.
- Noticeably more foodie bloggers are gaining influence among consumers. Social media is influencing creativity of menus and plate presentation (Instagramability).
- Consumers still need training on quality grading and proper cooking techniques for high quality beef.
- BBQ and grilling techniques are becoming increasingly popular, presenting an ideal opportunity to push U.S. red meats for the “All-American” eating experience.
- While convenience continues to be a driver in consumption, the convenience store sector largely lacks high-quality protein options for consumers.

- Strategic Objective: Work with importers, distributors, and retailers to engage more consumers with U.S. beef, U.S. cooking styles, and demonstrate the U.S. beef industry's commitment to serving the Mexican market and fulfill consumers preferences and trends.
- Tactical Response: Expand the reach of USMEF's grilling seminars to train both importers and expanding segments of consumers on a range of proper grilling techniques for high quality U.S. beef. Continue to develop a network of social media influencers to amplify messaging of U.S. beef to Mexican consumers that are increasingly online. Leverage the "Buy Local" trend by creating alliances with producer groups of non-meat commodity items.

Other Key Initiatives

- Capitalize on convenience-driven trends contributing to increases in the at-home meal delivery sector by partnering with online-based meal delivery services, such as Cornershop.
- Support the post-COVID recovery efforts of the Mexican meat trade and in particular the HRI segment, through focused marketing initiatives to build demand and goodwill for U.S. beef.
- Engage importers and distributors as well as their customers with mobile seminars utilizing the U.S. Beef Truck to highlight under-utilized cuts as well as variety meats. Expand the geographical footprint of these seminars outside of main metropolitan areas such as Mexico City and Monterrey.
- Expand promotional activities into new regions of the country to reach new buyers and consumers and increase demand for high-quality U.S. product.
- Utilize technologies such as Augmented Reality to engage consumers and provide them with innovative and interactive ways to learn more about U.S. beef.
- Develop and cultivate partnerships with influential culinary key opinion leaders through U.S. beef-centered activities that are designed to build knowledge and awareness of the unique attributes of U.S. beef while reaching large numbers of consumers.
- Leverage brand associations with trending kitchen appliances such as automated pressure cookers and air fryers to highlight both the convenience and health benefits of U.S. beef.
- Showcase U.S. beef variety meats in front of hundreds of buyers at Mexico City's huge Central de Abasto market, and similar markets in Monterrey, Guadalajara and Aguascalientes.
- Implement a web-based educational platform to train more customers along the supply chain about U.S. beef.
- Develop and implement an annual product showcase event for the region to bring buyers and suppliers together.
- Engage directly with consumers at the retail channel to provide them with both culinary information as well as nutritional information directly at the meat counter.

- Increase the quality of U.S. beef merchandising at the meat counter, through POS support and retailer incentives and competitions.
- Leverage the growing competition in the family-style restaurant segment by promoting U.S. beef as a major point of differentiation among the top chains.
- Push for western-style cuisine such as BBQ and burgers via chef workshops and consumer activities to create the ideal culinary environment for U.S. beef.
- Further penetrate the regional supermarket and specialty store segment which has not consistently purchased U.S. beef.
- Integrate a cohesive and comprehensive digital marketing strategy. Continue to grow social media presence on Facebook, Instagram, etc. to engage and educate the chef community, trade and consumers by partnering with and educating social media influencers.

Citations:

2023 import and market share data is based on reported exports to Mexico (from TDM) for all suppliers except Nicaragua, which is based on PIERS import data for Mexico due to ongoing issues with Mexico's import data and a lack of export reporting from Nicaragua. 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

80% 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

64% of targeted restaurant chains will actively feature/promote U.S. beef, including value cuts, to their customers.

Measurable Objective #3

64% of targeted restaurant chains / hotel groups will increase sales of U.S. beef by at least 10% compared to their previous year, during USMEF promotions.

Measurable Objective #4:

78% of targeted retailers will consistently incorporate suggested merchandising methods to promote U.S. beef to their customers.

Measurable Objective #5:

78% of targeted retailers will increase sales of U.S. beef by at least 10% (compared to the previous year) during USMEF promotions.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

Key export markets for U.S. beef, such as Egypt and the United Arab Emirates (UAE), serve as pivotal hubs and robust re-export destinations within the region. In the UAE, numerous importers have consistently supplied substantial quantities of U.S. beef to affluent countries like the Maldives for years. Expanding initiatives and raising awareness among buyers about U.S. beef could fuel growth in these markets and elevate market shares. Moreover, emerging markets like Iraq present ripe opportunities for U.S. beef, with imports skyrocketing to 427 metric tons by the end of 2023, marking a 400% surge from the previous year and reaching the highest levels since 2011. Educating buyers and consumers exclusively about U.S. beef in these regions could spike demand and lead to increased imports. The region's growing need for Halal products underscores the importance of highlighting this attribute in menus, advertisements, and social media, as it significantly influences consumer choices.

A robust foodservice industry is propelling demand for U.S. beef muscle cuts of all grades, even in Egypt, where it serves as the primary destination for U.S. beef livers. In 2023, U.S. beef muscle cut exports to Egypt reached 428 metric tons, the highest since 2015. Despite recent currency devaluation and liquidity issues, several importers in Egypt are keen to procure these cuts. Fueled primarily by a tourism boom, Egypt's consumer foodservice market has witnessed robust growth, characterized by increased sales value and the establishment of new dining establishments. The projected growth of Egypt's foodservice market from \$7.91 billion USD in 2023 to \$18.14 billion USD by 2029 underscores this trend, with quick-service restaurants (QSRs) leading the change. U.S. beef liver dishes remain popular across various Egyptian cities, driven by the country's steadily growing population, which stands at 112 million, expanding at an annual rate of approximately 2.3% to 2.5%. Investments in upgrading the Sallum land border between Egypt and Libya aim to facilitate increased trade between the two countries, presenting additional opportunities for U.S. beef. Some optimism exists that Egypt's economic issues related to liquidity and currency exchange will improve with recent pledges of support from the IMF and increased foreign investment. International credit rating agencies like Moody's and S&P have already upgraded Egypt's credit outlook to positive after the recent measures taken by the Central Bank of Egypt to float the pound and put an end to the parallel foreign exchange market and help shore up foreign currency reserves.

However, market access restrictions in the Middle East pose significant challenges to U.S. beef exporters. These include feeding restrictions for cattle supplying beef exported to Saudi Arabia, non-science-based expiration periods for frozen beef livers exported to Egypt, and potential changes to GCC halal regulations that could impact beef exports to the region. Nonetheless, the Middle East remains a promising market for both U.S. beef muscle cuts and variety meats. For

instance, Egypt stands as the world's largest importer of beef livers, with the United States holding a dominant 59% share in 2023, albeit down 11% from 2022. Despite foreign exchange and liquidity issues, U.S. beef variety meat exports to Egypt saw a 32% decrease in 2023.

Egypt's declining livestock production, attributed to rising feed costs, has led to a drop in domestic beef supply, from covering 60% of the country's needs to just 40%. Consequently, Egypt has increased its beef imports from Brazil, approving 15 Brazilian beef plants for export. Furthermore, Egypt has diversified its meat sources by importing cattle and frozen meat from Djibouti, Tanzania, Uganda, and India to ensure affordable meat supplies, as local meat prices surged due to the global food crisis. This shift is in response to disruptions caused by the Sudanese military conflict, limiting the availability of Sudanese meat in the Egyptian market.

Recent regulatory adjustments related to U.S. beef liver access in Egypt, including the removal and adjustment of zero-tolerance limits for ractopamine residues and an extension of frozen beef liver shelf-life, provide relief for U.S. exporters. The revised standards, effective until June 30, 2024, alleviate challenges previously faced by exporters and ensure a more reliable business environment in the region.

In addition to variety meats, there is a growing demand for beef muscle cuts across the Middle East, driven by a diverse and lucrative foodservice industry. Various food establishments, from fast-food outlets to high-end restaurants, are thriving, with U.S. beef alternative cuts proving to be ideal raw materials. Expanding tourism and the demand for new dining concepts are fueling the high-paced Hospitality, Restaurants, and Institutions (HRI) sector in Jordan, Egypt, and the UAE. However, there remains a need for more education regarding the proper usage and cooking applications of underutilized cuts of U.S. beef, as well as understanding the role of internal marbling in the U.S. beef grading system. Nonetheless, the rapid expansion of foodservice outlets in the Middle East is creating demand for U.S. beef across all grades.

For the region as a whole, U.S. beef/bvm exports were down 33% in volume in 2023 to 44,119 mt, with value decreasing 31% to just over \$205 million. However, through March of 2024, there is an uptick of 41% in beef/bvm exports for the Middle East.

Egypt

- Per Capita Beef Consumption: 6.1 kg
- Total Beef Imports (not including variety meat) - All Sources: 233,091 mt
- Total Beef Variety Meat Imports - All Sources: 71,532 mt
- U.S. Share of Total Beef (not including variety meat) Import Market: <1%
- U.S. Share of Total Beef Variety Meat Import Market: 45%
- Other Beef (not including variety meat) Suppliers & Market Shares:
 - India 70%
 - Brazil 26.5%
 - Colombia 1%

- Other Beef Variety Meat Suppliers & Market Shares:
 - India 26%
 - Brazil 12%
 - Australia 7%
- Domestic Self Sufficiency: 62%
- U.S. Beef Exports: 430 mt
- U.S. Beef Variety Meat Exports: 32,379 mt
- Customers for U.S. Beef Imports: Processing 10%, HRI 85%, Retail 5%
- Customers for U.S. Beef Variety Meat Imports: processing 2%, HRI 28%, Retail 70%

United Arab Emirates

- Per Capita Beef Consumption: 14.8 kg
- Total Beef Imports (not including variety meat) - All Sources: 234,364 mt
- Total Beef Variety Meat Imports - All Sources: 7,068 mt
- U.S. Share of Total Beef (not including variety meat) Import Market: 2%
- U.S. Share of Total Beef Variety Meat Import Market: 2%
- Other Beef (not including variety meat) Suppliers & Market Shares:
 - India 35.5%
 - Brazil 32%
 - Pakistan 19%
- Other Beef Variety Meat Suppliers & Market Shares:
 - EU-27 37%
 - Australia 21%
 - Brazil 17%
- Domestic Self Sufficiency: 13%
- U.S. Beef Exports: 4,410 mt
- U.S. Beef Variety Meat Exports: 142 mt
- Customers for U.S. Beef Imports: Processing 4%, HRI 76%, Retail 20%
- Customers for U.S. Beef Variety Meat 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, hanger steak, 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 on cattle supplying beef exported to Saudi Arabia; b) non-science based expiration period of 10 months for frozen beef livers exported to Egypt; c) Potential changes to GCC halal regulations (cattle stunning limitations, cattle feed requirements, etc.) that could impact beef exports to the region; and d) The frozen beef shelf life in Qatar is 12 months rather than the 18 or 2 months as with other GCC countries.

Market Strategy

A) Advance market growth by showcasing the range of available U.S. beef and variety meats, establishing the U.S. product as the top choice among new target buyers across all sectors; B) Safeguard our market presence by reassuring buyers about the sustainability of the U.S. supply chain, the rigor of U.S. safety inspections, the credibility of our halal certification, and the premium value inherent in U.S. beef; C) Outperform competitors by enlightening stakeholders about the versatility and profitability of U.S. beef alternative cuts or value-added products, particularly tailored for high-end foodservice establishments seeking cost-effectiveness without compromising quality; D) Persistently replace competitor offerings, especially for underutilized cuts, to boost profitability throughout the entire carcass; and E) Enhance the proportion of muscle cuts in our exported product mix destined for Egypt.

Foodservice Expansion

- The estimated size of Egypt's foodservice market is projected to grow from \$7.91 billion USD in 2023 to \$18.14 billion USD by 2029. Quick Service Restaurants (QSRs) show the highest growth and remain the largest segment. The overall food market revenue for 2023 is \$180.3 billion USD, with an anticipated annual growth rate of 10.09% (CAGR 2023-2028).
- The region's demand for Halal products is increasing, emphasizing the need to highlight this attribute in menus, advertisements, and social media, as it significantly influences consumer choices.
- High-end restaurants prioritize cost-efficiency without compromising on taste and quality, driving interest in alternative beef cuts.
- There is still a lack of understanding regarding the proper usage and cooking applications of underutilized cuts of U.S. beef and the role of internal marbling in the U.S. beef grading system.
- Dark kitchens or cloud kitchens are trending in some Middle Eastern foodservice markets, particularly in Saudi Arabia, the UAE, and Jordan, driven by the growing demand for dine-at-home options and online delivery services. The Middle East & Africa Cloud Kitchen Market is expected to grow at a CAGR of around 19.36% from 2023 to 2028.
- The growth of mobile food trucks presents an opportunity for U.S. beef, especially in Egypt, where the informal foodservice sector experienced a decline in 2020 but recovered by 26.1% by the end of 2022. These modernized food trucks now serve traditional U.S. beef liver sandwiches.
- Casual dining, fast food chains, burger joints, and steakhouses are thriving in the region, driven by a growing youth population. Western chains like Applebee's, Chili's, and American steakhouse concepts are expanding in major metropolitan areas.
- Egypt's fast-food industry is booming, fueled by popular chains and urbanization, leading to the emergence of modern cities and a rising middle and upper class.

- Egyptians allocate over 30% of their income to food expenses, with a strong demand for dining out during Friday family lunches and special occasions.
- Shawarma restaurants, family-style restaurants, catering operations, and meat processors are the top destinations for Select and Commercial grade beef middle and end meats.
- Jordan and Lebanon are experiencing rapid growth in their foodservice sectors, with an increasing presence of U.S. Quick Service Restaurant (QSR) franchises and a growing hospitality and retail industry.
- The focus on sliders, handhelds, wraps, mini burgers, and grab-and-go sandwiches in Jordan, Lebanon, Egypt, Kuwait, and Qatar is driving a shift towards alternative U.S. beef cuts of lower grades and prices.
- More culinary schools, cooking academies, and chef associations are opening in Jordan, Lebanon, the UAE, and Saudi Arabia, becoming highly active and influential.
- There's a growing interest in e-commerce and online shopping among HRI buyers in Egypt, with the "One Order" app gaining attention from hotels, restaurants, and catering companies.
- While vegetarianism and veganism trends are present in Middle Eastern countries, meat remains a significant part of the culinary culture, and consumer awareness of the importance of complete proteins from beef is rising due to USMEF training programs and communication from various sources like dietitians, food bloggers, sports trainers, and chef students.
- 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. Emphasize technical know-how on repackaging of chilled beef and U.S. beef halal certification requirements.
- Tactical Response: Provide hands-on sales, culinary trainings on menu planning and preparation for various cuts, ranging from ribeye, striploin and tenderloin, to heel, shank, top round, brisket and chuck roll, etc. to meet all foodservice requisites, and aggressively pursue the growing HRI sector for new growth opportunities. Give technical training on repackaging and proper labeling of chilled beef to increase shelf life after removing from vacuum pack.

Retail Sector Growth

- Liver sales primarily occur through retail outlets, where livers are now sliced and offered in trays to cater to smaller family sizes and provide cost-effective protein options.
- The retail sector is poised for steady growth, driven by a growing multi-ethnic consumer base, higher income levels, increased tourism, and a rising expatriate population.
- Hypermarkets in large shopping centers, like Carrefour, Lulu, Tamimi Markets, and Spinneys, continue to dominate the market. Additionally, the emergence of convenience

stores, community malls, and smaller-format stores allows consumers to shop locally, while most hypermarkets now offer online shopping and delivery services for added convenience.

- Modern retail is expanding rapidly in newly developed areas of Saudi Arabia and the UAE, meeting consumer demands for convenience, ambiance, and a wider range of affordable products.
- Gourmet meat boutiques and upscale butcheries are targeting educated, affluent shoppers in Lebanon, Jordan, Egypt, and the UAE, with a growing presence in Saudi residential areas, creating opportunities for U.S. chilled beef products.
- Distributors are cautious about promoting new muscle cuts to retailers due to a lack of marketing, butchering, and merchandising expertise. Consumer awareness of U.S. beef attributes such as marbling, safety, versatility, and Halal capabilities remains limited.
- Convenience items like fresh pre-packaged, ready-to-eat, and portable items are on the rise, particularly in large-format retailers like Spinneys Lebanon and Cozmo Jordan, while Egypt's Gourmet Stores are boosting demand for chilled U.S. portion cuts and locally repackaged steaks.
- The increasing popularity of meal ingredient boxes, ready-to-eat meals, grab-and-go options, and deli sandwiches is shaping the region's food and beverage packaging and dining trends.
- The growing use of social media and the internet has prompted retailers to embrace digital channels, resulting in strong growth in e-commerce sales, especially in the UAE, Saudi Arabia, Egypt, Jordan, and Lebanon.
- E-commerce continues to expand, driven by its convenience and significant investments from retailers and third parties. To ensure diversity across various sales channels, refining online assortments and marketing tools is considered essential.
- Consumer willingness to order meat online is gradually increasing, particularly in the UAE and Saudi Arabia, where there is high demand for convenience and efficiency. However, online meat purchases still lag behind grocery e-commerce. Frozen meals are also gaining popularity in response to the growing need for convenience.
- Strategic Objective: Educate retailers and their suppliers on proper handling, butchering, repackaging, 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: Deliver training sessions to retail personnel, instructing them in the skills of cutting, trimming, and repackaging, and organize demonstrations to highlight alternative cuts like top sirloin butt, chuck roll, brisket, flank, flat iron, short ribs, heel, shank, and striploin for store customers. Emphasize the premium quality, Halal certification, and versatility of various U.S. beef cuts. Provide technical training to distributors and retailers on repackaging techniques and correct labeling procedures to extend shelf life once the beef is removed from vacuum-sealed bags.

Other Key Initiatives

- Collaborate with importers and distributors to enhance awareness of U.S. beef in the face of rising competition from countries like Brazil, India, Paraguay, South Africa, Argentina, Uruguay, Canada, Colombia, and Russia, along with Australia's intensified promotional efforts for chilled beef.
- Educate and upskill sales teams, butchers, and meat counter staff at major retailers about U.S. beef attributes, quality, and packaging innovations.
- Foster close partnerships with Saudi and Egyptian importers and retailers, encouraging the reintroduction of U.S. beef in their regular offerings while providing continuous support to existing buyers.
- Support emerging distribution channels, especially online platforms created by established U.S. beef importers targeting consumers directly.
- Engage in culinary events, including chef gatherings and culinary competitions, to boost awareness of U.S. beef, targeting high-ranked chefs, junior chefs, importers, foodservice operators, and decision-makers. Also, participate in new food concepts in Saudi Arabia and Egypt, focusing on the foodservice sector.
- Expand foodservice training to include catering and culinary schools, as well as new restaurants and hotels, emphasizing beef cutting techniques, cooking instruction, and profitability analysis with various U.S. beef cuts. Conduct educational workshops for chefs, including one-on-one sessions with steakhouses and hotels.
- Establish a culinary art capacity-building program in Jordan and Egypt, gathering experienced and young chefs to enhance their skills in U.S. beef cutting techniques and culinary innovations.
- Offer Junior Chefs' Tutorials to youth chef groups, educating them on U.S. beef production practices, marbling, grading, safety standards, and product consistency.
- Implement Butchering Master Classes and Butcher Training Workshops to improve butchers' understanding of U.S. beef technical information, cutting techniques, and handling, enabling better communication with consumers, retailers, and foodservice workers.
- Promote U.S. beef through "American Beef Nights" at top steakhouses and restaurants, showcasing unique cuts to chefs and consumers.
- Participate in international trade shows like Gulfood Dubai, HACE Egypt, and regional events like HORECA; in addition to Culinary Expo events in GCC to increase exposure and reach potential buyers from Trade and HRI sectors.
- Conduct live cooking and tasting sessions at key retail locations, using professional chefs to explain U.S. beef's attributes and cooking applications. Expand these events to busy malls with a U.S. beef retail show for maximum exposure.
- Target housewives with Art of Cooking Classes, teaching them how to prepare and cook different U.S. beef cuts optimally.

- Enhance women's cooking classes during Ramadan with TV cooking shows, providing daily U.S. beef recipe ideas for Iftar meals.
- Collaborate with influencers, celebrity chefs, and nutritionists to educate end consumers about the versatility of U.S. beef cuts in local recipes.
- Optimize USMEF's Middle East Facebook and Instagram pages and Arabic/English website, promoting U.S. beef products and engaging the audience through contests and competitions.
- Enhance the USMEF recipe app "U.S. Beef ME" by adding innovative recipes from renowned regional chefs and expanding its reach.
- Leverage local chefs' expertise to create appealing recipes with new U.S. beef cuts entering the market and promote these dishes on social media platforms.
- Support U.S. beef suppliers who are USMEF members in their regional promotional activities.
- Foster regular engagement with local distributors of U.S. beef through seminars, hands-on training, master classes, and competitions.
- Work closely with importers to develop major reexport and growing markets.

Citations:

2023 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 2023.

Measurable Objectives:

Measurable Objective #1

78% 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

66% 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.

**note increase in target accounts*

Measurable Objective #3

88% 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.

**note increase in target accounts*

Measurable Objective #4:

92% of targeted retail chains will identify origin of U.S. beef/bvm and actively participate in USMEF promotions.

**note increase in target accounts*

Measurable Objective #5:

70% of targeted media outlets will report favorably on U.S. beef and incorporate recommended key message points.

**note increase in target accounts*

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

U.S. beef and variety meat exports to South America (not including Colombia) decreased by 14% in 2023 to 22,224 mt. However, the region is a major importer of beef variety meats, particularly beef livers. In 2023 the U.S. was the top supplier of beef variety meats to Chile at 2,216 mt, (57% market share), with beef livers as the top item accounting for the majority of the volume. The U.S. had 79% market share of frozen beef liver exports to the market in 2023, with Canada as the other beef liver supplier. Peru is also a major global beef liver importer, and the U.S. is the main supplier of livers to Peru with 76% market share in 2023, and Canada was the second largest supplier with 22% market share. U.S. beef variety meat exports to Peru totaled 6,103 mt, up 27% from 2022 but down 24% from 2021. Exports were valued at \$10.2 million, up 14% from 2022 but down 21% from 2021. Peru was third largest market for U.S. beef liver exports after Egypt and South Africa at 4,843 mt in 2023. The U.S. also exports beef tripe, feet and hearts to Peru.

In South America, diverse demographic factors are creating opportunities for U.S. beef across both primal and subprimal cuts, as well as variety meats. In countries like Peru, Ecuador, Brazil, Chile and Uruguay, segments of the population are willing to pay premium prices for high-quality and branded beef. In Brazil, particularly, a significant demographic of 51 million people (out of 211 million) presents a substantial opportunity for U.S. beef, driven by a larger affluent population segment and a robust demand for premium products. There is also a rising interest in beef variety meats throughout the region, notably sweetbreads in Brazil, Uruguay, and Argentina, and cleaned hearts in Chile and Peru. These trends are creating lucrative opportunities to export substantial quantities of U.S. product, which tend to be undervalued domestically. Moreover, the growing interest in other beef variety meats, such as neck bones and femur bones (in Chile, pending additional market access approvals), signals potential for future exports of U.S. beef.

In Chile, imports are dominated by regional suppliers with logistical advantages in serving the market, but the U.S. is an important supplier of chuck rolls for modern retail (a premium item for grilling). The modern grocery sector accounts for 63% of all grocery sales in the country. Walmart and Cencosud are the two largest modern grocery chains, and they accounted for the majority of U.S. imports in the market. Chilled imports were impacted by pandemic-related logistics disruptions and have not yet fully recovered. Logistics disruptions due to political conflicts and public health concerns throughout the world continue to negatively impact the shipment of chilled product, and in turn USMEF will work to shift demand to frozen product. Chile has the highest per capita income in South America, and per capita protein consumption

is high. Per capita beef consumption increased by 1% in 2023 to 26.6 kg carcass weight but was down from the record of over 30 kg in 2021.

Peruvian 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 and muscle cuts. USMEF has been increasing the focus on secondary cities since 2019 including in the rainforest area of Tarapoto and Pucallpa. China and Saudi Arabia are making significant investments in mining, energy, agriculture and infrastructure in the country, which is leading to increased port capacity and connectivity. Beef liver will continue to be an important source of affordable, nutritious protein in the market, and traditional markets are the key sales channel for U.S. livers. Traditional markets still account for 70% of animal protein sales in Peru as consumers prefer the accessibility and the perception of lower prices in wet markets.

Peru

- Per Capita Beef Consumption: 6.0 kg *
- Total Beef Imports (not including variety meat) - All Sources: 6,627 mt
- Total Beef Variety Meat (BVM) Imports - All Sources*: 21,810 mt
- U.S. Share of Total Beef/BVM Import Market: 23%
- Other Beef/BVM Suppliers & Market Shares:
 - Argentina 29%
 - Brazil 26%
 - Paraguay 6%
- Domestic Self Sufficiency: 95%*
- U.S. Beef Exports (not including variety meat): 1,509 mt
- U.S. Beef Variety Meat (BVM) Exports*: 6,104 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 25%, Retail 75%

Chile

- Per Capita Beef Consumption: 26.5 kg
- Total Beef Imports (not including variety meat) - All Sources: 260,870 mt
- Total Beef Variety Meat (BVM) Imports - All Sources*: 3,869 mt
- U.S. Share of Total Beef/BVM Import Market: 2%
- Other Beef/BVM Suppliers & Market Shares:
 - Paraguay 47%
 - Brazil 39%
 - Argentina 8%
- Domestic Self Sufficiency: 36%
- U.S. Beef Exports (not including variety meat): 3,531 mt
- U.S. Beef Variety Meat (BVM) Exports*: 1,843 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 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, beef feet, unfulfilled demand exists for sweetbreads and hearts

Market Access Issues include a) Brazil's onerous label registration process for beef products and zero tolerance for Salmonella spp.; b) Ecuador's nontransparent import licensing process and plant registration process, and Annex 2 regulations that have taken the U.S. out of the market; c) onerous product and plant registration requirements in Uruguay and Argentina (also includes label registration); d) no official offal access for Paraguay and unclear registration requirements; e) 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, 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.
- 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 in both the retail and HRI sectors, have grown and become increasingly more popular choices for consumers during COVID-19 shutdowns.
- Competition from Argentina, Uruguay and Brazil 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.
- 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 for the HRI and retail sectors on cut fabrication and new applications for more affordable cuts such as the knuckle, flap meat or heel to expand presence of U.S. beef with a more affordable price. Capitalize on opportunities for U.S. beef in Brazil by facilitating increased product registration by working with exporters and regulatory agencies. Still, there are inconsistencies regarding regulatory procedures that need to be confirmed by both the U.S. and Brazilian governments. 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 added additional momentum to the move to more convenience-driven retail concepts, such as ecommerce, which have remained as the region has recovered.
- 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 unclear access 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 Argentina and Uruguay. In mid-September 2023, Ecuador suspended U.S. meat imports until plants have been registered under the Annex 2 requirement. Ecuador Annex 2 requirements have essentially closed the market for U.S. red meats.
- 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, 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.
- Encouraging South American importers to add steps in their processing lines to be able to meet the needs of different market segments. Ø 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 foodservice to novel cooking techniques, such as BBQ, to increase the ways of preparing U.S. beef and help 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.
- 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.

Citations:

*2023 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 2023 numbers for Peru are USMEF estimates.*

Measurable Objectives:

Measurable Objective #1

80% of targeted importers/distributors have a favorable attitude toward U.S. beef based on information provided by USMEF.

**note change in target accounts- separated from Colombia in 2025*

Measurable Objective #2

50% of targeted HRI outlets/chains will regularly use U.S. beef.

**note change in target accounts- separated from Colombia in 2025*

Measurable Objective #3

91% of targeted retailers will identify the origin of U.S. beef.

**note change in target accounts- separated from Colombia in 2025*

Measurable Objective #4:

91% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

**note change in target accounts- separated from Colombia in 2025*

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

TACTIC DESCRIPTION:

MARKET ASSESSMENT

2023 U.S. beef and variety meat exports to Taiwan declined to 60,310 mt, down 7% from the 2022 record. Value declined 16% to \$625 million. Imports from all suppliers increased 3% in 2023, with significant growth from Australia (up 19%) and some growth from Paraguay (up 5%). Taiwan relies significantly on beef imports due to its limited domestic production and a surging demand for beef. Per capita consumption of beef hit a record at 9.1 kg carcass weight equivalent, up 2% from the previous record in 2022 and up 17% from 2018 (and up 55% from 2013).

The U.S. was the second largest supplier of frozen beef to Taiwan in 2023 as Paraguay's volumes narrowly edged past the U.S. Imports from Paraguay, which benefit from a free trade agreement and 0% tariffs, have increased more than 500% since 2018. Product imported from Paraguay is currently only frozen but has carved share from Australian beef in Taiwan. While beef from Paraguay mainly ends up in lower-end foodservice channels, their growth and displacement of Australian product is notable and may increase U.S. competition with Australia as they look to elevate their image and differentiate. U.S. beef still dominates the high-quality sector. While demand has been reduced in the short-term, the long-term outlook is positive as consumers in Taiwan grow more accustomed to premium products.

Taiwan's imports of chilled beef slowed in 2022 due to logistics challenges. Imports of chilled beef from all suppliers in 2023 were nearly steady with 2022, but imports from the U.S. declined 3% and imports from Australia declined 1% while imports from Japan increased 34% (albeit from low volumes). The U.S. continues to dominate the chilled beef sector, capturing 75% of chilled beef share in 2023. Chilled U.S. beef has 70-80% market share of total chilled beef at retail, and strong demand for chilled U.S. product is expected to continue in the channel as retailers are planning to focus on fresh food sales in 2024.

The U.S. also dominates grain-fed beef supplies in Taiwan. Australia's exports of grain-fed beef to Taiwan were 4,075 mt in 2023, and Canada's exports were 1,301 mt, meaning that the U.S. supplied over 90% of grain-fed beef in the market. More than 40% of Taiwan's imports are grain-fed, reflective of their growing preference for marbled product. 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. However, consumers are cutting back and spending less, reflecting a more price-sensitive mindset. Alternative cuts will be important in the short term to help importers and end users stay profitable as they remain loyal to U.S. beef. In 2023, USMEF focused on the outside round flat

to displace Australian top blade muscle and cuts with similar applications. In 2024, USMEF will focus on the top round. USMEF works closely with packers to determine suitable alternative cuts for the market depending on current supplies and worldwide demand.

- Per Capita Beef Consumption: 8.8 kg
- Total Beef Imports (not including variety meat) - All Sources: 145,627 mt
- Total Beef Variety Meat (BVM) Imports - All Sources: 9,280 mt
- U.S. Share of Total Beef/ BVM Import Market: 39%
- Other Beef / BVM Suppliers & Market Shares:
 - Paraguay 26%
 - Australia 18%
 - New Zealand 12%
- Domestic Self Sufficiency: 4%
- U.S. Beef Exports (not including variety meat): 60,010 mt
- U.S. Beef Variety meat (BVM) Exports: 300 mt
- U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports: 5%
- Customers for U.S. Beef Imports: Processing 1%, HRI 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) 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

- 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 alternative cuts are a reputable and effective option for price-conscious buyers.

- Paraguay is a significant competitor for frozen beef, entering the market duty free. Top items imported from Paraguay include shank, rib fingers, top blade, chuck tender, knuckle, and chuck eye roll. Although chilled can be imported from Paraguay, shipping times nearing sixty days is major concern to buyers.
- 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 4,075 mt in 2023.
- 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, knuckle, and outside round. Potential exists for flank, chuck tender, chuck short ribs, and top round. In 2024 USMEF is promoting the top round.
- 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. 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.

Diverse Dining Culture

- Rebounding tourism is expected to fuel additional foodservice demand. However, a large 7.4 magnitude earthquake in early 2024 may temporarily stall tourism.
- Chained foodservice is taking a larger share of total foodservice sales and are focusing on expansion to capture renewed demand.
- 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.
- Due to labor constraints, small foodservice operators are forced to reduce operating hours, limit dine-in services, or focus on delivery.
- Over-thirty-month product has potential with lower-end or middle-end restaurants seeking cost-effective raw material. Items like OTM ribeye, tenderloin, chuck eye roll, bone-in short ribs, chuck tender, short plate, knuckle, top blade muscle, chuck flap tail,

rib fingers, and shank could easily be added to menus, although more education is needed among foodservice buyers and chefs. More grain-fed OTM product is showing up in Taiwan, mainly from USA.

- 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.
- To diversify revenue channels, restaurants are working directly with processors to develop restaurant meal replacement (RMR) products for distribution through retail channels. 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.
- Culinary influences from Japan, Korea, and China are widespread throughout Taiwan, many of them favoring beef consumption. Hotpot, yakiniku, and BBQ are all trending.
- 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. Heighten promotional efforts in the wake of rising expenses for foodservice operators.
- 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

- A larger share of U.S. beef is ending up at retail. In 2022 it was estimated that 40% of U.S. beef moved through retail channels compared to 20% in 2012.
- Traditional markets are upgrading, opting for a more “boutique” feel that is hygienic and modern.
- 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.

- Integrated online and offline retail channels are becoming an important strategy to remain relevant. Consumers appreciate the ability to see products in-person before purchasing, but many find themselves still shopping for those same items online.
- Convenience stores are offering their own private labels and are seeking ways to differentiate not only amongst themselves but also to compete with supermarkets. Convenience store sales in Taiwan are expected to increase almost \$4 billion from 2019-2028 (Euromonitor). Leading CVS players in the market include 7-Eleven, FamilyMart, Hi-Life, and OK Mart.
- Processed beef products like ready meals continue to gain popularity with consumers.
- 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.
- 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 relatively 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 VSP 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, and via processed product. Displace competitor product and capture new demand with processed/convenience items. Encourage processors to highlight U.S. origin on products with U.S. beef raw material. Build retailer confidence in U.S. beef, especially for chilled items and alternative cuts, 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. Invest in product development initiatives using U.S. beef alternative cuts as raw material. 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. A growing number of young consumers are following TikTok 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 buyers 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.
- Educate the foodservice sector on dry-aging for cuts beyond striploin and ribeye. Ø 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:

2023 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.

Euromonitor Reports

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

76% of targeted trade accounts will have a willingness to purchase additional U.S. beef items.

Measurable Objective #3

63% 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:

100% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

Performance Efficiency Measures*:

*Performance efficiency measures are not required for the Foreign Marketing AR.

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): International Marketing

Supplemental Information for This AR

1. Please explain significant changes from the FY24 approved AR.

While demand for high-quality U.S. beef remains relatively strong, even in the context of tighter supplies and increased competition from suppliers such as Australia, USMEF remains steadfast in its commitment to defending market share and enhancing global market development efforts. As a part of this defense strategy, USMEF aims to further develop mature markets like Japan and Korea by diversifying available cuts of U.S. beef by introducing new cuts and applications to importers and end-users, particularly from undervalued primals such as the round. Additionally, USMEF will intensify efforts to reach under-serviced market sub-segments within these more mature markets. Adaptation to changes in consumer consumption patterns, such as the expansion of convenience stores and ecommerce, is vital for achieving long-term goals and defending market share in today's intensely competitive global market.

USMEF remains dedicated to market diversification, a crucial strategy that broadens the range of U.S. meat exports, supports prices, and reduces the risk of overreliance on a single market. Furthering last year's expansion of resources in critical emerging markets, USMEF will be continuing to add resources in key regions that represent long-term growth opportunities for U.S. beef exports. For example, USMEF plans to add a French-speaking representative for the West African region as well as a Portuguese-speaking representative for the South-Central African region. These added resources will be needed to increase supply chain development efforts outside of South Africa, where substantial long-term opportunities exist.

In addition, two new representatives will be added in the ASEAN region to help increase coverage of this developing market as well. One representative will be added for Malaysia, and a second for Indonesia, bolstering the available resources for this expansive market that is home to more than 690 million people (more than double the population of the U.S.).

Changes to this year's Authorization Request include a new tactic specific to the Colombia market. Previously, USMEF combined all of the marketing strategies and funding requests under a South America tactic that included the main markets of Colombia, Peru and Chile, among other emerging markets. However, because USMEF maintains two separate offices, one located in Medellin Colombia and another in Lima Peru, each of which develops and maintains distinct strategies to address market development in their respective regions they cover, USMEF feels it is more appropriate to break out the broader South America tactic into two separate tactics. This benefits the organization both on a strategic level as well as an administrative level.

USMEF is pleased to present its 2025 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 (SAM) Registration for legitimacy and references. Due to USMEF's contract bidding policy that is in compliance with USDA requirements and nature of international work, in-market subcontractors are pursued and selected on an as-needed basis.

3. Will all work with vendors/agencies be competitively bid? If no, please provide a brief description as to why.

Per USMEF's vendor selection process, contracts greater than \$35,000 must be competitively bid every three years. Selection is 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. However, under specific circumstances, a contract over \$35,000 may not be competitively bid and is deemed a "sole source" if the contract is targeting a specific audience or addressing a very specific in-market need that is unlikely to be met by another vendor.

4. Has this AR built upon past work or projects that have been previously funded by the BPOC? If yes, please provide a detailed list and background information on the project and contractor(s) involved.

As USMEF marketing strategies are designed for long-term market development, the FY25 AR is a continuation of the strategies and tactics outlined in the FY24 AR (and other previous ARS). These strategies and tactics are adjusted as market trends evolve, but are founded on trade servicing, training, education, and promotions. For decades, USMEF has been promoting U.S. beef in international markets. Changes in access have created fresh opportunities for U.S. beef, allowing USMEF to put a greater focus on export diversification. This includes a notable expansion into burgeoning markets like Africa and Indonesia. As global demand trends evolve, emphasizing premiumization and convenience, USMEF's program focus shifts from primarily trade servicing and capacity building towards a more consumer-centric and promotional approach.

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 Newslines. 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 anticipate and learn ore about the international distribution of U.S. product.

Detailed Budget Summary

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

- Cattlemen's Beef Board/Beef Promotion Operating Committee (CBB/BPOC) Funding
- 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 – FY25 Funding Requested by Tactic

FY25 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.

FY25 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	Gen. American & 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	\$87,500.00	\$32,000.00	\$119,500.00
International Marketing	Tactic G	Colombia	\$80,600.00	\$30,000.00	\$110,600.00
International Marketing	Tactic H	Europe	\$282,000.00	\$104,000.00	\$386,000.00
International Marketing	Tactic I	Japan	\$1,716,600.00	\$635,400.00	\$2,352,000.00
International Marketing	Tactic J	South Korea	\$767,200.00	\$283,800.00	\$1,051,000.00
International Marketing	Tactic K	Mexico	\$764,200.00	\$282,800.00	\$1,047,000.00
International Marketing	Tactic L	Middle East	\$423,000.00	\$157,000.00	\$580,000.00
International Marketing	Tactic M	South America	\$120,900.00	\$45,000.00	\$165,900.00
International Marketing	Tactic N	Taiwan	\$415,000.00	\$153,000.00	\$568,000.00
		Total	\$5,840,000.00	\$2,160,000.00	\$8,000,000.00

FY25 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.

FY25 Other Funding Sources Requested by Tactic (Informational Only)			
Funding Source	Tactic	Tactic Name	Total
Government Funds	Tactic A	Africa	\$68,721.00
Grain/Oilseed Funds	Tactic A	Africa	\$42,000.00
QSBC Funds	Tactic A	Africa	\$35,800.00
Government Funds	Tactic B	ASEAN	\$198,468.00
Grain/Oilseed Funds	Tactic B	ASEAN	\$10,000.00
Government Funds	Tactic C	Caribbean	\$91,673.00
Grain/Oilseed Funds	Tactic C	Caribbean	\$5,000.00
QSBC Funds	Tactic C	Caribbean	\$45,000.00
Government Funds	Tactic D	Central America & Dominican Republic	\$112,736.00
Grain/Oilseed Funds	Tactic D	Central America & Dominican Republic	\$40,000.00
QSBC Funds	Tactic D	Central America & Dominican Republic	\$79,391.00
Government Funds	Tactic E	China & Hong Kong	\$258,320.00
Grain/Oilseed Funds	Tactic E	China & Hong Kong	\$42,500.00
QSBC Funds	Tactic E	China & Hong Kong	\$90,000.00
Government Funds	Tactic F	Commonwealth of Independent States	\$131,532.00
Grain/Oilseed Funds	Tactic F	Commonwealth of Independent States	\$5,000.00
QSBC Funds	Tactic F	Commonwealth of Independent States	\$59,000.00
Government Funds	Tactic G	Colombia	\$69,936.00
Grain/Oilseed Funds	Tactic G	Colombia	\$52,500.00
QSBC Funds	Tactic G	Colombia	\$25,000.00
Government Funds	Tactic H	Europe	\$327,821.00
Grain/Oilseed Funds	Tactic H	Europe	\$5,000.00
QSBC Funds	Tactic H	Europe	\$158,900.00
Government Funds	Tactic I	Japan	\$781,501.00
Grain/Oilseed Funds	Tactic I	Japan	\$706,847.00
QSBC Funds	Tactic I	Japan	\$1,284,173.00
Government Funds	Tactic J	South Korea	\$567,051.00
Grain/Oilseed Funds	Tactic J	South Korea	\$754,725.00
QSBC Funds	Tactic J	South Korea	\$902,700.00
Government Funds	Tactic K	Mexico	\$295,158.00

Grain/Oilseed Funds	Tactic K	Mexico	\$62,500.00
QSBC Funds	Tactic K	Mexico	\$156,900.00
Government Funds	Tactic L	Middle East	\$545,722.00
Grain/Oilseed Funds	Tactic L	Middle East	\$22,000.00
QSBC Funds	Tactic L	Middle East	\$85,000.00
Government Funds	Tactic M	South America	\$104,905.00
Grain/Oilseed Funds	Tactic M	South America	\$5,000.00
QSBC Funds	Tactic M	South America	\$50,900.00
Government Funds	Tactic N	Taiwan	\$212,644.00
Grain/Oilseed Funds	Tactic N	Taiwan	\$60,550.00
QSBC Funds	Tactic N	Taiwan	\$230,900.00
		Other Funding Total	\$8,783,474.00

Use the space below if you wish to provide additional comments/information on the FY25 CBB/BPOC or Other Funding amounts that are being requested for this AR's tactic(s).

Annually, USMEF submits an application to USDA for core Market Access Program (MAP) funding. These government funds are used strictly for international office operations, international programs, and Denver programs (no funds from USDA are used in domestic operations). As part of this application process, USDA evaluates the dollars USMEF is able to match to the MAP award with industry contributions. This criteria leads to the higher the percentage match, the better chances of receiving government support. Through contributions from the Cattlemen's Beef Board, Qualified State Beef Councils, grain industries, and pork industry, USMEF is able to match government funding 100%, making a significant impact on USDA's funding allocations.

Section 2 – Summary of FY24 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 "FY24 CBB/BPOC Funding" table and the contractor will provide information for the "FY24 Other Funding Sources" table.

FY24 CBB/BPOC Funding

This table reports the amount of awarded and expended CBB/BPOC funding for this Authorization Request in FY24.

FY24 CBB/BPOC Funding			
<i>Note: The Cattlemen's Beef Board completed the fields in this table.</i>			
	AR# 2440-FM		
	Direct Costs	Implementation	Total
Funds Awarded	\$5,950,000.00	\$2,200,000.00	\$8,150,000.00
Actual Expenses <i>(October 1, 2023 - June 30, 2024)</i>	\$1,756,921.00	\$1,300,491.00	\$3,057,412.00

FY24 Other Funding Sources

The following table reports the amount of committed and expended "Other Funding Sources" for this AR in FY24. 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.

FY24 Other Funding Sources <i>(Informational Only)</i>			
	AR# 2440-FM		
	Other Funding Source	Funds Committed	Funds Expended <i>(October 1, 2023 – June 30, 2024)</i>
A	Government Funds	\$4,454,200.00	\$3,531,681.00
B	Grain/Oilseed Funds	\$1,863,758.00	\$781,306.00
C	QSBC Funds	\$3,223,041.00	\$1,197,059.00

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 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 more. CBB will report information in the "CBB/BPOC Historical Summary" table and the contractor will provide information for the "Other Funding Sources Historical Summary" table.

CBB/BPOC Funding – Historical Summary

The following table reports the amount of awarded and expended CBB/BPOC funding for this AR in FY21, FY22, and FY23.

CBB/BPOC Funding - Historical Summary				
<i>Note: The Cattlemen's Beef Board completed the fields in this table.</i>				
		FY23 AR# 2340-FM	FY22 AR# 2240-FM	FY21 AR# 2140-FM
AR Period ¹	Start Date:	Oct. 1, 2022	Oct. 1, 2021	Oct. 1, 2020
	End Date:	Sep. 30, 2023	Sep. 30, 2022	Sep. 30, 2021
Funds Awarded		\$8,200,000.00	\$8,400,000.00	\$8,350,170.00
Actual Expenses²		\$8,198,266.00	\$8,396,839.00	\$8,344,705.00

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

²If the AR "End Date" has not occurred, actual expenses will be reflective of the following time period:
AR Start Date - June 30, 2024.

Other Funding - Historical Summary

The following table reports the amount of "Other Funding Source" expenditures for this AR in FY21, FY22, and 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.

Other Funding Sources – Historical Summary (Informational Only)						
	FY23 AR# 2340-FM		FY22 AR# 2240-FM		FY21 AR# 2140-FM	
	Other Funding Source	Total Expenditures	Other Funding Source	Total Expenditures	Other Funding Source	Total Expenditures
A	Government Funds	\$8,578,452.00	Government Funds	\$8,643,000.00	Government Funds	\$7,321,000.00
B	Grain/Oilseed Funds	\$1,544,795.00	Grain/Oilseed Funds	\$1,607,000.00	Grain/Oilseed Funds	\$2,336,000.00
C	QSBC Funds	\$3,660,550.00	QSBC Funds	\$3,782,000.00	QSBC Funds	\$795,705.00

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