

04-01-13

Dragon's growing hunger for beef



Scott de Bruin at his family's station, Mayura near Millicent in South Australia, another Australian grainfed beef operation growing customers in China.

THE building of trade relations with China began in the Whitlam era, when in December 1972, during his first press conference as prime minister, Gough Whitlam announced the Australian Government was to open negotiations with China.

In parallel, the 1970s in Australia marked the beginning of the expansion of the feedlot industry, with the building and commissioning of several new large feedlots such as Beef City at Purrawunda near Toowoomba around the same time.

Now, 40 years on, with China a pivotal nation in the world economic fabric and the Australian feedlot industry matured into a strong sector in the Australian meat and livestock business, these labours are beginning to bear fruit.

Tim McRae from Meat & Livestock Australia said in Brisbane last month during the MLA Market Projections Forum that the beef trade with China had been relatively small for several years.

However, since 2009 the export of beef to China has begun to grow, and Mr McRae estimated the Chinese market may import some 31,000 tonnes of beef in 2013.

Tim Kelf from MLA said the Chinese market showed bright prospects for the Australian beef industry for both grassfed and grainfed beef. Currently, the MLA has five staff in the Beijing office who continue to work with Australian beef exporters to build trade with China.

Mr Kelf said several factors made China a strong prospective market.

1. It has a population estimated at 1.3 billion people.
2. The Chinese economy continues to grow and expand, with the structure of the country changing as the population becomes more urbanised and new cities are built.



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3. The GDP per capita is growing from an estimated US\$7000 in 2009 to \$8400 in 2011, meaning the Chinese people have a greater purchasing power to buy higher priced protein such as beef. Culturally and religiously, beef is accepted in Chinese diets, along with pork and chicken being the most consumed meat.

4. In 1970 it was estimated the per capita consumption of meat was only 9kg compared to an estimated 53kg in 2011. Mr Kelf suggested that per capita beef consumption in China in 2012 could be about 4kg per head, which meant there was a good opportunity for this figure to increase in the years ahead.

MLA is seeing the structure of the livestock industry changing, with farmers moving to the cities and the number of small farms with one cow becoming fewer.

Farmers are now tending to have five cattle; however, this shift in demographics may be a factor in the decline in the Chinese cattle herd from an estimated 130 million head in 2000 to about 90 million head in 2011.

The increased demand and consumption of beef in China is also depleting the cattle population. Austrade has commented that the Chinese Government has a five-year plan to rebuild the beef herd to meet growing demand for protein in the Chinese diet.

Along with this plan, a focus in genetics will no doubt be considered, as Mr Kelf estimated that the average carcass weight for cattle in China was about 140kg.

Mr Kelf said the Chinese market was divided into the traditional hotpot cuisine and the western cuisine, with each cuisine demanding different types and qualities of either grassfed or grainfed beef. He said an opportunity may exist for the Australian feedlot industry to investigate the economics of a short-fed program for unwanted dairy bull calves and heifer calves for the Chinese hotpot market.

This project may assist the Australian dairy industry with the dilemma of animal welfare issues managing the disposal of unwanted dairy calves, and create a market opportunity for Australian grainfed beef.

Don Mackay, managing director of Rangers Valley Cattle Station, Glen Innes, and also Australian Lot Feeders Association president, said exports from his company to China had increased over the past three years.

"China was once a market that we just received a few orders (from) each year. Now we are receiving serious inquiry for grainfed beef, with Rangers Valley shipping sea containers of various grainfed beef products monthly to China," he said.

"As well as sending grainfed beef by sea, we are also regularly exporting grainfed beef by air to China."

Having visited China several times, Mr Mackay said he was struck by the presence of the old and the new culture existing side by side in the Chinese economy.

He said that during a recent visit, you could clearly see the old culture with the traditional dress, open-air butcher shops and markets with people riding bicycles.

Conversely, in the same area you would see people in the latest modern Western clothing, expensive cars, supermarkets, high-class hotels and restaurants, and new developments.



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Mr Mackay said that China was a country with a country inside it. He estimated the market for Australian beef could be as high as 200 million people.

Within this population there was the Sheraton/Hilton market, Western restaurants, Japanese and Korean cuisine, and takeaway outlets such as McDonald's.

Within this population group exists a large number of tourist and business people that regularly eat beef.

The high-class hotels and restaurants employ many expatriate chefs who recognise the quality of Australian grainfed beef.

Rangers Valley uses an importer distributor marketing system to export their grainfed beef into China.

The high-quality primal cuts from the Wagyu and Angus cattle are destined for the leading restaurants and hotels in China.

Mr Mackay said that this year, Rangers Valley had exported loin cuts, short ribs, flank steaks, full sets and semi-full sets to buyers in China.

South Australia's Scott de Bruin, from Mayura Feedlot on the Limestone Coast, is a newcomer to exporting beef to China and has recently made a visit to the market to expand his business in this country.

Mr de Bruin said from his research, he felt the per capita consumption of beef in China was about 7kg, and if the market just consumed an extra 100g of beef per capita a year, that would create a significant demand for beef.

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