

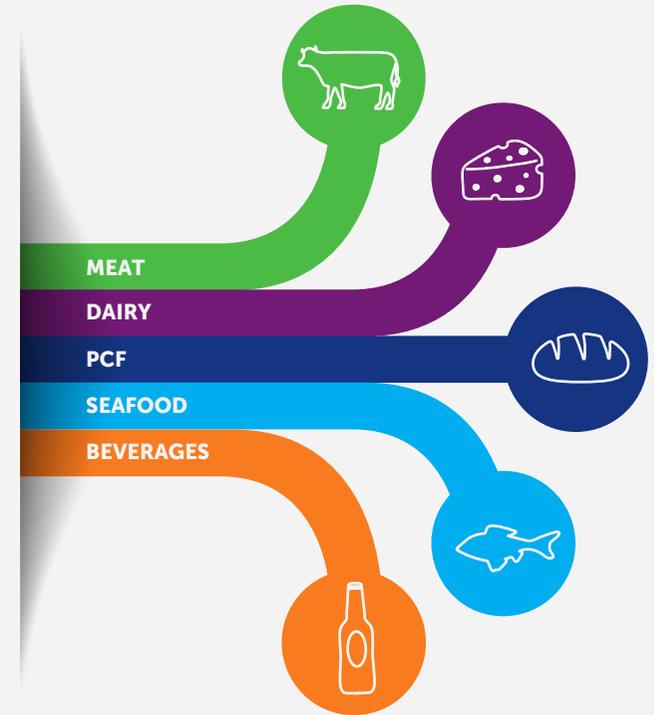


Australia
Chile
China
Indonesia
Iran
Japan
Malaysia
New Zealand
Singapore
South Korea
UAE
Vietnam
United Kingdom
France
Netherlands
Germany
Spain
Poland
USA
Canada

PRIORITISING MARKETS

Opportunities for Growth

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
Greece
Hungary
Italy
Latvia
Lithuania
Luxembourg
Malta
Portugal
Romania
Slovakia
Slovenia
Sweden



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Prepared Consumer Foods
Beverages
Seafood

FOREWORD

By Minister for Agriculture, Food and the Marine, Michael Creed TD

Some months ago I asked Bord Bia to undertake a programme of additional activities to support the food and drink sectors. To assist them I allocated extra funding of €6.75 million and among the activities I requested was the carrying out of a Market Prioritisation exercise.

There is no doubt that the success of the market access efforts of both my Department and Bord Bia over the last six years has been outstanding. Currently we export to over 180 countries worldwide and the value of our agri-food exports has increased by over 40% in that time, to reach almost €12.2 billion in 2016.

Our task is greatly helped by the fact that we have an excellent industry-led strategy for the growth of the sector in Food Wise 2025. This Strategy document provides a clear road-map for the development of the sector and its aim is to increase the value of Irish agri-food exports to €19 billion by 2025.

Over the last six years the value of our dairy exports has increased by 110%, the value of our beef exports by almost 50%, cereals and cereal preparations by 59%, seafood exports by 50%, forestry exports doubled from €112 million to €226 million and sheepmeat exports increased by 70%.

However, despite all of these successes we must, in the light of Brexit, intensify our efforts further and diversify into as many international markets as we can. Therefore, the challenge for Irish food and drink exporters is to identify those markets that offer the best potential for growth over the medium term. Increased penetration into international markets is a major

priority for my Department and it is for this reason that I commissioned Bord Bia to undertake the Market Prioritisation project.

The objective is to carry out an examination of the potential attractiveness of different markets by category and an assessment of the potential for Ireland to supply those markets. This is being done by focusing on the identification of 15 'priority' markets, based on anticipated growth, in the meat, dairy, prepared consumer foods, beverages and seafood sectors.

I am delighted to see Bord Bia's initial report on this project and I congratulate them on the manner in which they are going about the task.

I note from the report that summary statements on the individual sectors are well underway, with an anticipated completion date of next January. This will be followed by a series of enhanced assessments of a selected number of markets. This will help us to better understand the needs and requirements of customers and to understand the mechanics of doing business in those particular markets.

This prioritisation exercise will inform future activity in my Department and in particular in relation to where we will invest our resources abroad. It is our view that any Departmental presence overseas can function most effectively as part of a "Team Ireland" approach. This involves the combined efforts of the Embassy network and our State Agencies such as Bord Bia and Enterprise Ireland working together, and preferably in the same or proximate locations.

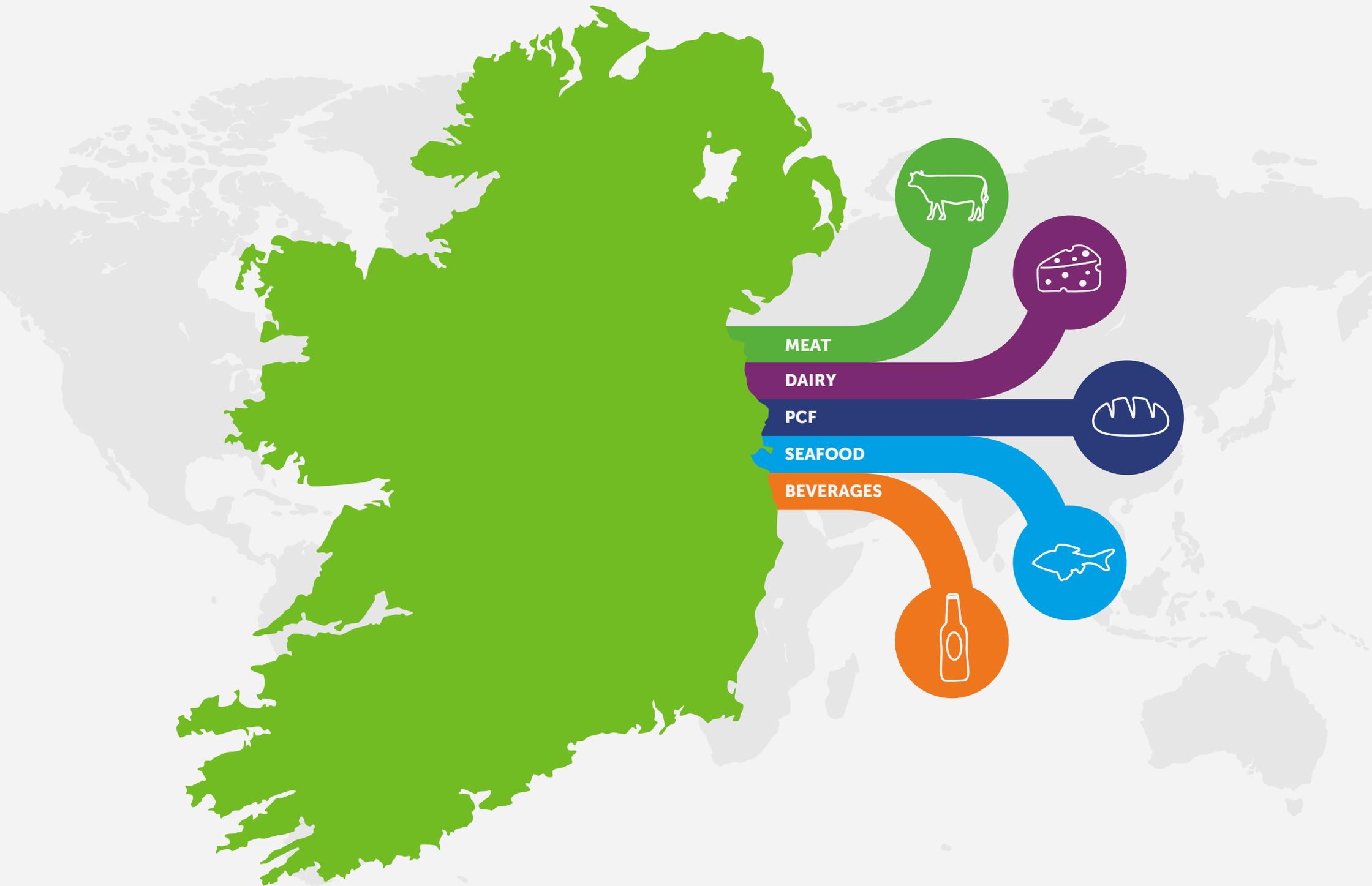
In addition, I and my Department have been very active in securing access to new third country markets for Irish food companies, while at the same time maintaining access to existing markets. There is no doubt that the Market Prioritisation project being undertaken by Bord Bia will add significant focus to this task.

I compliment Bord Bia on the work they have done to date. I look forward to receiving the final report, which will no doubt play a significant role in ensuring the continuing growth of Irish food and drink exports across the world.



Michael Creed TD

Minister for Agriculture, Food and the Marine



INTRODUCTION

The opportunity to enter new marketplaces is one every ambitious food and drink company must consider at some point. Whilst the UK and European markets remain vitally important for Irish food and drink manufacturers, diversification in the international marketplace has been a strengthening component of our industry over the last decade.

Agri-food exports have reached almost €12.2 billion, with food and drink exports accounting for €11.15 billion of this in 2016.

Today, China is the second biggest market for Irish dairy while the US absorbs almost 45% of Irish whiskey exports. If the growth trends evident between 2009 and 2016 continue, international markets will account for over 40% of Irish food and drink exports by 2025. Global population growth, along with increased urbanisation and affluence, and the intensifying challenges of climate change, provide the macro context for this opportunity.

Whether looking to the UK, the EU or beyond, the challenges can sometimes seem considerable: not just in terms of regulatory complexity, but with regard to understanding consumer behaviour, managing distribution channels and resourcing marketing and promotional activity. Bord Bia recognises that sustainable performances internationally by Irish companies require high levels of strategic insight and preparedness. The good news is that the resources available to pursue this path have never been greater. Making a World of Difference, Bord Bia's Statement of Strategy 2016 to 2018, puts considerable emphasis on increasing the industry's global footprint, and commits to extending Bord Bia's in-country presence and specialist knowledge within key markets, as well as offering ongoing support for highly-focused trade

missions, and ensuring events such as the forthcoming Marketplace International 2018 have the strongest ever representation from international buyers.

The publication of *Prioritising Markets: Opportunities for Growth* can be viewed as a further significant development in support of Bord Bia's strategic pillars, particularly as changing global circumstances move the diversification opportunity centre stage. The report offers concise overviews of 75 in-depth studies conducted across a range of priority markets by Bord Bia. As such, it represents the most detailed and broad-ranging study of the international opportunity ever undertaken on behalf of our food and drink industry.

The UK will continue to be the most important market for Irish food and drink manufacturers and as such was excluded from this exercise, allowing focus to collect insights on lesser known markets. Exporters will find up-to-date information on European and international market size and trends; analysis of sectoral levels of self-sufficiency; competitor details; price-point data; and information on technical issues related to trading with each individual country. The track-record of the Irish industry's performance to date in each market is also assessed.

These market studies were developed in consultation with industry and considerable thought has been put into ensuring they are as user friendly and action oriented as possible. As with all Bord Bia undertakings,

this is a data-driven, fact-based exercise that builds on longstanding expertise and experience. I am confident its findings, and the studies on which it is based, will have a key role to play in present and future strategic decision-making by many businesses and indeed by Bord Bia itself in the years ahead.

Brexit has, of course, created a new urgency around diversification for many exporters. Whatever the outcome of current negotiations, the increased focus on international markets is one that we believe is set to continue, reflecting not just a better balance of risk across the industry but also the strengthening opportunities in particular marketplaces. In this regard, the *Prioritising Markets: Opportunities for Growth* can be viewed as a resource that complements our existing and extensive marketing and business development supports.

The report's value can also be set within the context of Bord Bia's talent development programmes, which support the development of skill sets and resources that broaden the range and scope of Irish exporters; as well as the work of Bord Bia's Consumer Insight Division, which has long taken the global view in its analysis of food trends, and supports a truly international outlook by our industry in terms of understanding consumer behaviour. Ireland's opportunity as a global exporter of quality food and drink products is also fundamentally underpinned by

Origin Green, the Bord Bia sustainability programme that now encompasses the vast majority of our food and drink exporters.

Successful diversification has many elements to it and Bord Bia recognises that knowledge and data are among the most important components of its contribution to the process. In commending *Prioritising Markets: Opportunities for Growth* to industry, I ask you to view it as a powerful additional resource to the suite of services that are now helping to turn a new chapter in the development of our most global of indigenous industries.

In the context of the uncertainty that persists around Brexit, this report is, above all, a positive assertion of the long-term possibilities for our industry.. It should be clear from reading this publication that, whatever the challenges ahead, the opportunity to take our message to a global audience has never been greater.



Tara McCarthy
CEO, Bord Bia



MARKET PRIORITISATION PROCESS

The combination of the Food Wise 2025 target to increase the value of Irish food and drink exports by €8 billion over the next nine years combined with the uncertainty surrounding exports to the United Kingdom following their referendum decision to leave the EU highlight the need for the Irish food and drink sector to adopt a structured approach to market growth. These factors demonstrate the added importance of the Irish food and drink sector dedicating resources to markets that offer the best opportunities for growth.

OVERVIEW

The sector has successfully increased the value of food and drink exports by over 40% over the last six years to reach almost €11.2 billion in 2016. Half of this growth came from markets outside of Europe, led by a six fold increase in exports to China, a doubling to the rest of Asia and North America and a rise of 40% in trade to the Middle East and Africa.

Ireland currently exports to 180 markets globally and with global population and income growth expected to continue to drive demand for food, the challenge for the Irish food and drink exporters is to identify markets that offer the best potential for growth over the medium term.

With that in mind, the Department of Agriculture, Food & the Marine commissioned Bord Bia to undertake a market prioritisation project for meat, dairy, prepared consumer foods, beverages and seafood. Working with Orrani Consulting, Bord Bia's main objectives of the study were as follows:

- Examine the potential attractiveness of different markets by category
- Assess the potential for Ireland to supply them

The project was undertaken with the following expected outputs in mind:

- A list of 15 'priority' markets by category based on anticipated growth
- A formalised methodology for future use
- A series of summary reports by category for prioritised markets
- A series of deep dive reports for the top 5 markets by category outlining strategies to leverage opportunities

APPROACH TO MARKET PRIORITISATION

A funnel approach was adopted for the project with an initial screening of over 180 markets using macro-economic and sector specific criteria being assessed and weighted for each category. This formed the basis of the market prioritisation tool. The output from the tool was a list of the top 30 markets for each category.

In consultation with industry and using Bord Bia internal expertise and network of overseas offices this list was then refined down to a list of top 15 markets.

The next stage involves the preparation of a summary report for each of the top 15 markets outlining in more detail the dynamics of each markets, competitor analysis, potential opportunities for Ireland and any barriers to be overcome.

NEXT STEPS

The summary reports for dairy and meat are now complete with work well underway in relation to prepared consumer foods, beverages and seafood, which are due to be delivered by January 2018.

The next phase of the project during the course of 2018 is to undertake a series of deep dive assessments of a selected number of markets to provide the depth of insights required to help companies identify potential leads, better understand the needs and requirements of customers and understanding the mechanics of doing business in the market.

This work will commence in late 2018 and will guide our Market and Consumer insight activities throughout 2018. The outputs of the market prioritisation study will also help inform the allocation of Bord Bia resources in terms of our route to market support services for client companies including market study visits, trade missions, trade fairs, inward buyer visits and 'feet on the street'. It is expected to also help inform client companies in their thought process and planning.

MEAT 

DAIRY 

PREPARED CONSUMER FOODS 

BEVERAGES 

SEAFOOD 

INITIAL SCREENING
180
MARKETS
↓
30
MARKETS

SECONDARY SCREENING
30
MARKETS
↓
15
MARKETS

15
PRIORITISED
MARKETS PER
CATEGORY

SUMMARY REPORT ON EACH MARKET

Published end 2017

DEEP DIVE ON 5 - 10 MARKETS

Published 2018

MEAT

Australia

China

Chile

Indonesia

Iran

Japan

New Zealand

Malaysia

Mexico

Singapore

South Korea

Thailand

United Arab Emirates

Vietnam

More than a quarter of all the meat produced worldwide is eaten in China and consumption rates are continuing to rise



Freshness and safety are the most important factors when buying meat



Younger consumers are developing a taste for steaks, aged beef and leaner red meat



Business is driving demand for quick and easy to use solutions, while the young and prosperous population seeks premium meat variants



The meat market continues to grow strongly, with the fresh meat category having the highest share of consumption



CHINA

China's meat market is significant and it **imports 2.97m tonnes of pork, 0.6m tonnes of beef and 0.2 m tonnes of sheep meat**. Despite this, China's meat imports remain small relative to domestic consumption.

China has maintained a high level of self-sufficiency in meat products. However, without considerable productivity growth in these industries, imports are likely to continue growing.

Key suppliers are Australia, New Zealand and Mercosur countries for beef and lamb, whereas pork comes from a large number of suppliers, mainly EU countries.

China is the world's 2nd largest economy by nominal GDP and the world's largest economy by purchasing power parity, according to the IMF.

China's robust economic growth over the past decade has resulted in a hugely expanded and urbanised middle class whose members no longer consider meat a luxury.

Historically, China has maintained self-sufficiency in pork production, largely due to lower consumption. However, since 2007, China has begun to import significant quantities of pork to make up for the domestic supply shortage. Another issue contributing

to China's growing imports of pork is food safety – locally-produced pork has been implicated in several food safety events, negatively impacting consumer confidence in local product.

Rising living standards and urbanisation have led to significant increases in meat production and consumption.

China's pork imports have increased substantially, trebling during the 2012 to 2016 period. Beef imports have recorded a seven fold increase over the period.

Despite slowing economic growth, consumer demand for premium imported beef is expected to continue to grow, driven by increasing urbanisation, disposable incomes, premiumisation and health awareness.

Ireland currently supplies pork in moderate quantities to China. Overall, Ireland supplied 64,405 tonnes comprising of frozen hams, shoulders and bone-in cuts, frozen pork, frozen livers and edible frozen offal.



By the end of 2015, 57% of the total population lived in urban areas, a dramatic increase from 26% in 1990



The average Chinese person now consumes 60 kg of meat per year – more than 20 times the average consumption rate 50 years ago



More than a quarter of all the meat produced worldwide is eaten in China and consumption rates are continuing to rise

Download the full report at www.bordbia.ie/prioritisingmarkets

There appears to be an opportunity for further growth, most immediately in pork exports and beef once Ireland secures full access.

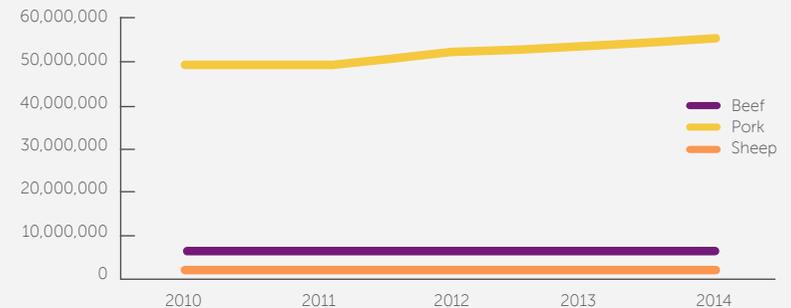
Ireland is relatively price competitive in all segments of beef, frozen boneless cuts of sheep meat, fresh / chilled boneless sheepmeat cuts, frozen edible pork offal, frozen edible beef offal as well as prepared / preserved pork meat and offal.

This represents a strong opportunity to further expand the current pork trade into China and develop new market entry for beef and sheep meat.

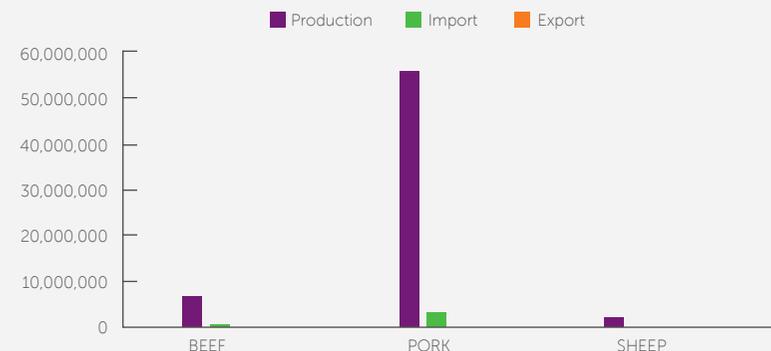
MEAT

CHINA PRODUCTION, IMPORT AND EXPORT OF MEAT

MEAT PRODUCTION, TRENDS



MEAT PRODUCTION, TONNES



Source: ITC TradeMap

CHINA - HONG KONG SAR

Although its strategic advantages as a gateway to Mainland China have reduced in recent years, Hong Kong remains a major trading hub for meat. The territory produces virtually no meat and imports **360,000 tonnes of beef, 342,000 tonnes of pork, 754,000 tonnes of offal** and **143,000 tonnes of meat preparations.**

Hong Kong meat exports include 193,000 tonnes of meat and 542,000 tonnes of offal.

Offal aside, the market retains most of the meat it imports – only pork is re-exported in significant quantities. Vietnam is a key re-export destination although Mainland China is key in the pork offal trade.

Competition in pork market comes from Brazil, China and the USA, in beef from Brazil, the USA and Canada. Unusually Mainland China is the largest supplier of the low volumes of sheepmeat required.

There are zero tariffs on meat imports and an open and transparent marketing system albeit with very high and well-regulated standards.

Hong Kong is a very sophisticated but diverse market, with significant spending power, a large and varied immigrant population, and high levels of tourism.

There has been an increasing trend in Hong Kong

towards the consumption of healthy, quality, functional and organic foods.

The driving forces are demographic changes, busy lifestyles and food safety incidents. In particular, an ageing population and a rise in health consciousness are creating a receptive environment for products such as white meats.

While health issues are creating new openings, convenience foods such as microwavable and packaged foods, are also looking promising in growth terms.

Ireland is a minor supplier of beef and pork (less than 0.5%) to Hong Kong, but more important in fresh and of frozen sheepmeat, supplying 9% of fresh sheep meat and 7% of frozen sheep meat. Ireland also supplies 5.5% of beef offal but just 0.1% of pork offal. These are the largest markets in Hong Kong.



Import prices are often higher than export values, indicating that Hong Kong retains the quality products and exports lower valued products to more price conscious markets



There has been an increasing demand in Hong Kong for foods that are time saving, yet healthy



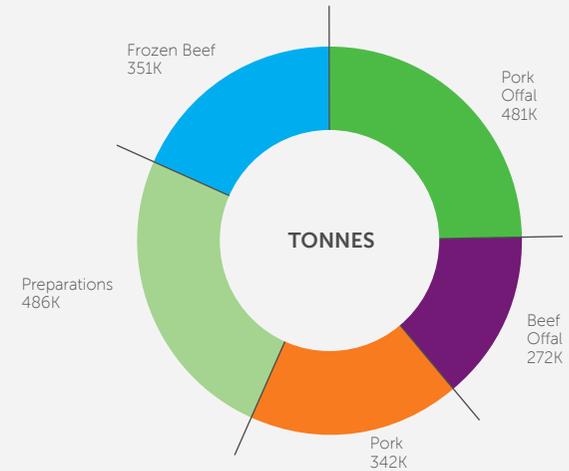
Frozen ready meals and other frozen processed food are also becoming more popular in Hong Kong. Frozen processed food is perceived to be healthier than canned/preserved food

Download the full report at www.bordbia.ie/prioritisingmarkets

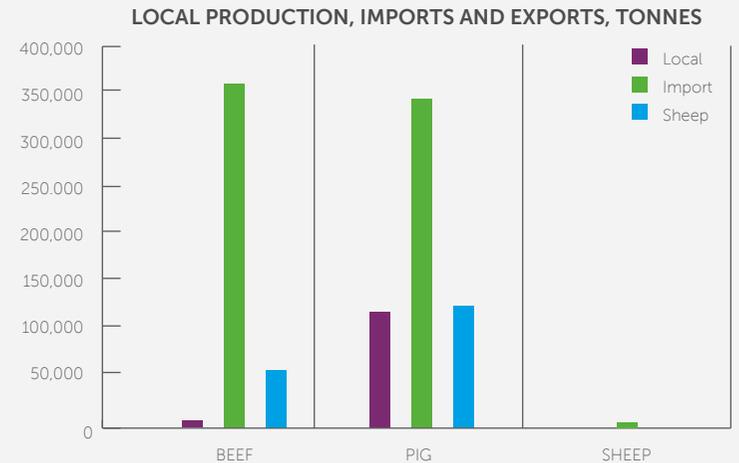
Ireland could be competitive in most fresh beef products including boneless and bone in cuts and is competitive in frozen beef and beef offal, however its necessary to match the high quality requirements and cuts required by the market.

Ireland is only marginally competitive in pork products and already supplies small volumes of sheep meat products.

HONG KONG SEGMENTATION OF MEAT IMPORTS



HONG KONG LOCAL PRODUCTION, IMPORTS AND EXPORTS MEAT TYPE



Source: FAOSTAT and ITC TradeMap

INDONESIA



Despite political aspirations for self-sufficiency, Indonesia currently has significant meat import requirements. Demand for beef drives meat imports. A total of **146,672 tonnes of beef, 1,221 tonnes of pork** and **2,096 tonnes of sheepmeat** were imported in 2016, making this a significant market opportunity.

The large population of 258 mn offsets the very low per capita consumption of meat (just 11.5 kg including chicken).

Indonesia has the largest economy in Southeast Asia with nearly half of the region's GDP.

Health is an issue with around 40-50% of respondents in a recent survey believing they should limit consumption of beef or lamb, mainly due to high cholesterol /other health reasons.

Indonesia's distribution system is complex due to the geographic isolation of the Indonesian archipelago. More middle and low-income consumers are using organized retail outlets.

Despite being the largest Muslim nation in the world, the country consumes as much pork as beef per capita. However beef consumption is rising sharply in Indonesia, with demand growth largely coming from urban consumers.

Indonesia's retail scene in 2016 comprised

- Traditional small stores – 2.3 mn
- Modern retail – minimarkets – 19,440 stores
- Modern retail – supermarkets – 12,201 stores

Full service restaurants, QSRs and stand-alone/street food vendors are the potential channels within the Indonesian foodservice industry.

The EU is still negotiating a bilateral free trade agreement with Indonesia. However, Indonesia has a relatively low duty regime.

- EU meat products face a tariff of 5%
- Imported products are also assessed at 10% VAT and a sales tax of 2.5%
- The current tariff of 5% on chilled and frozen bone-less beef will be eliminated in 2020

Product from ASEAN member countries and those with which ASEAN has an agreement, notably Australia and New Zealand, enters tariff-free.



The rapidly growing, more urbanised and prosperous middle class (estimated to be around 30 mn) has driven the market for imported meat, especially beef



Indonesia's economy has grown at a steady 5.8% over the last 10 years and is predicted to be in the top 7 economies in the world by 2030

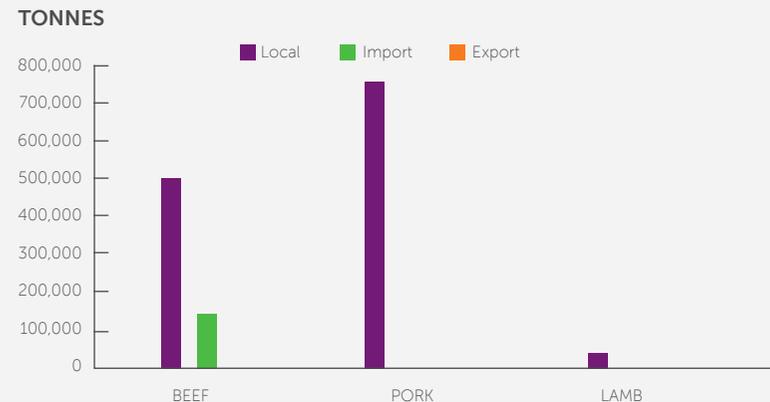


Freshness and safety are the most important factors when buying meat, closely followed by nutrition, quality and adherence to Halal Slaughter

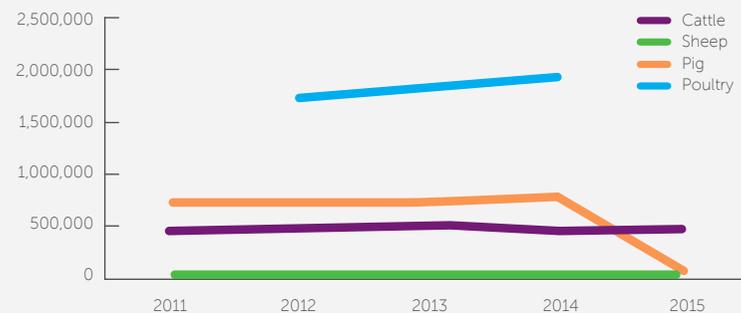
Download the full report at www.bordbia.ie/prioritisingmarkets

Ireland does not currently supply this market.
Ireland's competitors have the advantage of proximity and price.
At present, Indonesia imports beef only from countries that have a Foot-and-Mouth Disease (FMD) free status. This rule prevents Brazil and India from supplying their products into the market.
Ireland can be price competitive in the supply of frozen bone in and boneless product, challenging the dominance of Australia, which also supplies the large live cattle market.

INDONESIA PRODUCTION, IMPORT AND EXPORT OF MEAT



PRODUCTION, TONNES



Source: ITC TradeMap, FAOSTAT 2014

MEAT

MEXICO



The country imported a total of **964,110 tonnes of pork**, **190,446 tonnes of beef**, and **9,867 tonnes of sheep meat**. Competition currently comes from the USA and Canada who have the advantage of proximity, established markets and price.

The biggest import is 755,000 tonnes of fresh / frozen pork (excl offal, prepared pigmeat), followed by 119,660 tonnes of fresh beef worth €623,000 and just 9,000 tonnes of sheepmeat.

Rising consumer incomes, more consumer information about food safety, and more efficient distribution will help drive demand for pork produced in TIF (federally inspected) plants and increase consumer willingness to buy packaged (rather than freshly butchered) meats.

Busy Mexicans drive the demand for quick and easy-to-use solutions, while the young and prosperous population seeks premium and meat variants.

The Mexican foodservice industry is expanding alongside a rising middle-class population, and was forecast to reach total value sales of US\$50 billion by 2016.

Supermarkets usually work on a 35% mark-up, while wholesalers usually add a 30% mark-up.

Ireland currently does not supply any meat to Mexico.

Mexico has an open trade regime and rapidly growing food demand - including meat. Imports account for 12% of Mexico's beef consumption, 21% of poultry consumption, and 38% of pork consumption.

Pork has always been an important part of the Mexican diet, but a growing middle class, greater urbanisation, overall population growth, and the greater availability of imported pork due to NAFTA have helped drive the sharp increase in pork demand.

Mexico is 93% self-sufficient in beef. While Mexican consumers prefer a leaner product than US consumers, US beef is helping Mexico meet the rapidly growing demand and increasing preferences for higher quality meat.



Mexico's meat consumption per capita is 48 kg – the Mexican meat market is large and rapidly expanding



Today, 55% of all food products are purchased through supermarket chains and the market is dominated by the top five food retailers



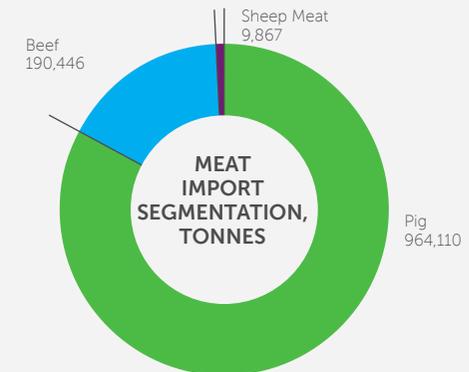
80% of Mexico's population lives in urban areas, resulting in high population density and access to sophisticated markets

Given the competitive price edge in beef cuts, there is an opportunity for trade.

Ireland will have to go head-to-head with the established US supply, however given issues with the current US administration and the re-negotiation of NAFTA, Mexico has been actively seeking to diversify its supply sources for a number of commodities / products away from the US, as evidenced by the recent push for an FTA with Argentina and closer trade relations with Brazil.

Ireland is reasonably price competitive in all segments of beef, and in a few cuts of frozen and chilled sheepmeat which is imported in very small quantities.

MEAT IMPORT SEGMENTATION



COMPARABLE MEAT CONSUMPTION KG



Source: ITC World TradeMap

UNITED ARAB EMIRATES



The UAE is an important meat importer, due to the lack of agriculture, food imports are significant, forming 70% of all food requirements. The country imports a total of **110,788 tonnes of beef**, **16,300 tonnes of pork** and **43,544 tonnes of sheepmeat** and meat preparations.

The biggest import is frozen beef, followed by fresh beef and fresh sheepmeat.

Competition currently comes from the USA and Australia who have the advantage of proximity, established markets and price, though Europe is able to compete in the supply of pork middles.

Population growth in the United Arab Emirates is among the highest in world at a current 2.47% for the year 2016.

Increasing urbanisation, growing disposable incomes, westernisation, a young population and large expatriate population are key growth drivers for imported red meat demand. Processed meat is the primary food choice of the working population.

UAE imports a large portion of its meat – the country's meat consumption jumped greatly as people's eating habits are becoming more and more westernised.

United Arab Emirates per capita consumption is approximately 73.8 kg p.a. and is expected to reach 79 kg by 2019, ranking the country 7th in the world – ahead of Ireland, Australasia and Australia.

Consumers in the UAE eat three times more meat per capita than the global average for the past few years, despite the fact that bovine meat imports fell by more than 19.25% because of the effects of the global financial downturn.

A greater awareness of healthy eating is changing the shopping habits of consumers in the UAE.

One contributing factor is the serious medical issues that have become more common in the UAE, such as obesity, hypertension and cardiovascular disease.

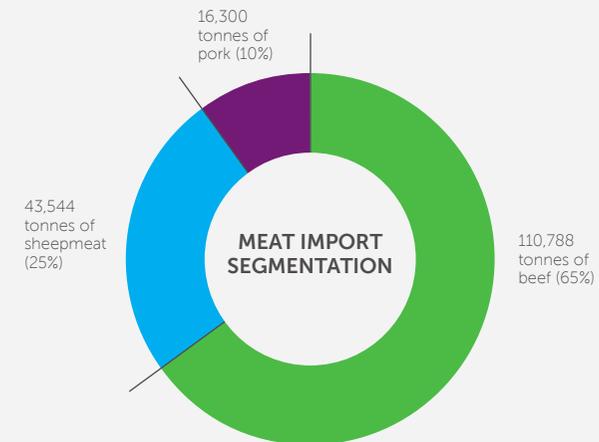
Even though meat consumption is growing in the UAE, the country still ranks amongst the smallest markets in the global meat sector in terms of per capita expenditure.

The UAE enjoys a modern, diverse and growing retail food sector. The emergence of hypermarkets in recent years has led to a number of new players in the large store market.

Ireland currently supplies relatively small volumes of meat to the UAE – approximately 33 tonnes of beef, 319 tonnes of pork and 4 tonnes of sheep meat in 2016.

There appears to be an opportunity for further growth, especially in pork exports and higher value beef cuts where niche growth opportunities exist.

UAE MEAT CONSUMPTION AND IMPORTS SPLIT BY TYPE, 2015



MEAT



The UAE's economic growth is strongly impacted by external factors, such as oil prices and conflict, however GDP has grown at an annual average rate of 7.3% since 1961

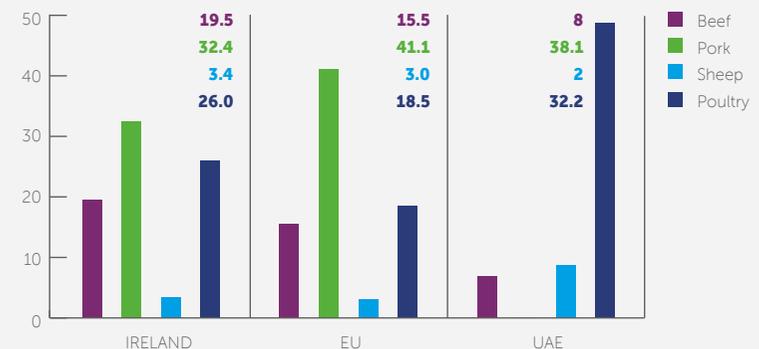


Increasing urbanisation (86% of the population lives in urban areas) is one of the key growth drivers for imported red meat demand



The meat market continues to grow strongly, with the fresh meat category having the highest share of consumption

COMPARABLE MEAT CONSUMPTION KG



Source: OECD, ITC TradeMap

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SOUTH KOREA

Korea is a major meat importer totalling **464,920 tonnes of pork, 366,390 tonnes of beef, 10,717 tonnes of sheepmeat, 54,809 tonnes of edible offal and 23,331 tonnes of meat preparations.**

South Korea imports up to 70% of its meat requirements. Demand for imported beef in Korea is forecast to remain around existing record levels for the next 10 years before expanding. Ireland supplies only around 1% of total pork demand.

Key suppliers are the US and Australia with the advantage of relative proximity, established supply relationships and price.

The country's meat consumption has increased as people's eating habits are becoming increasingly westernised – with this, the country's meat imports have continued to grow, the self-sufficiency rate dropping from 97.8% in 1980 to 72.8% in 2013.

Korean consumers pay very high prices for meat. Key opportunities are for pork middles to satisfy the Korean demand for belly pork cuts. In terms of beef Korea prefers short ribs, chuck roll, blade, brisket, cube roll and manufacturing product.

Food consumption trends in Korea reflect on-going socio-economic shifts, which includes the rise of the affluent consumer group, more women in the workforce, a well-travelled / educated young

generation, urbanisation, and the adoption of new information technology.

Over the past four decades, substantial economic growth has elevated the Korean economy to the 4th largest in Asia and the 15th largest in the world.

Strong economic development, urbanisation, a growing work force and a liberalising market has driven meat consumption to increase five-fold since 1960 and these factors are forecast to continue to drive further growth.

Although the origin of pork is an important factor to consumers in South Korea, importation of pork belly is inevitable because of the severe imbalance in the pork market in South Korea.

Ireland only supplies relatively small quantities of pork meat to the Republic of Korea (4,748 tonnes or 1% of total demand) despite Europe being the largest total supplier of this product.

Competition currently comes from the USA and Australia who have the advantage of proximity, established markets and price.



Consumers in Korea pay some of the highest prices for meat



83% of Korea's population lives in urban areas, resulting in high population density and access to sophisticated markets

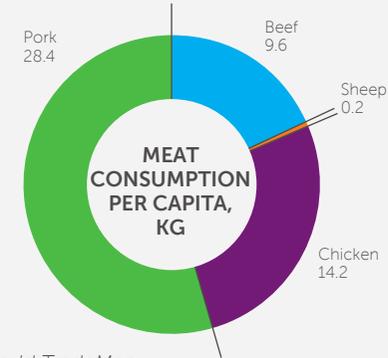


Consumers in South Korea have a unique consumption pattern and a strong preference for high-fat cuts such as belly

Download the full report at www.bordbia.ie/prioritisingmarkets

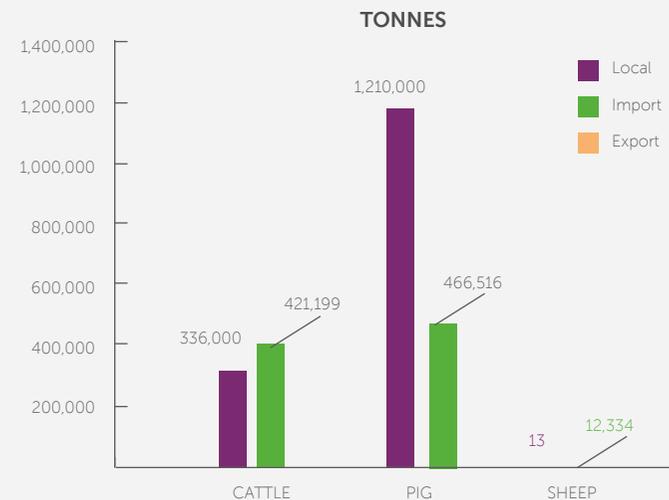
Ireland currently only supplies very small quantities of pork to Korea – around 4,509 tonnes in 2016 or 1% of total supply, and 1.6% of the total EU supply – there appears to be an opportunity for further growth.
Ireland is competitive in frozen bone-in and boneless cuts of beef.

SOUTH KOREA MEAT CONSUMPTION SPILT BY TYPE, 2016



Source: ITC World TradeMap

SOUTH KOREA PRODUCTION, IMPORTS AND EXPORTS OF MEAT



Source: World Trade Map and FAO Stat 2014

IRAN



Iran is a net importer of meat, importing **110,000 tonnes, mainly beef**, in 2016. In past years Iran had been a large importer of sheepmeat but economic problems due to sanctions effectively meant that imports largely ceased. In contrast, imports of beef and veal have been more substantial and stable in recent years.

Iran has favourable demographics (a large and young population), rising rates of urbanisation and a population who is increasingly turning to fast food as a means of socialising.

The level of Iranian overall food consumption is expected to increase significantly, driven by an annual population growth estimated at 1 mn p.a. from a base of 80 mn.

There is a good potential for strong product brands or product concepts based on specific inputs or technologies in cooperation with local Iranian companies and under licence agreements.

Sheepmeat is the meat of choice for consumers, although actual consumption is dominated in volume and frequency by chicken due to its price advantage.

Brazil and India now dominate beef trade with Australia being the key sheepmeat supplier. The market remains price sensitive.

Meat consumption is quite low in Iran at 29.2 kg per capita compared to Europe with an average consumption closer to 65 kg (excluding fish) – poultry dominates both production and consumption.

The purchasing power in Tehran is about three times higher than the national average.

Ireland exported over 2,500 tonnes of frozen beef to Iran in 2010 and 400 tonnes of lamb in 2011.

Currently Ireland supplies no meat products to Iran.

The Ministry of Agriculture states Iran will become self-sufficient in red meat in five years and there will be no more imports – however this goal is realistically not likely to be achieved. Beef production has declined in recent years but this is not being replaced by imports – more likely there is a substitution with chicken.



Iran is the second largest consumer market in the Middle East and North Africa after Egypt, with around 80mn consumers



Consumption of beef and veal is estimated at 400,000 tonnes, 250,000 tonnes of which were produced in the country, according to the Italian Trade Agency

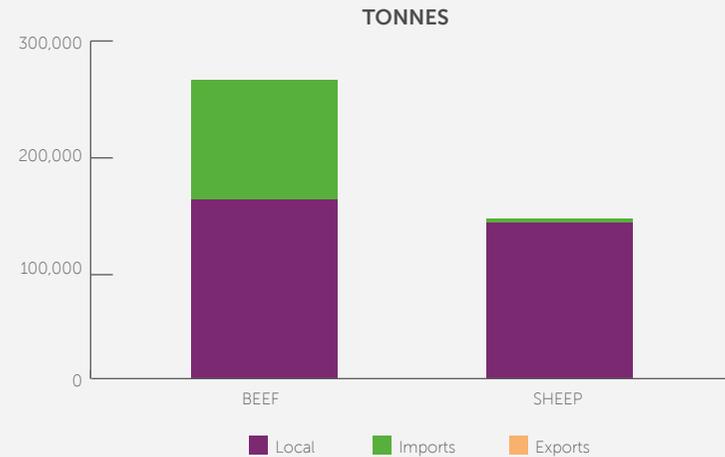


The average grocery-spend per 3-4 member household in Iran is around IRR 80 mn (approx. €2,100) similar to Russia and Eastern Europe

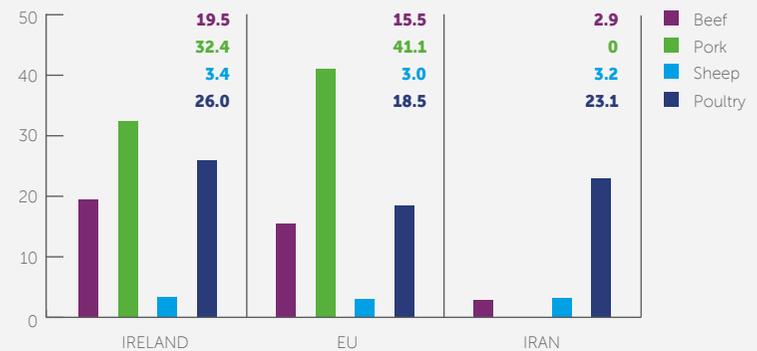
Iran looks set to be a challenging market for Ireland, although we appear price competitive for fresh beef and mutton.

Ireland can be competitive in frozen boneless beef – the main import to Iran.

IRAN PRODUCTION, IMPORT AND EXPORT OF MEAT



COMPARABLE MEAT CONSUMPTION KG



Source: ITC World TradeMap

Note: Iran trade data is mirror data as Iranian statistics are not available

MEAT

AUSTRALIA

Australia is one of the world’s largest producers and exporters of meat, but still imports sizeable volumes, especially pork. Total imports are around **162,398 tonnes of meat**, of which **155,558 are pork**.

Europe and the US dominate pork imports, with Ireland shipping 2,342 tonnes of frozen and 2,223 tonnes of fresh pigmeat in 2016, as well as 526 tonnes of frozen hams / shoulders.

Competition for the pork market comes from Europe (Denmark and Netherlands) and the USA.

Most middles are imported for processing as fresh meat is produced locally.

There are zero tariffs on meat imports and an open and transparent marketing system, albeit with very high and well-regulated standards.

Consumers prefer locally branded meats, but price continues to be the number one driver of fresh meat consumption.

After price, the drivers are nutrition and healthy meals, followed by convenience.

Sustainability and the impact of meat production on the environment have also become key reasons to reduce meat consumption.

Fresh pork is cheaper, selling at around two-thirds the retail price of fresh beef.

Meat plays an important role in Australia’s food intake – Australians currently allocate 40% of their food expenditure on meat.

Ireland has increased its meat exports to Australia by 140% in the last 3 years.

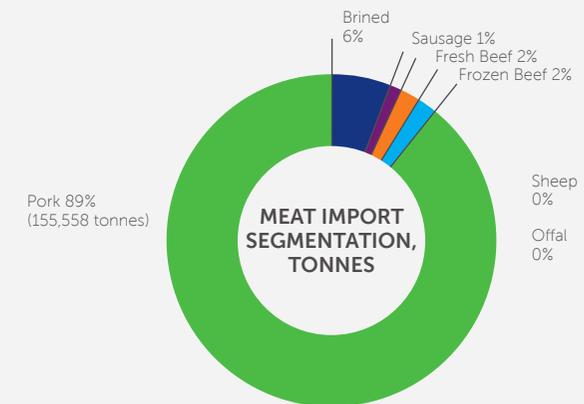
Currently Ireland supplies 5,705 tonnes of meat to Australia, accounting for 3.5% of total meat imports.

This is a highly competitive market and the margins look small.

Ireland can compete in the main import segment of frozen pork middles and should be able to extend its exports to Australia further.

The shipping route to Sydney is through Suez and south of Perth = a distance of 21,223 km and a shipping time of approximately 1 month.

AUSTRALIA MEAT IMPORTS BY TYPE



Source: ITC World TradeMap



Only very small quantities of beef and sheepmeat enter Australia – exclusively from New Zealand



Australia’s meat consumption has been creeping upwards over the past two decades, mostly driven by an increased appetite for chicken and pork



Issues of quality, health, sustainability and food fashion play into buying decisions, however price is still the main driver

KEY SUPPLIERS STRENGTHS & WEAKNESSES

Supplier Country	Strengths	Weaknesses
New Zealand	Established supplier, Geographical proximity, Price	Also imports pork
USA	Established supplier	Price
Local supply	Abundance, Price, Quality	Pork industry not competitive against imported cuts
Denmark	Established supplier, Price	Distance
Ireland	Price, FDM-free	Not yet an established supplier

Source: Orrani consulting analysis

CHILE

Chile is a large meat consumer, producer and exporter. It imports large volumes of **beef (216,311 tonnes, mainly fresh)** and some **pork (56,330 tonnes)**.

Chile's population is just over 18 million and growing relatively slowly – it is one of the most stable and attractive markets in South America.

The main suppliers are other Latin American countries – Brazil, Paraguay, Argentina and also the US.

The meat sector in Chile is forecast to grow at a CAGR of 3.6% during 2016-21 in value terms.

Chile's economy grew rapidly at a 5% average growth rate from 2000-2010, sparking consumer purchasing patterns as incomes rose and consumers began to demand higher quality products.

Fresh meat (Counter) is the largest market by value and also leads in volume terms.

- Per capita consumption of fresh meat (Counter) in Chile is noticeably high when compared to global and regional levels.
- Hyper / supermarkets is the largest distribution channel followed by convenience stores.

The Chilean Meat sector is driven by a high urbanisation rate and increasing preference for an animal protein-based diet by consumers.

As awareness of the importance of healthy nutrition continues to increase in Chile, demand for healthier products can be expected to prevail.

Due to the poor performance of the Chilean economy in recent years, consumers are buying less, but there has been a rise in the premiumisation and indulgence trends in some categories as shoppers look to reward themselves when they limit purchases.

As result, companies are launching innovative and added-value products in categories which are considered mature and saturated.



EU suppliers have only this year gained access for beef to the Chilean market



Meat Consumption in Chile is high with an average of 71 kg consumption per capita



Key market drivers are continuing urbanisation with an increased awareness of health, enforced by new labelling requirements for fat and salt

Ireland is a small and intermittent supplier to Chile – there is opportunity to improve this position.

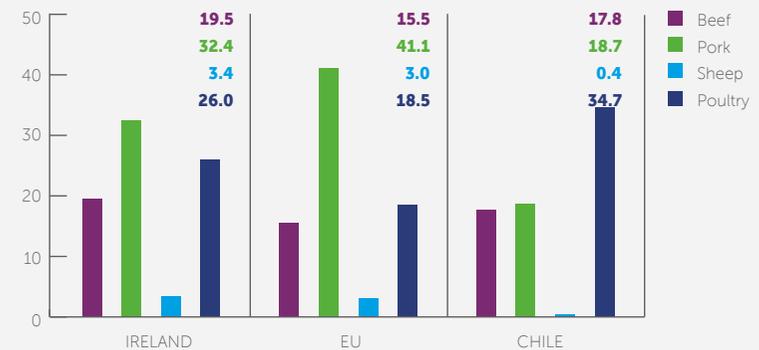
Ireland is competitive in fresh beef and only marginally competitive in pork.

Offal is not competitive at present.

CHILE MEAT CONSUMPTION AND IMPORTS BY TYPE



COMPARABLE MEAT CONSUMPTION KG



Source: ITC TradeMap

MEAT

MALAYSIA



Malaysia is an important meat importer – **165,294 tonnes of beef, 33,365 tonnes of sheepmeat, 22,138 tonnes of pork and 10,440 tonnes of offal.** The market's main suppliers are Australia, New Zealand, India and Brazil.

Malaysia's economy is the 3rd largest in Southeast Asia, and 35th largest in the world – it is also the 3rd richest country in Southeast Asia by GDP per capita, after the city-states of Singapore and Brunei.

The population of Malaysia has increased significantly during the last 3 decades, reaching over 31 mn people.

Malaysia's beef production has been unable to meet demand in recent decades, hence imported product has played an increasingly important role.

Australia, New Zealand, India and Brazil are the main suppliers.

Consumption is growing with a large base of young consumers and a growing economy, with per capita meat consumption estimated at 52.3kg. Total demand is projected to increase from 1.4 mn tonnes in 2010 to 1.8 mn tonnes in 2020 with consumption growth of 2.4% annually.

Demand for imported beef is increasing every year with a growing population and increasing per capita consumption.

Most imported food and beverages are channelled through importers/distributors who use different channels to sell to a range of end-users including retailers and food service companies.

Some major supermarket chains may buy products directly from selected overseas suppliers in order to minimize costs and is usually done for selected large volume product lines.

Almost all of Malaysia's tariffs are imposed on an *ad valorem* basis, with a simple average applied tariff rate of 6.5%.

In meat, only fresh pork is subject to high duties of 50% – other meats are allowed in at 0%.

Strict import guidelines are imposed on meat and food products containing meat and alcohol because over half of the Malaysian population is Muslim.



Due to rising affluence and higher education level, Malaysian consumers have become more sophisticated and demand higher quality goods



The strong economic growth in the late 80s and early 90s contributed to major changes in consumer purchases and consumption patterns



The consumption of beef is expected to increase from 1.4 mn tonnes in 2010 to 1.8 mn tonnes in 2020

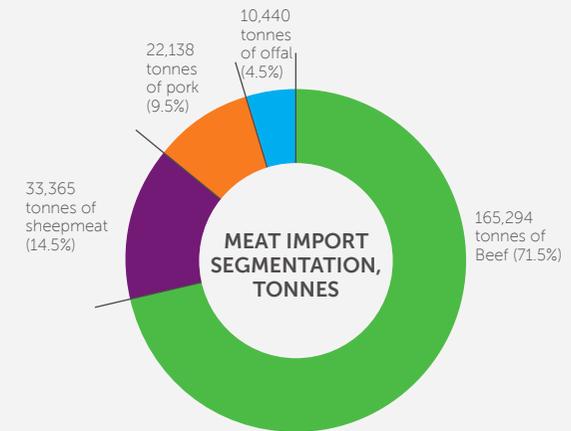
Ireland did not supply any meat to Malaysia in 2016, but appears potentially price competitive in fresh / chilled boneless beef and frozen boneless sheepmeat. There appears to be opportunity to grow trade but competition will be strong.

In 2015, Ireland supplied minimal volumes of beef:

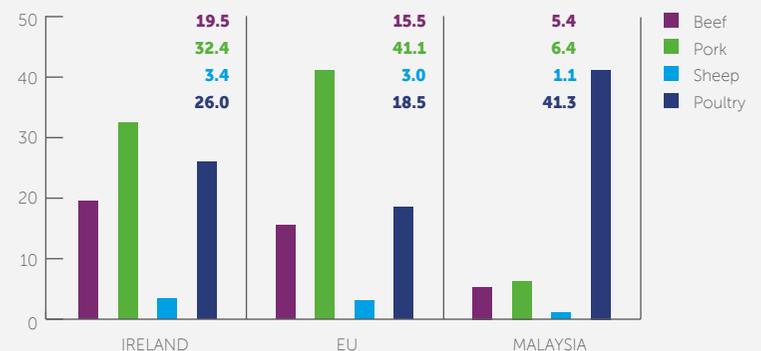
- Frozen bone-in beef – 26.5 tonnes
- Chilled boneless beef – 104 kg

Ireland is slightly competitive in frozen pork but this is a very small import market in Malaysia.

MALAYSIA MEAT CONSUMPTION AND IMPORTS BY TYPE



COMPARABLE MEAT CONSUMPTION KG



NEW ZEALAND



New Zealand is a major meat producer, with the only sizeable **import demand in pork at 48,677 tonnes**, compared to **6,890 tonnes of beef** and **2,965 tonnes of sheepmeat imports**.

Despite slow population growth figures, New Zealand GDP continues to rise. The GDP per capital figure now lies at US\$39,427.

NZ is self-sufficient in beef and sheepmeat producing 625,676 tonnes of beef, 47,771 tonnes of pork and 415,684 tonnes of sheepmeat (as of 2014).

Because of the high (saturated) consumption (over 75 kg per capita), meat consumption is not necessarily growing, but it is changing in nature, with key drivers including locally grown / produced, Quality standards, Healthy (fat free and residue-free), GMO-free, Branded and Grass-fed to name a few.

The New Zealand red meat sector has been a principal driver of New Zealand's economy and identity after dairy. The industry is geared to producing high quality meat through a focus on animal health, naturally-raised, pasture-fed

New Zealand has a well-developed distribution system with a comprehensive network of strategically located warehouses.

Key importers / distributors include:

- Bidfood (Bidvest New Zealand) – key supplier to New Zealand's foodservice sector.
- CDNZ Countrywide Distributors New Zealand – foodservice distribution group.

New Zealand imports a small amount of Irish pork (630 tonnes), making up just 1% of EU supply into the market, which is dominated by Spain, Finland and Denmark.

Ireland does not supply beef, sheepmeat or meat preparations to New Zealand.



New Zealand only has a small population of 4.69 mn, which is growing slowly at 1.5% p.a., largely due to immigration



Other factors influencing the way meat is eaten include Asian immigration influences and a move to vegan / vegetarian diets



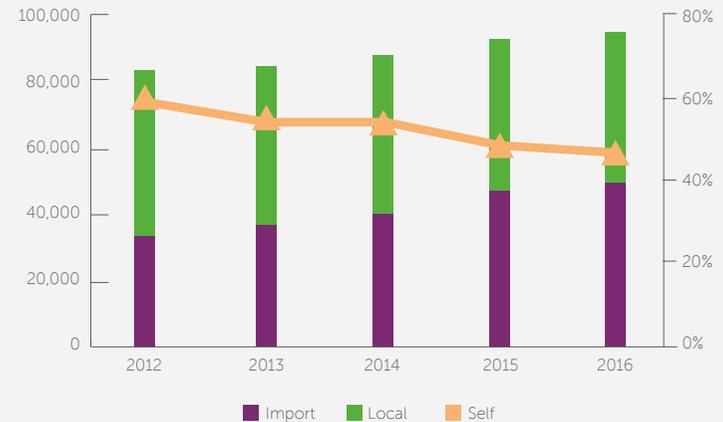
The country has a diverse and competitive retail sector as well as a large meat processing sector geared to exports

Ireland looks to be price competitive in fresh pork and brined pork middles, and marginally cost competitive in frozen pork products.

The New Zealand Government does not protect the local industry as it requires uncontested entrance into global markets for its dairy products. As such, volumes of imported meat going into this market will continue to increase if they are competitive vis-à-vis local supply.

MEAT

SELF SUFFICIENCY IN PORK



COMPARABLE MEAT CONSUMPTION KG



SINGAPORE



Having virtually no agricultural production to speak of, Singapore is a significant meat importer – **83,000 tonnes of pork, 26,700 tonnes of beef and 13,400 tonnes of sheep meat.**

It also imports 25,000 tonnes of offal and 31,000 of prepared / preserved meats. Of this, it exports 13,650 tonnes of beef, 591 tonnes of pork and 295 tonnes of sheepmeat.

Brazil and Australia supply most of the frozen beef and pork supplies, with the Netherlands the largest EU pork supplier.

Growing incomes and changing dietary patterns are key growth drivers for imported red meat demand, underpinned by a large number of high income households, expatriates and international tourists.

With rising consumer incomes, Singaporeans are prepared to pay for higher quality food products or products that will provide savings in labour and time.

Demand is driven by poultry (62%) followed by pork (24%), with beef and sheepmeat relatively minor sources of protein. As a small country, Singapore has limited agricultural land and domestic food production.

Pork meat is the largest single import at 83,000 tonnes. Beef and offal represent 32,000 tonnes and 25,000 tonnes respectively. Sheepmeat imports are 13,000 tonnes and meat preparations 9,300 tonnes.

Singapore provides a direct sourcing and distribution centre for many food products sold in the region, either through re-exporting or processing for value-added products. The country's food import market is extremely competitive, with importers sourcing supplies from all over the world.

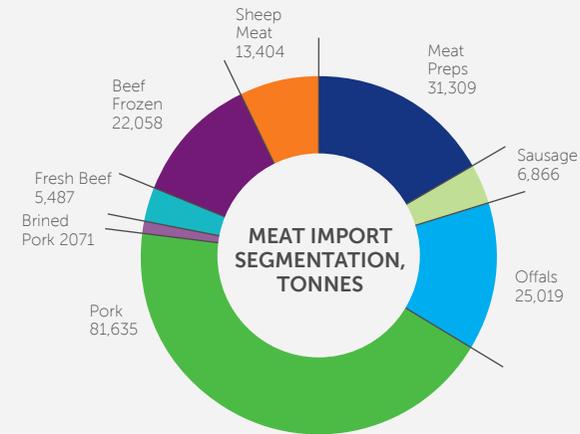
Irish supplies to Singapore are small and have not increased much in recent years.

- The main product is offal; Ireland supplies 3.6% of Singapore's pork offal imports and 2.7% of beef offal.
- In frozen pork meat, Ireland had just a 0.2% share of imports.

Ireland can be competitive in most beef products incl niche opportunities for fresh boneless and bone-in cuts, frozen boneless cuts and beef offal. It also has opportunities in frozen boneless sheepmeat cuts.

Key customers would be the large and sophisticated Singaporean importers to supply into the modern retail and sophisticated and growing foodservice sectors.

SINGAPORE MEAT CONSUMPTION AND IMPORTS BY TYPE



COMPARABLE MEAT CONSUMPTION KG



Singapore has a high GDP per capita of US\$52,961 - thus affordability is not an issue in meat consumption



Singapore has a large per capita consumption of meat at over 59 kg



Singapore is considered the most developed food retail market in Southeast Asia

VIETNAM

Vietnam imports significant amounts of **beef – around 700,000 tonnes**. It also imports around **43,000 tonnes of pork** and just **2,600 tonnes of sheep meat**.

Meat imports are competitive with new suppliers from the EU as well as long-time trade partners US, Australia and India.

As the world's 14th most populous country, Vietnam and its 94 mn people are increasing their livestock consumption as they experience higher income and population growth.

Key market drivers include a growing economy, rapid urbanisation, ongoing reforms, and rising disposable incomes coupled with increasing western influences in the diet.

GDP is growing above 6% and is expected to reach around €350 bn in 2020, but starting from a low per capita base.

Pork is the largest volume meat consumed at 2.5 mn tonnes p.a. – although pork consumption is expected to grow at a rate of 3% p.a. and continues to be the dominant meat consumed in Vietnam (accounting for 74% of all meat consumed), a slightly higher growth rate of 3-5% p.a. is forecast for beef.

Vietnam has little grazing land for beef or sheep and imports the majority of its requirements from India – while there are increasing numbers of sheep, consumption is still very low.

Ireland is a minor supplier of beef (180 tonnes) but supplies 2,522 tonnes of offal.

Ireland supplies 0.4% or 176 tonnes of Vietnam's pork imports.

Ireland is a small supplier in the sheepmeat segment, supplying only 174 tonnes out of a total 1,094 tonnes.

Pork imports are declining rapidly due to an oversupply situation caused by the closure of the Chinese border for Vietnamese pork exports. Exports from Ireland are down because of this, halving in 2016. However, opportunities exist once the oversupply situation is normalised.



Pork imports are declining rapidly due to an oversupply situation caused by the closure of the Chinese border for Vietnamese pork exports



Rapid expansion of modern retail and a trend from daily towards weekly shopping drives demand for packaged meats



Meat consumption is relatively low at 52 kg per capita but growing rapidly

 Download the full report at www.bordbia.ie/prioritisingmarkets

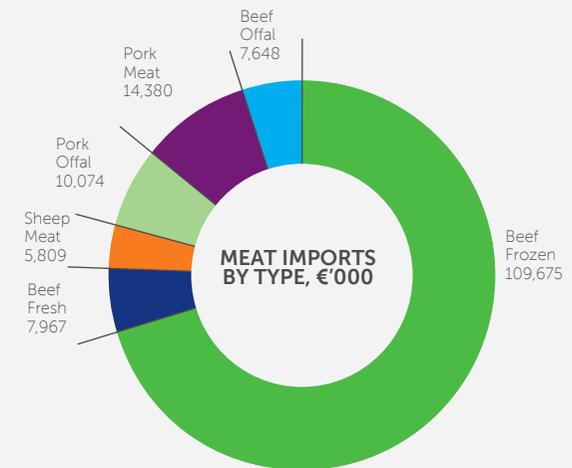
The large hyper / supermarkets offer the best opportunities for fresh meat, with pork bellies the meat of choice for many domestic consumers – Ireland is somewhat price competitive in this market.

Ireland is competitive in all beef products and in sheep meat.

However, Ireland is only marginally competitive in pork products.

Frozen boneless beef dominates the import requirements of Vietnam, and Ireland could be competitive in this sector.

VIETNAM MEAT IMPORTS SEGMENTED BY TYPE



COMPARABLE MEAT CONSUMPTION KG



Source: ITC TradeMap, OECD

Note: All trade data for Vietnam is mirror data as Vietnamese statistics are considered highly unreliable.

MEAT

JAPAN



Japan is the world's third largest economy and one of the largest meat importers globally. It imported a total of **587,296 tonnes of beef, 1,044,949 tonnes of pork and 20,391 tonnes of sheepmeat** in 2016.

The Japanese are affluent consumers who set trends in Asia. Their attitudes and consumption behaviour make this mature market significantly different from those of other Asian countries.

Japanese consumers demand and will pay a premium for high-quality food products.

Traditional consumption patterns are changing due to the influence of western-style eating habits as fish and seafood have seen a decrease in Japanese diets.

The meat sector in Japan is forecast to grow at 0.3% CAGR in value terms during 2016-2021.

Consumer appreciation of meat has changed in recent years with the younger generation developing a taste for steaks, aged beef and leaner red meat.

In response, meat specialist bistros / steak bars are gaining popularity in Japan. Concurrently, demand for marbled yakiniku cuts and offal remains high.

Japanese consumers are proven to be price sensitive and they are very aware of disease outbreaks and food scandals that can compromise the integrity

of supplier's product. In addition, healthy eating is emphasized.

Because of the multiple domestic food safety issues and trade policy debates, Japanese consumers are aware of the source of the product.

Japan's distribution system is extremely complex and traditional – it is key to partner with the right distributor and build a personal relationship.

In 2016, Ireland supplied a total of 6,072 tonnes of beef and pork to Japan, comprising 1,389 tonnes of beef offal and 4,583 tonnes of fresh / chilled pork – this was less than 1% of total demand.

Competition currently comes from the USA, Europe and Australia who have the advantage of proximity, established markets and price.

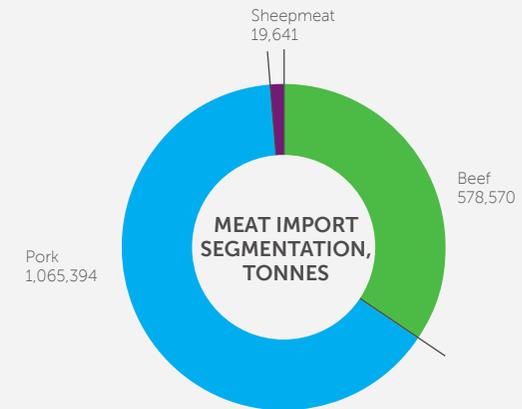
US beef exporters continue to gain market share as they battle with Australia for dominance in Japan, despite the favourable tariffs enjoyed by Australia's producers.

While Ireland is very price competitive in frozen beef, beef offal, frozen pork, pork offal and preserved pigmeat, opportunity lies in expanding exports to satisfy the growing beef and pork demand.

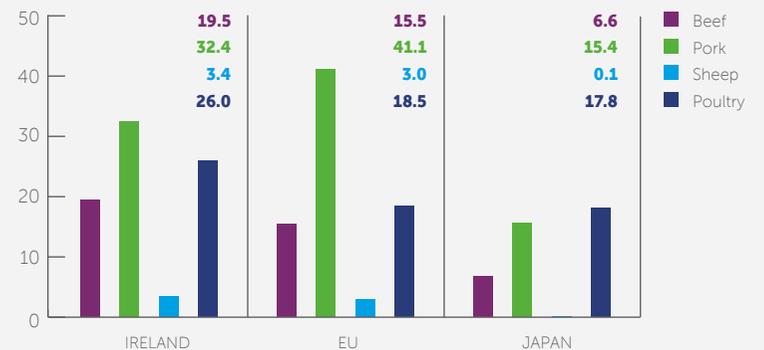
Ireland is very competitive in all segments of beef and pork meat, as well as sheepmeat except for frozen sheep (carcass and half carcass).

This is a significant opportunity to grow trade with Japan.

JAPAN MEAT CONSUMPTION AND IMPORTS BY TYPE



COMPARABLE MEAT CONSUMPTION KG



Source: ITC TradeMap



Japan's market for beef and pork offal as well as pork middles is a growth market



Younger consumers are developing a taste for steaks, aged beef and leaner red meat



Large hyper / supermarkets offer the best opportunity for meat sales

Download the full report at www.bordbia.ie/prioritisingmarkets

THAILAND



Thailand is virtually self-sufficient in pork with a dynamic local industry. It imports only **6,000 tonnes of pork meat** but over **43,000 tonnes of pork offal**.

Imports of beef and beef offal are larger – 31,000 tonnes of fresh and frozen beef and 32,000 tonnes of beef offal.

Competitors in the beef market include very cheap product from India and quality meat from Australia.

Thailand is the second-largest economy in Southeast Asia after Indonesia. The capital, Bangkok – also the country's most populous city – is a commercial hub in Asia with a thriving retail market for Thai residents and overseas visitors.

Meat consumption per capita in Thailand is low at 22 kg including poultry, most likely the result of vegetarianism linked to the prevailing Buddhism. However the importance of Thailand as a market lies in its growing economy and expanding foodservice and modern retail sectors.

Modern trade accounts for approximately 70% of total retail sales as the flow of local shoppers has

been diverted from wet markets and grocery stores to hypermarkets and supermarkets.

Competitors in the beef market include very cheap product from India and quality meat from Australia. In terms of pork imports, Europe is well represented in both meat and offal sectors. Germany and Italy are the leading suppliers of offal.

Consumers here are more receptive to foreign cultures and are willing to pay a premium for branded household products and imported foods.

Processed meat and seafood is driven by Thai consumers' need for convenience, yet faces pressure due to different perspectives on its health effects.

Ireland currently supplies less than 0.5% of the demand for frozen beef and beef offal required by Thailand.



Thailand's retail food sector has been one of the fastest-growing in the world



While valuing convenience, urban consumers place a strong emphasis on quality, boosting demand for branded groceries and ready-to-eat food products



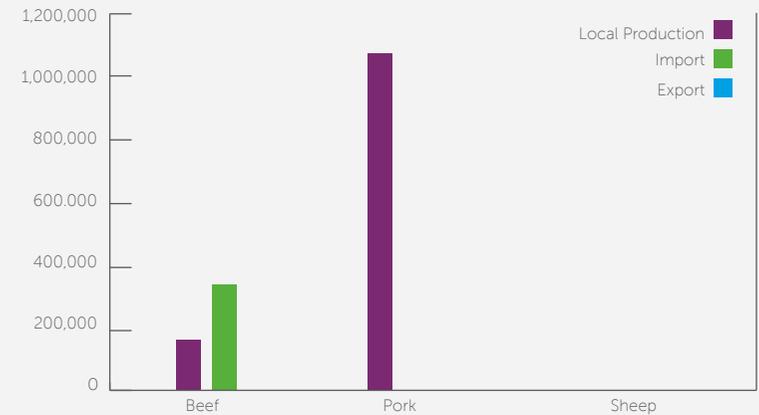
The growing awareness of health and wellness leads consumers to favour types of processed meat and seafood which are perceived as fresher

Some beef imports are of high quality and it's here that Ireland can be competitive. In pork the volume is in offal, however this trade is very price competitive.

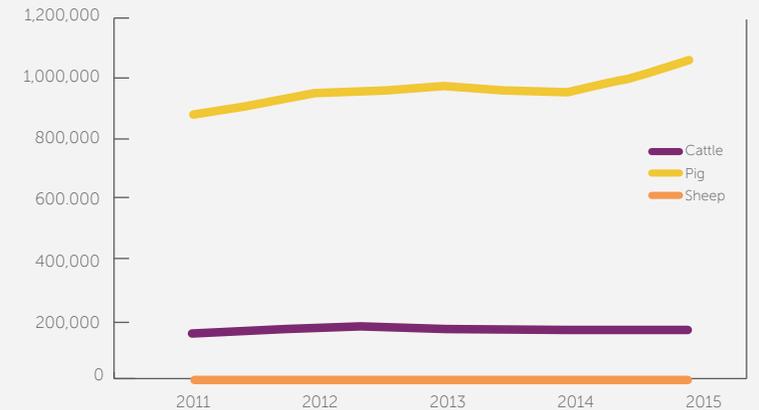
The route to Thailand is through Suez and past Singapore. It is a distance of 16,940 km and will take over 1 month to reach the market.

THAILAND PRODUCTION, IMPORT AND EXPORT OF MEAT

LOCAL VS IMPORTS VS EXPORTS TONNES



TONNES



MEAT

DAIRY

Algeria

Brazil

China

Egypt

Indonesia

Japan

Malaysia

Mexico

Nigeria

Philippines

Saudi Arabia

South Korea

United Arab Emirates

USA

Vietnam

>56%

Urbanisation (>56%) has been a driver in changing lifestyles and enabling consumption

Health concerns are becoming increasingly important



The 190.9 mn current population is forecast to reach 264.1 mn in 2030



Growing demand for cheese is the key story in Saudi dairy imports over the last decade, followed by a clear upward trend in WMP and butter also



Local diets are becoming increasingly westernised, with pizza part of an increasingly competitive foodservice sector which is servicing rapidly increasing tourist numbers



CHINA

China is a dairy-deficit country, with self-sufficiency in dairy of 75%. The government expects this to decline to 65% by 2025. Whilst a major WMP producer, it makes little casein, mozzarella and cheddar.

Given its scale, its imports are substantial. As well as being the world's no 1 whole milk powder importer at 416,000mt. It's also a significant cheddar importer; 8,000 mt, growing over 68% over 5 years. China is also Asia's largest mozzarella market; accounting for 40,000 mt and growing.

It's a significant casein importer; 5,000 mt, +74% over 5 years.

There is lots of scope for dairy consumption to grow – estimates for per capita consumption vary by methodology, but all show figures much lower than in Japan and South Korea, for example.

Birth rates are low, however the population of 1.409 billion is expected to grow to 1.441 bn by 2030.

GDP growth is expected to be 6% over most of the next 5 years. This will enhance consumers' ability to pay premiums for perceived product quality/safety.

It will also allow consumers to experiment with new types of dairy products / foods including dairy and to eat out in western-style chains.

Recent years have seen a structural shift from a lower-middle to a middle, upper middle and affluent class society. This is due to rising disposable incomes for middle and high-income Chinese households, boosting demand for high value products and enabling a clear shift from mass to premium.

Rural households are becoming wealthier, so food makes up a lower proportion of their spending; conversely urban households are able to spend more on food, with eating out and protein-based foods seeing stronger demand because of this.

New Zealand is the dominant supplier across all the four product categories. This position reflects its differentiated business and its long-term commitment to building up comprehensive sales and distribution networks and trade relationships locally.

Australia is significant only in cheddar and mozzarella. The US plays a role in cheddar but of the four categories is most important in Mozzarella.



World's No. 1 whole milk powder importer – 416,000 mt (2016), +3% over 5 years



Urbanisation (>56%) has been a driver in changing lifestyles and enabling consumption



There has been a growing westernisation of diets, caused by (and facilitating) the fast developing foodservice channel

Download the full report at www.bordbia.ie/prioritisingmarkets

Irish dairy supply to China in the target products has been limited to date:

Ireland's market shares in all the selected categories discussed below is small, suggesting opportunity. Selected product opportunities include

- Whole Milk Powder – this will remain New Zealand-dominated but offers space for Irish exports to grow
- Cheddar – demand is expected to continue growing, mainly for processing but with a small retail segment developing – a key challenge will be competing with Oceania's preferential access
- Casein – success here rests mainly competing with New Zealand
- Mozzarella – if Ireland produces, this market must offer potential

IMPORT TRENDS

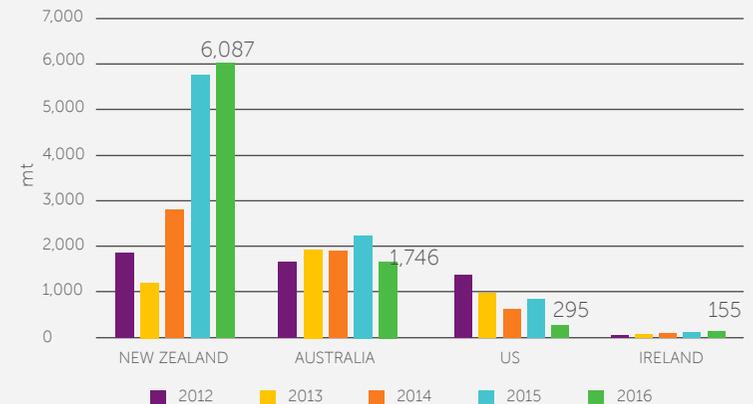
Import trends across all major products is almost entirely one of growth over a five year period.

IMPORTS OF SELECTED PRODUCTS TO CHINA, 2012-2016

Mt	2012	2013	2014	2015	2016	5yr Trend
Cheddar	5,018	4,282	5,552	9,092	8,415	+68%
WMP	402,387	617,294	670,038	342,614	415,770	+3%
Casein	2,809	1,873	3,048	4,204	4,897	+74%

Source: UN ITC; Cheddar based on export data to market

CHEDDAR - KEY SUPPLIERS TO CHINA, 2012 - 2016



Source: UN ITC

VIETNAM



Vietnam is a dairy-deficit country, with **self-sufficiency in dairy less than 30%**. Key exports to Vietnam are SMP, whey and WMP – other categories are minor at present, although recent data is suggestive of growth.

It is approximately the 10th largest whole milk powder importer in the world, and as a result exports to Vietnam were 57,000 mt in 2016, up 51% over the past five years. Its mozzarella market is small, but will undoubtedly grow.

The population of 95.5 mn is expected to grow to 106.3 mn by 2030.

Consumers are low income and predominantly rural; however it is estimated that by 2020, Vietnam's middle class will reach 33 mn.

Modern retail in Vietnam remains fragmented and underdeveloped.

Ireland has not supplied whole milk powder or mozzarella to Vietnam to date.

The EU-Vietnam Free Trade Agreement (EVFTA) means the market will see increasingly preferential access for EU suppliers from 2019. Under its terms cheese exports to Vietnam from Ireland will see the tariff reduced in six equal annual stages, become zero-rated after this. Similarly whole milk powder imports will see the tariff reduced in four equal annual stages, become zero-rated after this.



At 20 litres per capita, dairy consumption is low compared to Asian markets such as Thailand or Singapore, but it is rising, and is projected to reach 28 litres by 2020, with plenty of scope to grow



Local diets are becoming increasingly westernised, with pizza part of an increasingly competitive foodservice sector which is servicing rapidly increasing tourist numbers



Economic growth averaged 6.19%/year from 2000 until 2017, and is expected to remain high

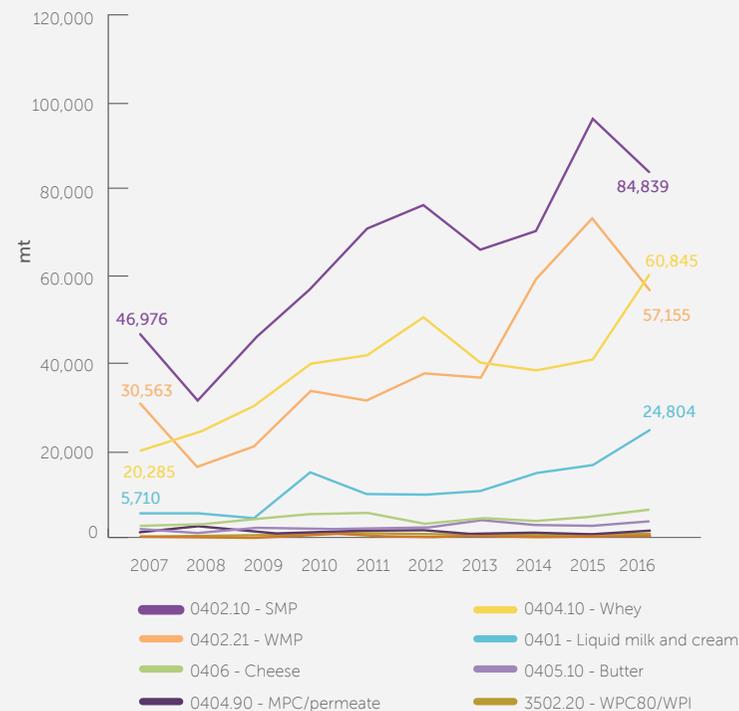
Areas of opportunity are firstly whole milk powder imported for manufacturing and re-pack and mozzarella.

Whole Milk Powder is a fluctuating but large sector with customers in the local dairy and food processing sectors. Mozzarella is imported for foodservice and local snack production.

New Zealand is a clear leader: in both cases the key price competition for Irish exporters will be with European suppliers.

The most effective route is via Atlantic, Mediterranean, Suez Canal, Malacca Strait, with the indicative shipping time approximately 44 days.

KEY DAIRY EXPORTS TO VIETNAM, 2007 - 2016



Source: FAOSTAT and ITC TradeMap

NIGERIA



Nigeria is 30% self-sufficient in milk only, however virtually none of the local production is industrially processed and there is no local production of either product. **It is the world's largest importer of Full Fat Milk Powder at 91,000 mt, +25% over 5 years.**

Demographic growth continues to be huge. The 190.9 mn current population is forecast to reach 264.1 mn in 2030, with further growth making it the 3rd largest country in the world before 2050. Lagos alone is predicted to reach 88 mn population by 2100!

Nigeria saw average GDP growth of 3.93% from 1982 to 2017; however the country is coming out of a recession this year.

Oil generates over 75% of the country's revenue, so lower oil prices have been a key problem, alongside volatile commodity prices, a collapsed foreign exchange market and currency devaluations.

Consumers' incomes are extremely low, exacerbated by high unemployment: widespread very limited spending power accounts for the rise in demand for Full Fat Milk Powder vs. Whole Milk Powder.

- Nigeria is a key milk powder importer.
- Nigeria is a significant dairy importer only due to three powder categories FFMP, whole milk powder and SMP – with FFMP the growth item and whole milk powder losing out in the country's recent recession.
- Other dairy items are very minor at present, reflecting low market spending power.

For FFMP and whole milk powder, sales of repacked products are estimated at 30,500 mt and B2B/ industrial sales at 16,100 mt – whilst bulk sales via open markets make up 40,400 mt for Full Fat Milk Powder and 10,000 mt for Whole Milk Powder.

Key challenges include high levels of corruption, weak infrastructure and informal distribution channels – the importance of the open markets underlines the relatively minor role played by modern-trade retail in respect of both these products.



Forecast GDP growth is just 0.8% in 2017, with 1.8 - 1.9% expected over the next five years



The 190.9 mn current population is forecast to reach 264.1 mn in 2030

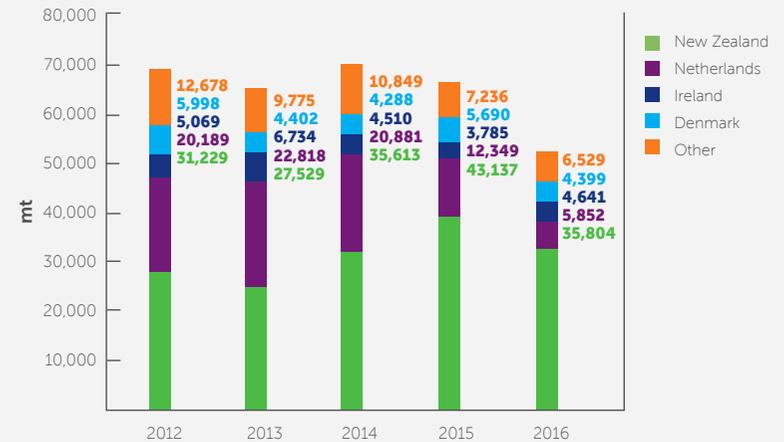


Oil generates over 75% of the country's revenue, so lower oil prices have been a key problem

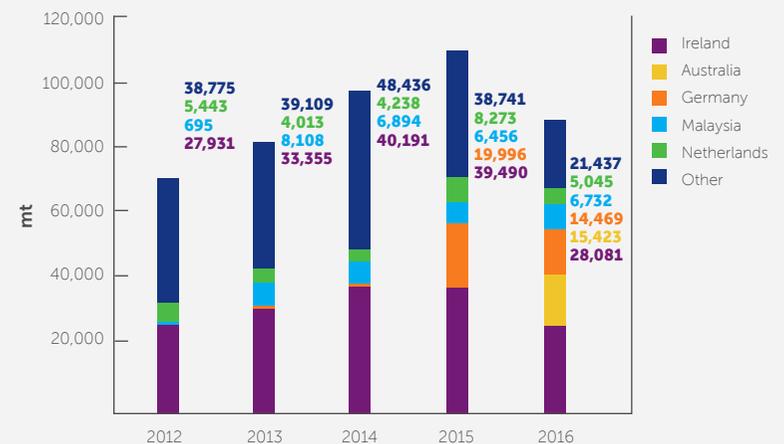
Ireland takes market shares of 31% in FFMP and 8% in Whole Milk Powder.

Both product sectors are expected to offer expanding opportunities going forward in line with demographic growth and economic recovery – affordability, flexibility of approach and building closer relationships in-market will be key to this.

WHOLE MILK POWDER - KEY SUPPLIERS TO NIGERIA, 2012 - 2016



FFMP- KEY SUPPLIERS TO NIGERIA, 2012 - 2016



Source: UN ITC mirror data

DAIRY

SAUDI ARABIA



Saudi Arabia is a very significant dairy importer and is the world's no 5 importer of **cheddar**, the world's no 8 importer of **whole milk powder** and the world's no 9 importer of **butter**.

The country has a young and expanding population – 32.9 mn currently, 39.5 mn forecast by 2030.

It is also increasingly urbanised: 58.4% in 1975, 86.6% in 2001, 91% in 2016.

The oil boom is over and serious economic problems confront the kingdom. The country saw average GDP growth of 4.3% from 1969 to 2017. However, it has been hit by low oil prices: it shrank by 0.5% in Q1, and the IMF forecasts just 0.4% growth in 2017; at best growth is not expected to exceed 2% over the next five years.

The country is a very significant dairy importer, including

- Cheddar – 26,000 mt, +7% over 5 years
- Whole milk powder – 72,000 mt, -22% over 5 years
- Butter – 37,000 mt, +7% over the last 5 years

Dairy is core to local diets and high fat/whole products have been well-accepted, however the growing prevalence of obesity and ailments that arise from the very sedentary local lifestyles is fuelling demand for products that help address health and wellness concerns.

Imports to the market are dominated by New Zealand, the Netherlands, United States and more recently Lithuania. A significant share of imports arrive in Saudi via UAE or Oman with some repacking taking place in these countries. As a finished product, cheese distribution splits roughly 60% retail vs 40% foodservice.

In retail, hypermarkets and supermarkets dominate; there are relatively few independent local importer/distributors of ingredients, with some of the largest users importing directly and many buyers dealing with importers in the UAE.



Saudi Arabia is about 84% self-sufficient in milk. There is no local production of whole milk powder or cheddar, and only minor production of butter



Growing demand for cheese is the key story in Saudi dairy imports over the last decade, followed by a clear upward trend in whole milk powder and butter also



The oil boom is over and serious economic problems confront the kingdom

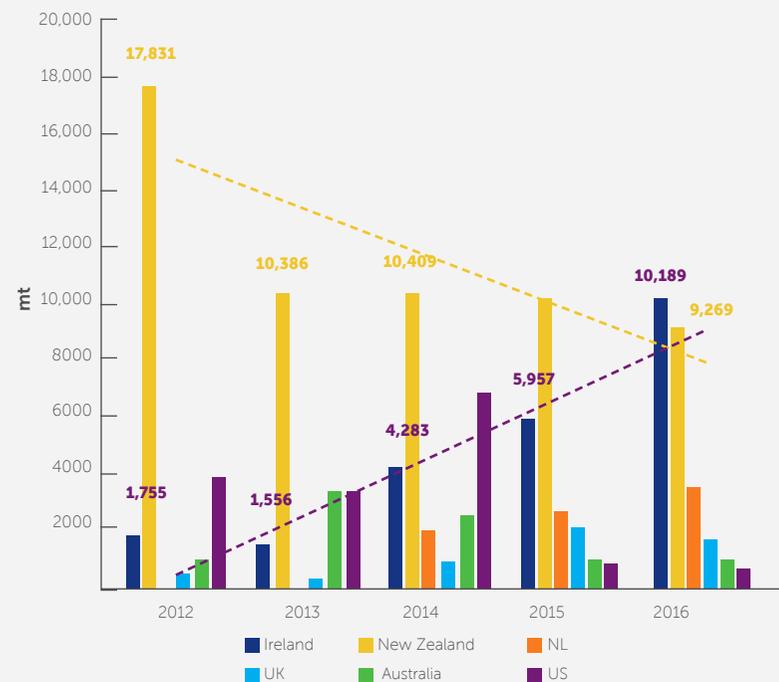
Ireland has a history of connections with the local dairy industry and has been strongly developing its cheddar supply into the market.

Selected product opportunities are

- Whole milk powder – volumes have declined but remain significant; much will be inaccessible but there must be opportunities to increase Irish volumes considerably despite this
- Butter – a minor Irish business to date but with clear growth potential
- Cheddar (mainly for processing) – a substantial Irish business already with clear growth potential.

The route to Jeddah is via the Mediterranean and Suez; indicative shipping time is 22 days, giving Ireland a clear advantage over supply from Ocean and the Americas.

CHEDDAR - KEY SUPPLIERS TO SAUDI ARABIA, 2012 - 2016



Source: UN ITC based on exporter data

JAPAN



Japan's imports are substantial. It's the world's no 2 **cheddar importer – 67,000 mt**, +9% over 5 years. It's also the world's no 4 **whey protein concentrate importer – 15,000 mt** (2016), +44% over 5 years. It's Asia's 3rd largest **mozzarella market (25,000 mt)**, behind only China and South Korea.

Japan is one of the world's largest milk deficit countries, with a self-sufficiency level of below 75%. There is no Whey protein concentrate produced locally and little or no mozzarella or cheddar.

The country is attractive for scale, not growth. It saw average GDP growth of only 0.50% from 1980 until 2017, and annual growth after 2017 is expected to be <1%, and its population is forecast to fall from the current 127.5 mn to 121.6 mn by 2030 - however its consumers are very well-off, with a per capita GDP of US\$38,894.

High-end whey proteins are mainly used in yoghurt and powdered soups. However, this could change: the country is seeing a boom in sports marketing, partly stemming from events such as Rugby World Cup 2019 and the 2020 Olympic Games, which will boost the sports nutrition market.

- Health concerns are becoming increasingly important as consumers become more educated about the importance of diet in long-term health. This makes propositions such as low fat/fat-free, lactose free and all natural appealing.
- Dairy is not a traditional part of the Japanese diet but has increasingly become accepted by consumers, a trend which is expected to continue, providing further opportunities.
- Japan's consumers are relatively well-off with a per capita GDP of US\$38,894, but the economy is extremely mature, hence the need to revive the TPP trade deal which is expected to provide the economy with a boost.



Japan's consumers are very well-off, with a per capita GDP of US\$38,894



Health concerns are becoming increasingly important



Asia's 3rd largest mozzarella market (~25,000 mt), behind only China and South Korea

EU suppliers are expected to achieve preferential access for cheese under the Japan-EU EPA, expected in early 2019.

Amongst cheddar/hard cheese, WPC80/WPI, mozzarella, Ireland plays only a limited role, with much room for growth.

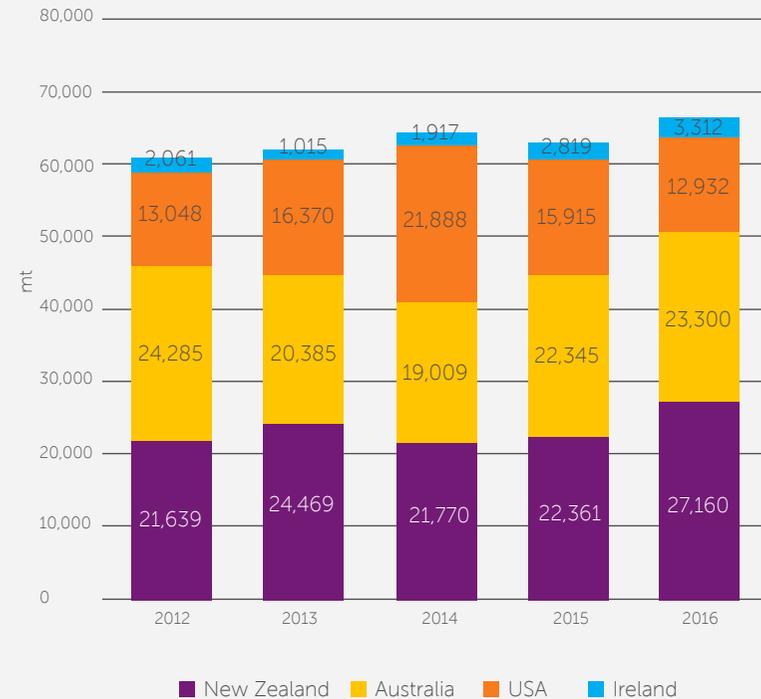
Japan is a notoriously demanding importer, but selected product opportunities are in cheddar, where Ireland takes a 5% share and is the most competitive price point at FOB level, before freight costs kick in.

WPC80 / WPI – Ireland's market share in this expanding category is negligible, suggesting considerable opportunity for volume growth.

Mozzarella – a large but slow growing market which would merit attention if Ireland entered this category.

IRISH SUPPLY TO DATE

CHEDDAR - KEY SUPPLIERS TO JAPAN, 2012 - 2016



ALGERIA



Algeria is a dairy-deficit country, with self-sufficiency in dairy at 40%. It is the world's second largest whole **milk powder importer** – **221,000 mt** (2016), +22% over 5 years.

It is also the world's 12th largest cheddar importer – 13,000 mt, +8% over 5 years. Butter demand is more modest – 7,000 mt, +17% over 5 years.

It produces no milk powder or cheddar.

GDP growth is expected to be 1-2% over most of the next 5 years, challenged by low oil prices – whilst government spending power has been reduced, the core policy of subsidisation of dairy is not expected to change.

The main demand for dairy is in the industrial channel, where there is a range of trade partners/customers operating.

Although GDP per capita is relatively low (US\$4,846) and demand has been constrained by high levels of unemployment, the GDP figure has grown for 9 of the last years.

Algeria has long had a policy of reconstituting from importing powder and selling at subsidised prices, with

a view of making available cheap milk for low income households; to what extent this policy is motivated by public order concerns is unclear, but the policy seems unlikely to change significantly whilst affordable.

Dairy consumption is 120kg currently, high by African standards, doubled over 45 years and maintaining its growth momentum.

Dairy consumption has increased from 54kg per capita in 1970 to 112kg in 1990 and 120kg currently, so doubling in 45 years and maintaining its growth momentum.

This level is 5-6 times than typically seen in Sub-Saharan Africa.

Milk in plastic bags (reconstituted milk) and in powder is consumed in large quantities across all segments of the population.



The population of 41.3 mn is expected to grow to 48.9 mn by 2030



Urbanisation affecting consumption patterns and lifestyles - 71% urban in 2015 vs. 43% in 1980



It produces no milk powder or cheddar

The EU enjoys preferential supply terms in milk powder and cheese. Selected product opportunities are whole milk powder imported for manufacturing and re-pack – ONIL and private buyers.

Also cheddar (mainly for processing) and butter.

The best logistics route is via Atlantic and Mediterranean, with the indicative shipping time approximately 27 days – reasonably competitive vs. most supply sources although this is a market where Spain and France have strong ferry/truck options due to their proximity.

IRISH SUPPLY TO DATE

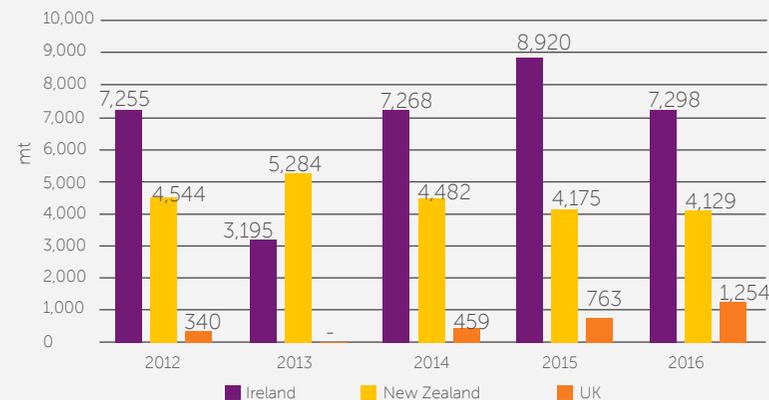
The main growth in Irish supply of the target products has been in whole milk powder

IRISH EXPORTS OF SELECTED PRODUCTS TO ALGERIA, 2012-2016

Mt	2012	2013	2014	2015	2016	5yr Trend
WMP	476	1,106	1,420	1,902	6,255	+1,214%
Cheddar	7,225	3,195	7,268	8,920	7,298	+1%
Butter	134	255	283	691	541	+304%

Source: UN ITC

CHEDDAR - KEY SUPPLIERS TO ALGERIA, 2012 - 2016



Source: UN ITC export data

BRAZIL

Brazil is the **key importer of dairy ingredients** outside EU, North America, Japan and China. Its population of 209 million makes it the 5th largest country worldwide, set to be 225 million by 2030.

Despite being seen by some as a potential whole milk powder exporter at one point, Brazil has been a dairy-deficit country in recent years, with whey processing well-established but only quite recent, and with only limited production of WPC80 (Nutrifont/Lactalis and Sooros), but no WPI.

An expanding middle class of 21 million households is expected to hit 22.3 million by 2021.

In Q2 2017, household spending increased for the first time in 2½ years; the unemployment rate is falling whilst business and consumer confidence have improved slightly in September, while the manufacturing PMI pointed to expansion for a 6th consecutive month.

2016 saw a marked uptick in volumes; Brazil's dairy trade is notable for the strong increase in imports of whole milk powder, the very product in which the country at one point threatened to be a serious exporter.

The market is a "fat vs. fitness" paradox. The popularity

of processed food and fast food locally has driven up obesity to high levels. But this trend has run in parallel to – and likely to some extent assisted – a growing local gym culture.

This has fuelled demand for sports nutrition and supplements, with trainer guidance influential in shaping their customers' eating habits: the local sports nutrition market is heavily geared towards protein, its growth driving bulk whey protein imports.

Whey Protein Isolate is preferred in high value sports products for consumers looking for faster results who do not mind paying a higher price for their supplements.

At the level of the consumer products, hydrolysed whey proteins are estimated to currently account for almost 30% of the overall whey protein market revenue.

Brazil also imports 126,000mt of whole milk powder, 43,000 tonnes of cheese, 35,000 tonnes of SMP AND 24,000 tonnes of whey.



WPC80/WPI imports – 5,000 mt (2016), +66% over the last 5 years



21 million households is expected to rise to 22.3 million by 2021



Brazil has more health clubs / fitness centres than any other country except the US

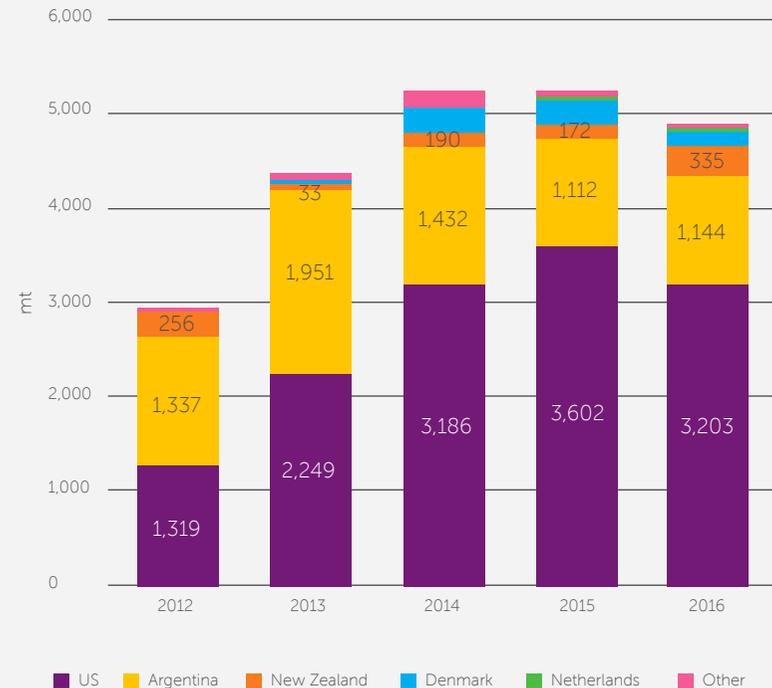
Ireland has not supplied Brazil with product in this category to date. EU suppliers compete on a relatively level playing field vs US and Oceania.

Most supply is met from within Mercosur – high end whey products are the key exception to this.

Suppliers from neighbouring countries in the Mercosur Trade Agreement (Argentina, Uruguay, Paraguay) are exempt from import tariff; hence, these suppliers would likely take advantage of this price difference to build it up into their FOB price.

BRAZILIAN IMPORTS

IMPORTS OF WPC80/WPI BY COUNTRY OF ORIGIN, BRAZIL, 2012 - 2016



Source: UN ITC export data

DAIRY

EGYPT

Egypt's imports are substantial and it is the world's no 11 Cheddar importer – **14,000 mt.** Its WMP imports are **47,000 mt (2016)**, +27% over 5 years.

Egypt is a dairy-deficit country, with self-sufficiency in dairy of circa 70-75%.

There is no whole milk powder produced locally and barely any cheddar.

Demand has been hit by severe political and terrorism-related problems and then more recently by drastic currency devaluation.

However, the fundamental demand is evident: annual GDP growth is expected to rise from 3.5% to 6% over the next 5 years, helping to counter the negative impact of the currency depreciation on the spending power of consumers and manufacturers.

Health and nutrition is an important factor which over time may both drive and constrain demand in different areas:

- Obesity is a significant threat to health in Egypt. More than one in three Egyptians is obese – the highest rate in the world, leading to higher risk of diabetes, heart disease and cancer.

Modern retailing remains fragmented; E-commerce has been slow to take hold in Egypt, although there is a recent government strategy aiming to change this.

EU suppliers benefit from the FTA, so its cheese and Whole Milk Powder face no tariffs (MFN 10%) while Ireland has evident logistical advantages vs. South American exporters looking to benefit from the new FTA with Mercosur.

Imports are dominated by SMP at 74,000 tonnes in 2016. Whole milk powder imports stood at 47,000 tonnes, butter at 39,000 tonnes and cheese at 31,000 tonnes.

Imports into the market are dominated by New Zealand. Ireland is minor in whole milk powder, but has developed its Cheddar business in Egypt rapidly.

Ireland's market share is high in cheddar, low in whole milk powder.



World's No. 11 Cheddar importer – 14,000 mt, -6% over 5 years



It is a young population, 50% aged ≤24– higher than in other North African and Gulf markets



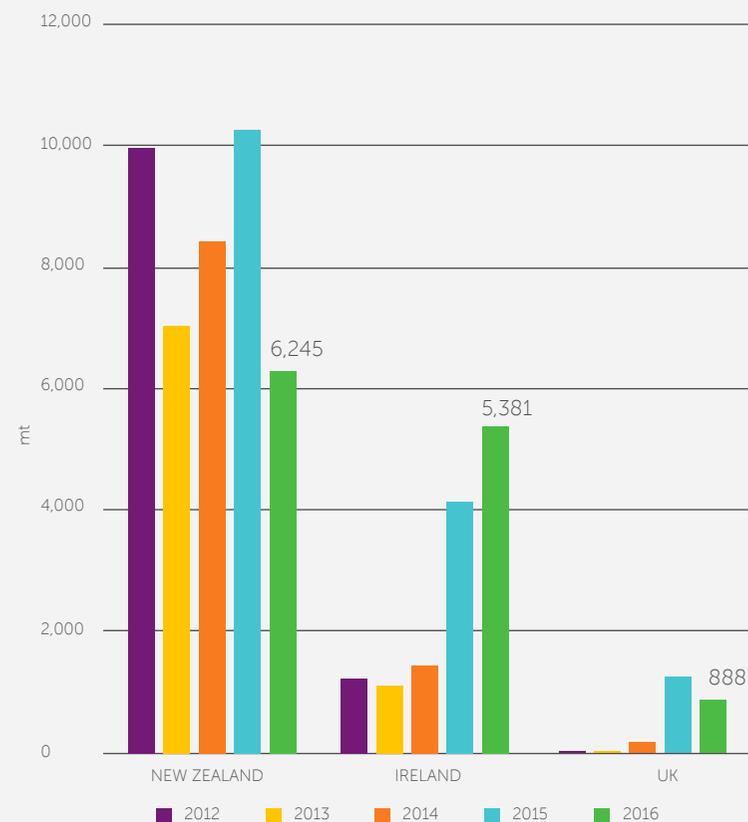
Its population of 97.6 mn is expected to rise to 119.7 mn by 2030

Selected product opportunities are

- Whole milk powder imported for manufacturing and re-pack – developing a more substantial business at the expense of Fonterra and various EU suppliers.
- Cheddar (mainly for processing)
- Ireland is well placed in terms of price competitiveness on both whole milk powder and cheddar here.

CHEDDAR IMPORTS

CHEDDAR - KEY SUPPLIERS TO EGYPT, 2012 - 2016



INDONESIA



Indonesia is set to remain a major importer – it is 23% self-sufficient in milk currently, with a government target is to reach 42% by 2021. **There is no cheddar produced locally and only very limited WMP and mozzarella.**

Its imports are substantial. It's the world's no 12 whole milk powder importer – 51,000 mt (2016), +5% over 5 years and the world's no 15 cheddar importer – 12,000 mt, -11% over 5 years.

Demographics suggest the market's importance.

Its population of 264 mn is the world's 4th largest and set to rise to 296 mn by 2030.

It is a young population, with a high proportion economically active (67%, still 60% by 2050).

Indonesia is politically stable and has the largest economy in Southeast Asia with nearly half of the region's GDP – it is predicted to be in the world's top seven economies by 2030.

Indonesia's demand for milk powder and whey has been growing fairly consistently. At a lower level demand for cheese has also done the same, almost doubling over the period, whilst imports of butter have trebled.

EU suppliers face only a 5% tariff in competing with the tariff-free access which AANZFTA provides for Australia and New Zealand.

Indonesia imported 160,000 tonnes of SMP in 2016, 116,000 tonnes of whey, 50,000 tonnes of butter and 24,000 tonnes of cheese.

Ireland plays no role in cheddar or mozzarella, with only a negligible market share in whole milk powder.



The strong economic growth is leading to an expanding middle class with more demand for animal protein in their diets



Annual GDP growth has averaged 5.8% over the last decade and is expected to be between 5-6% over the next 5 years



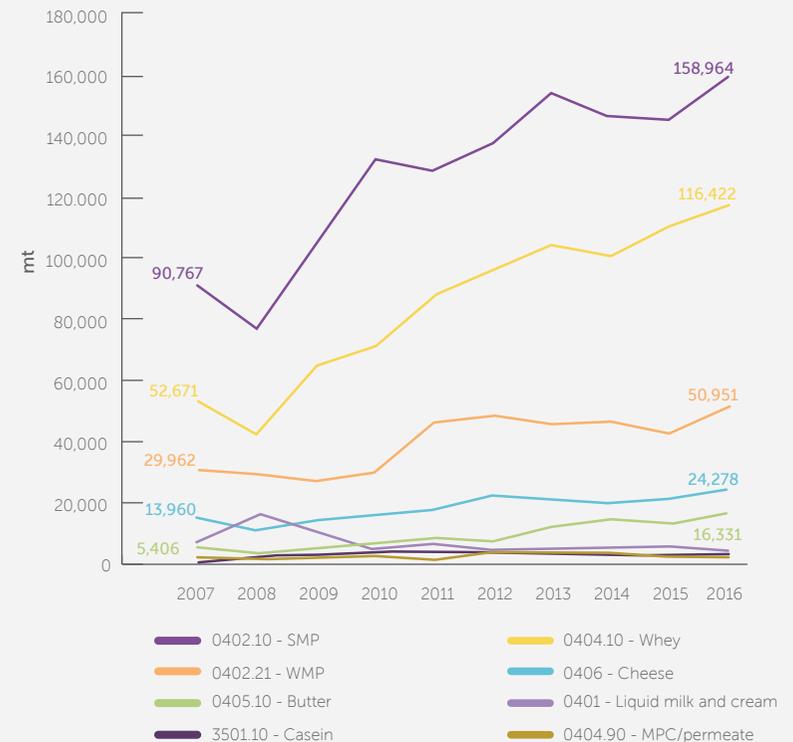
As Indonesia is home to the world's largest Muslim population, the requirement for Halal certification is a fundamental feature which exporters need to address

To date Ireland has been a limited supplier of the target products into the Indonesian market:

Selected product opportunities are

- Whole milk powder imported for manufacturing and re-pack. Whole milk powder imports remain dominated by New Zealand, but with France increasing its share of this trade in recent years as that of Australia has declined.
- Cheddar (mainly for processing) – growing Ireland's market share vs. New Zealand / Australia.
- Mozzarella – a fast-growing, mid-sized market.
- The most effective route is via Mediterranean, Suez Canal and Indian Ocean, with the indicative shipping time approximately 38 days.

KEY DAIRY EXPORTS, INDONESIA, 2007 - 2016



Source: UN ITC

DAIRY

MALAYSIA

Malaysia is set to remain a major importer – **it is only 5-6% self-sufficient in milk**. There is no local production of WMP or cheddar, and only very minor production of mozzarella.

Malaysia's imports are substantial

- It's a significant mozzarella importer (~18,000 mt), in Asia/Oceania behind only China, South Korea and Japan.
- Cheddar imports are at 3,000 mt, +79% over 5 years.

Malaysia's dairy imports are commodity-led; SMP and whey lead the volumes but there has been a notable increase in imports of cheese, with mozzarella key to this.

Despite the negligible local milk, Malaysia is a leading blender, repacker and dairy exporter.

The country saw average GDP growth of 4.76% from 2000 to 2017, with close to 5% expected over the next five years.

Its population is expected to expand from the current 31.6 mn to 36.8 mn by 2030, whilst several factors are likely conducive to increased dairy consumption.

Health and nutrition are of growing concern for Malaysian consumers, making products with health and wellness claims increasingly important: dairy is well-respected for its positive qualities, although the high proportion of the population with food intolerances will result in more lactose-free launches.

Halal certification – whilst Islam is the main religion, the country is 61.3% Muslim, 19.8% Buddhist, 9.2% Christian and 6.3% Hindu.

This gives a fusion of cuisines and a dynamic foodservice scene.

As in other Asian markets, pizza is a special consumption occasion generally with friends or guests at home or dining out - unlike Western developed countries where pizza is a staple item in the diet. Consumption is every 2-3 months as opposed to weekly.

Fun is an integral component of the dining experience, e.g. extra stretch mozzarella.



A significant whole milk powder importer at 29,000 mt (2016), +21% over 5 years



Urbanisation is high by Asian standards and rising: by 2020, 90% of locals will be urban dwellers



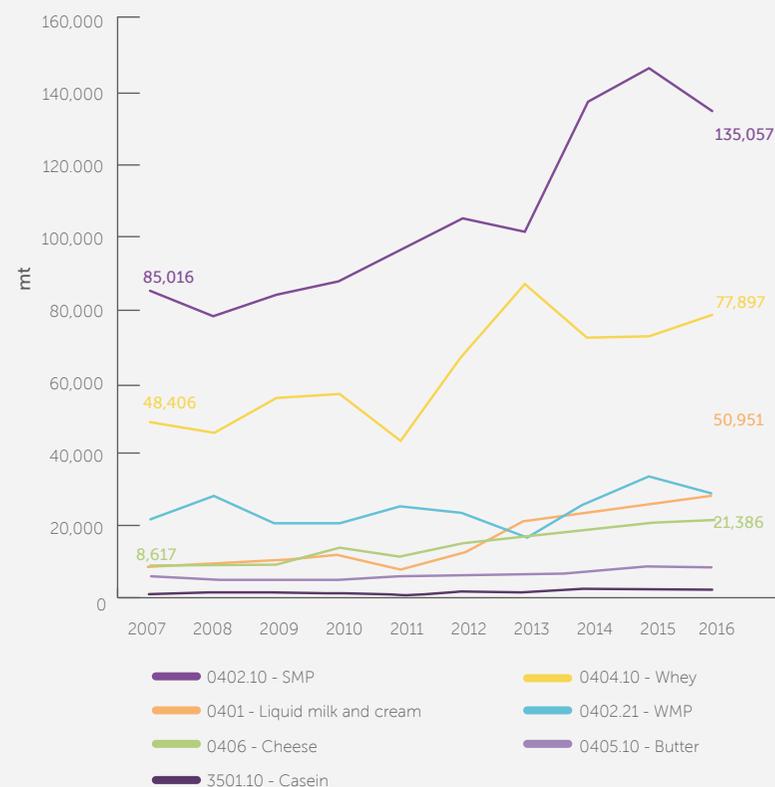
The country is also a significant blender/repacker and re-exporter

Malaysia applies zero tariffs on these products. Ireland has had little involvement in supplying the Malaysian market with cheddar, mozzarella or whole milk powder in recent years.

Selected product opportunities are

- Whole milk powder imported for manufacturing and re-pack – opportunities in a growing category to take share from Fonterra
- Cheddar – a small retail-oriented opportunity making sense as part of a regional play
- Mozzarella – a significant market, growing at high single digit %

KEY DAIRY EXPORTS, MALAYSIA, 2007 - 2016



MEXICO



Mexico is 82% self-sufficient in milk, however its size makes it the world's no 5 SMP importer. With the exception of SMP/NFDM, **its imports are relatively modest**. However there is a clear interest in diversifying supply lines away from the US.

There is no local production of cheddar or casein; Whole Milk Powder production is significant at ~144,000 mt, and there is a little production of WPI locally (but not WPC80).

Whole milk powder was 12,000 mt (2016), +35% over 5 years (but much less than in the past), casein is 15,000 mt, +34% over 5 years. Meanwhile, cheddar imports are 4,000 mt, -31% over 5 years and whey protein isolate is 2,000 mt, +31% over 5 years.

Average GDP growth was only 0.65% from 1993 to 2017, with between 2-3% expected over the next five years (US policies being the key risk to this).

The headline story of Mexican dairy imports until recently has been one of SMP, for which read the largest market for NFDM from the US.

Ireland has a 32% market share in casein (2016) but cheddar, whole milk powder and WPC80/WPI remain largely untested.

Selected product opportunities are

- Casein – zero-tariff and free from US competition, so a clear opportunity to take further share.
- Whole Milk Powder – a declining category from a long-term perspective, but not a US focus and some potential for sales growth.
- Cheddar – limited industrial opportunity likely, but a potential retail marketing challenge.



The country's economy is weak and underlines how critical price is in local business



Demographic growth is evident: the current population of 129.2 mn is set to reach 147.5 mn by 2030



There has been little demand growth in most other categories – cheese being the key exception with Gouda playing a central role here

Market access could change, providing a major opportunity. The EU is expected to conclude an FTA with Mexico – this, and the situation regarding the US Government's NAFTA policy, could potentially change the position on market access (where EU dairy exporters face MFN rates whilst the US has vastly preferential terms). However, tariff elimination is likely to be deferred on dairy.

MEXICAN DAIRY IMPORTS

CASEIN - KEY SUPPLIERS TO MEXICO, 2012 - 2016



PHILIPPINES



The Philippines is **less than 5% self-sufficient in milk**, so will remain a long-term dairy importer. There is no local production of cheddar, butter or whole milk powder whilst some exists for FFMP.

It is one of the world's leading importers of Full Fat Milk Powder – 48,000 mt (2016), +573% over 5 years.

It also imports whole milk powder – 21,000 mt (2016), -24% over 5 years and the world's no 14 importer of cheddar – 12,000 mt, +20% over 5 years. It imports 5,000 mt of butter, +52% over 5 years.

Demographics are an important driver. The population of 104.9 mn is expected to expand to 125.4 mn by 2030.

SMP dominates Philippines' dairy imports but there has been growth across several categories including FFMP (substituting whole milk powder), whey, cheese, liquid milk.

Although traditional Filipino cuisine does not include dairy products, the population have a high level of acceptance for dairy compared with other Asian countries, aided by the strong connections with the US.

The expanding middle class are dining out more and more, with new pizzeria concepts an example of this. They are also entertaining at home, showing increased appreciation of natural cheese and showing growing awareness about the health benefits of dairy products – whole milk powder – declining but still sizeable sector, add-on volumes only.

The most effective logistics route is via Atlantic, Mediterranean, Suez Canal, Malacca Strait, with the indicative shipping time approximately 38 days.

The Philippines applies MFN tariffs on EU exports: Whole milk powder – 1%, butter – 5%, cheddar – 7%.

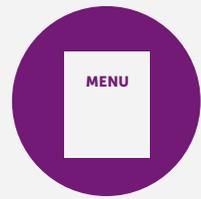
Irish supply of cheddar into the market has grown well from a low base, but this is a very new market for Irish whole milk powder and butter.



Price is the key driver of trade, perhaps more so than anywhere else in Asia's main markets



The country saw average GDP growth of 3.68% from 1982 to 2017; this rose to 6.8% in 2016 and 7% is expected over the next five years



The expanding middle class are dining out more and more

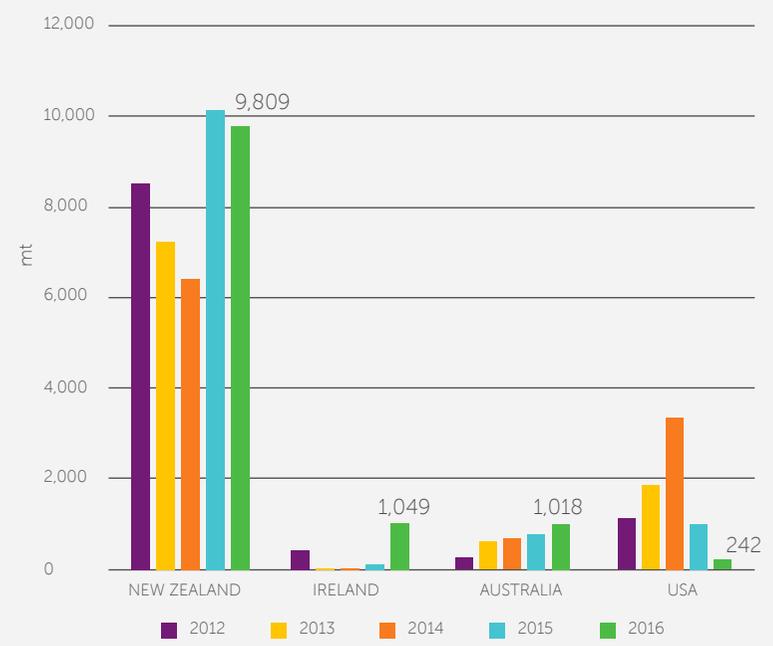
Selected product opportunities are

- Cheddar (for foodservice and processing)
- Butter – bulk and portion
- FFMP – the demand is there but the price points are very challenging from the EU
- Whole milk powder – declining but still sizeable sector, add-on volumes only

The most effective logistics route is via Atlantic, Mediterranean, Suez Canal, Malacca Strait, with the indicative shipping time approximately 38 days.

DAIRY IMPORT TRENDS

CHEDDAR - KEY SUPPLIERS TO PHILIPPINES, 2012 - 2016



Source: UN ITC

SOUTH KOREA



South Korea is the world's no 7 importer of **cheddar – 20,000 mt**, +10% over 5 years. It also imports **whole milk powder – 3,500 mt** (2016), +121% over 5 years. **Casein imports are at 4,000 mt**, +32% over 5 years.

There is no local production of casein or cheddar, and only minor production of whole milk powder.

Cheese barely existed in the market about 30 years ago but the country is now the world's 16th largest cheese importer, with cheddar and mozzarella key to this; no whey ingredients are produced locally.

Demographics are an important shaper and driver of demand. South Korea has a slow-growing, fast-ageing population – 51 mn now, likely 53 mn by 2030. 83% urbanisation means high population density and access to sophisticated markets.

Food consumption trends in Korea reflect on-going socio-economic shifts, which includes the rise of an affluent consumer group, growth in the numbers of single-person households (9% of total

households in 1990 but 27% in 2015), the retirement of baby boomers, more women in the workforce, downsizing of the family, a well-travelled / educated young generation, urbanisation, and adoption of new information technology.

Notable features have been increased interest in both foreign cuisines and in health and nutrition issues, but also with the economy's weakness, a shift by some consumers towards more affordable options such as fast food.

Most cheddar is used in the manufacture of processed cheese, with some cheddar and gouda also mixed with mozzarella to make pizza cheese.

Irish supply into the market has been very limited to date.



South Korea's dairy imports are led by cheese and whey



South Korea has a challenge with excess milk which is expensive to produce



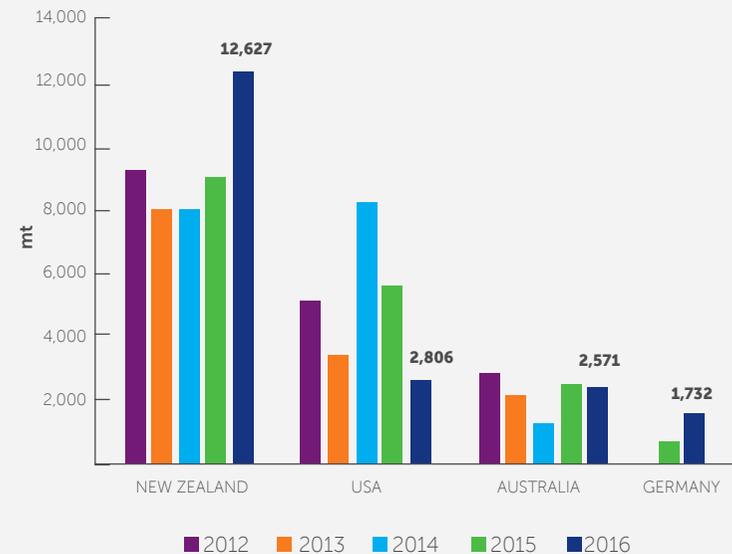
83% urbanisation means high population density and access to sophisticated markets

Market access is being expanded by the EU-South Korea FTA, although the US, Australia and New Zealand also have broadly similar deals in place – the US industry has placed strong emphasis on the cheese opportunity in South Korea, but has seen its volume pushed back.

Selected product opportunities are

- Cheddar (mainly for processing) – this is an area of growing demand where Ireland can compete with the leader New Zealand but also the US, Australia and Germany.
- Whole milk powder – this is a low-level opportunity but has provided increasing volume for French and Dutch suppliers since last year.
- Casein – there should be potential to compete with other EU suppliers here as well as with New Zealand.

CHEDDAR - KEY SUPPLIERS TO SOUTH KOREA 2012 - 2016



Source: UN ITC based on exporter data
Note: Ireland's volume was 204 mt in 2015, zero in 2016

UNITED ARAB EMIRATES

The UAE produces an estimated 35% of its milk requirements. Standouts in UAE trade are the **increasing demand for Whole Milk Powder and liquid milk** and the drop-off in demand for cheese followed by recent stabilisation and slight growth.

It is a significant trading hub and dairy importer. It's the world's no 4 importer of whole milk powder – 124,000 mt (2016), +2% over 5 years.

It is a fast growing importer of cheddar – 3,000 mt, +73% over the last 5 years. It's also a growing importer of butter – 15,000 mt, +49% over 5 years.

Milk powder feeds the recombining industry – beyond this the local food industry is relatively limited in its scale and sophistication.

Both retail and foodservice are important channels for products such as cheese and butter.

The UAE has weathered the low-oil-price environment better than its (GCC) neighbours due to a more diversified economy - tourism is a significant driver of the economy in general (5.2% of GDP in 2016) and of the foodservice channel in particular.

There is low unemployment and spending power is good, with eating out very popular.

– The local per capita income is US\$37,622, with no income tax, although from 2018, consumers will face a 5% VAT charged on most goods and services.

Expatriates play a major role in shaping food requirements – but relatively few are Western, with 50%+ originating from south Asia.

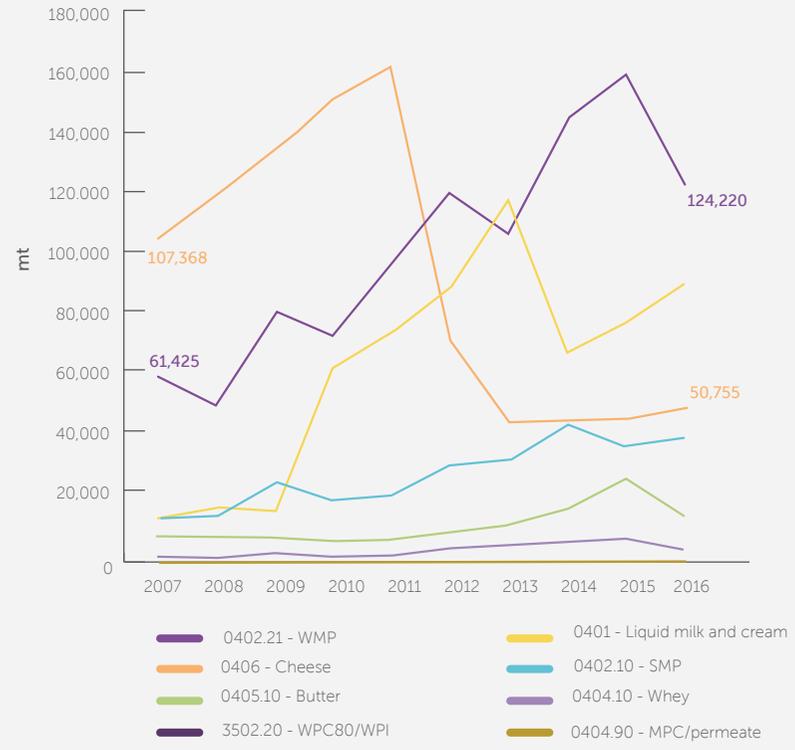
Market access is the same for most exporters. No key dairy competitors have FTAs in place, but the US and New Zealand are seeking this.

At present the UAE (GCC) tariff on these products is 5%.

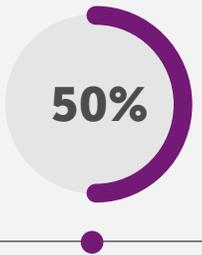
Irish supply into the market of these products is low but has grown rapidly over the last 5 years, providing a firm basis on which to build. Margins will be tight, but there are selected product opportunities.

- Cheddar – Ireland's target must be to take market share from its key competitors.
- Whole milk powder – as usual New Zealand leads, but Ireland's current small volume offers potential for significant growth.
- Butter – there is good demand in retail, especially for lactic butter, and for bulk product.

KEY DAIRY EXPORTS, TO THE UAE, 2007 - 2016



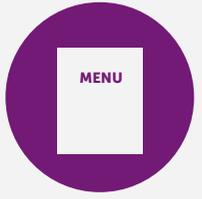
Source: FAOSTAT and ITC TradeMap



The country is small, just 9.4 mn inhabitants, with 50% from south Asia



Tourism has been growing and the country expects 19.1 mn tourist arrivals in 2017



Dining out is very popular in the UAE

USA

The USA is a very significant dairy importer. Cheese is the standout dairy import for the US, whilst casein is a significant import given the absence of local production.

The USA is the 9th largest importer of cheddar (11,500 mt (in 2016), +58% over 5 years) and the world's no 1 importer of casein (56,000 mt, -8% over the last 5 years), making the product its highest volume powdered dairy import.

Economics are in part contradictory. US consumers have high spending power and rising average incomes, allowing them to be increasingly demanding in their food choices: health and wellness, sustainability (often creating a preference for "local"), clean label, "free from"s etc.

However, equally they are under more pressure than ever in terms of money and time, impacting how much they spend and what they buy.

Casein use is growing due to growth in significant end-use applications such as rennet casein for cheese alternatives and acid casein for beverage whiteners.

Demand for imported cheddar is a response to growing awareness of different cheese varieties and flavours outside the traditionally bland domestic cheese offer.

Demand for imported whole milk powder has been growing despite the recovery of domestic production and some export growth – potentially a temporary opportunity.

Market access is enabled by NAFTA and the US-Australia FTA. It is hoped that pragmatism will rein back potentially damaging trade policies under the Trump administration which could affect this.

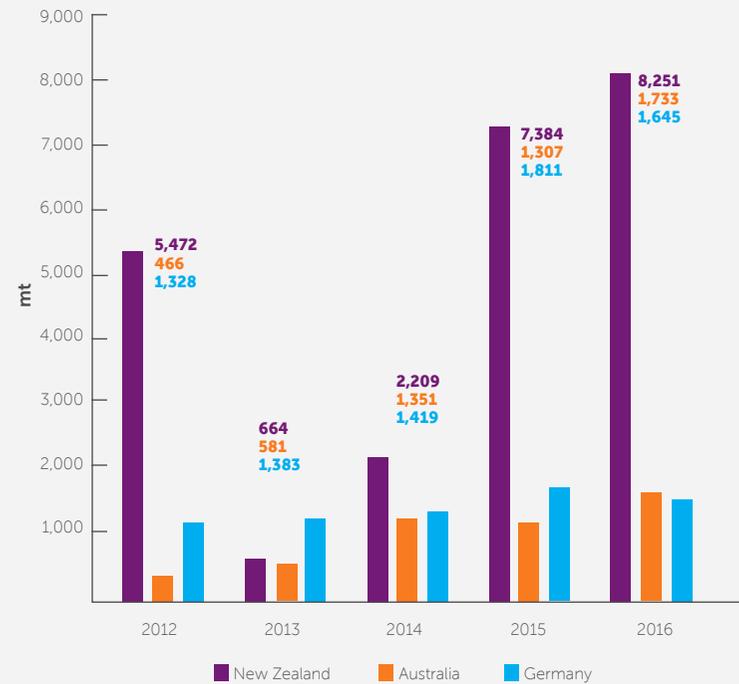
The US produces and exports a lot of cheddar, most of it mild, young product, typically six months at best and widespread in local processed cheese manufacture, retail and foodservice. The opportunity for imported product must be for more flavourful, aged cheddar.

Whole milk powder is a new area of business, by contrast. This is a low-level opportunity but has provided increasing volume for Dutch supply since last year, with import volumes increasing in H1 2017.

Ireland has long supplied casein to the USA, which is its top overseas market for the product, with growing volumes. This is a key import requirement where Ireland, the clear no. 2 supplier, can win volume growth.

Cheddar exports there have also built well, selling into retail and (increasingly) foodservice. Ireland's target must be to take market share.

CHEDDAR - KEY SUPPLIERS TO USA 2012 - 2016



Source: UN ITC based on exporter data



Its whole milk powder imports are growing for now at least – 16,400 mt, +64% over 5 years



The US has a milk surplus and is an increasingly active exporter



There is major production of bulk Cheddar, with some volumes of whole milk powder – but no casein

DAIRY



**PREPARED
CONSUMER
FOODS**

BEVERAGES

SEAFOOD



PREPARED CONSUMER FOODS

The UK is the main export market for Prepared Consumer Foods, accounting for some 65% of exports by value.

Trade to the UK in 2016 was 9% lower at an estimated €1.6 billion, whilst trade to other EU markets were around 15% higher at €615 million led by growth in exports of value added seafood, beverages, bakery, confectionery and sauces. Exports of Prepared Consumer Foods to international markets were 10% higher at an estimated €275 million.

Bord Bia's support for Prepared Consumer Foods is concentrated on bespoke strategic development services focussed on market intelligence, lead generation and reputation building activities. Principal activities currently underway for

food and beverage companies include a lead generation programme for Marketplace 2018 and trade development in the Middle East and Africa.

By identifying priority markets for Prepared Consumer Foods, Bord Bia will be better able to deliver strategic marketing supports to clients and enable a process for robust decision making, leading to the identification of market opportunities, the creation of a channel strategy, targeted customer selection and ultimately, the delivery of new growth potential.



The UK is the main export market for Prepared Consumer Foods, accounting for some 65% of exports by value



2016 trade to other EU markets were around 15% higher at €615 million



2016 exports of Prepared Consumer Foods to international markets were 10% higher at an estimated €275 million

The 15 priority markets currently being reviewed by Bord Bia are:

Country	Value Added Meats	Bakery	Premium Chocolate	Frozen
USA	✓	✓	✓	
South Korea	✓	✓	✓	✓
Canada	✓	✓	✓	
France	✓	✓	✓	✓
Belgium	✓	✓	✓	
Hong Kong SAR		✓	✓	
Australia	✓		✓	
Netherlands	✓		✓	
Saudi Arabia	✓	✓		✓
Germany	✓	✓		✓
Sweden	✓	✓		✓
Japan			✓	
UAE			✓	
Qatar	✓		✓	
Kuwait	✓		✓	

BEVERAGES

In 2016, Irish beverage exports grew by 4% to €1.4bn, following a 10% climb in 2015. This was due in large part to increased demand for premium alcoholic beverages, reflecting the increase in disposable income of consumers in many developing regions.

The global whiskey market is expected to grow to almost 11.6m cases by 2021, growth of 43% on 2016 levels. Irish whiskey accounts for 2% of the global whiskey market, and this is expected to grow to 2.4% by 2019. This makes Irish whiskey the fastest growing spirit in the world and output is expected to grow to 25 million cases by 2030. The explosion in popularity of Irish whiskey in North America showed no signs of abating in 2016, with an increase of 17.4% representing well over half a million nine-litre cases of incremental volumes. Total consumption is now rapidly approaching 4m cases.

While in absolute terms most of this growth is coming from the US market (up 17.6%), Canada also saw a strong percentage increase of 13.2%.

Irish whiskey enjoyed modest growth in the UK market from 2011 (308K cases) to 2016 (341 cases). However, the insecure environment caused by the Brexit vote has created a reluctance to further develop the market. The US is Irish whiskey's largest market, with more than 6.5m cases exported in 2016. In the USA, the new administration is seeking protectionist measures for US business and these measures include threatened levies applied to all imported spirits. Given the fact that all Irish spirits depend on strong Irish whiskey exports to pave the way, these forces will impact on all.

The Irish gin category has recently surged in numbers, with 15 new distilleries opening during the 2016-17 period. This has been driven by exceptional growth in demand internationally for premium gins. The global market for premium gin was almost 7.5m cases, up from just 5m cases in 2013.

Craft beer has also seen an increase in production in 2016 and 2017. While two-thirds of microbreweries export, the volumes are typically small as three producers account for 78% of all exports by volume. There is a need for other microbreweries to expand their export performance. A programme to identify the European export markets will assist companies with their market entry plans to improve exports.

16 market priority markets for Beverages are currently being reviewed by Bord Bia. Summary assessments of each market will be finalised in December 2017, followed by a deeper market opportunities assessment being finalised for 5 markets in 2018. The priority markets currently being reviewed by Bord Bia are:

Country	Whiskey	Beer	Cream Liqueurs
United States	✓	✓	✓
France	✓	✓	
Germany	✓	✓	
Russia	✓		✓
Sth. Africa	✓		
Canada	✓		
Netherlands	✓		
Czech Republic	✓		
Australia	✓		
Poland	✓		
Denmark	✓		
Slovakia	✓		
Lithuania	✓		
Japan	✓		
Mexico	✓	✓	
Italy		✓	



Irish whiskey is the fastest growing spirit in the world and output is expected to grow to 25 million cases by 2030



The Irish gin category has recently surged in numbers, with 15 new distilleries opening during the 2016-17 period



In 2016, Irish beverage exports grew by 4% to €1.4bn

SEAFOOD

The main EU markets, namely France, Spain, UK, Italy and Germany continue to dominate seafood exports, accounting for around 63% of total exports by value in 2016.

Seafood exports to International markets reached €145 million in 2016 representing some 26% of total seafood exports. Ireland's four main African markets – Nigeria, Cameroon, Egypt and Ghana accounted for just 10% of total seafood export value.

Exports to the main Asian markets - China, South Korea and Japan - together increased by an estimated 12% in value terms in 2016. Strong export growth to Japan and China offset a 10% decrease in the value of trade to South Korea.

Bord Bia has 3 strategic objectives for the seafood sector which can be summarised as follows:

1. To increase exports in the growing emerging markets for seafood
2. To assist the industry to secure higher added value business in its core markets

3. To build a vibrant home market for a range of underutilised fish species

Bord Bia's market development activities centre on these 3 key priority areas which will be supported by a number of specific high level projects such as our seafood marketing programmes in Asia and Africa.

15 priority markets for Seafood are currently being reviewed by Bord Bia. The list of 15 markets build on work completed by Bord Bia in Asia during 2016. Results of this market assessment will be finalised in January 2018, followed by a deeper market opportunities assessment being finalised for 5 markets. The 15 priority markets currently being reviewed by Bord Bia are:

Country	Molluscs	Crustaceans	Salmon	Pelagics
Hong Kong SAR	✓	✓	✓	
USA	✓	✓	✓	
Australia	✓	✓	✓	
Malaysia	✓	✓		✓
Indonesia	✓	✓		✓
Saudi Arabia	✓	✓		✓
Canada	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓
Israel	✓	✓		✓
Czech Republic	✓	✓		✓
UAE	✓	✓	✓	
Kuwait	✓	✓	✓	
Finland	✓	✓	✓	✓
Denmark	✓	✓		
Belgium	✓	✓	✓	



Exports to the main Asian markets - China, South Korea and Japan - together increased by an estimated 12% in value terms in 2016



The main EU markets, namely France, Spain, UK, Italy and Germany continue to dominate seafood exports, accounting for around 63% of total exports by value in 2016



Seafood exports to International markets reached €145 million in 2016

BREXIT ANALYSIS &
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BORD BIA'S OVERSEAS OFFICES



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