The beef cattle and beef industry development in China

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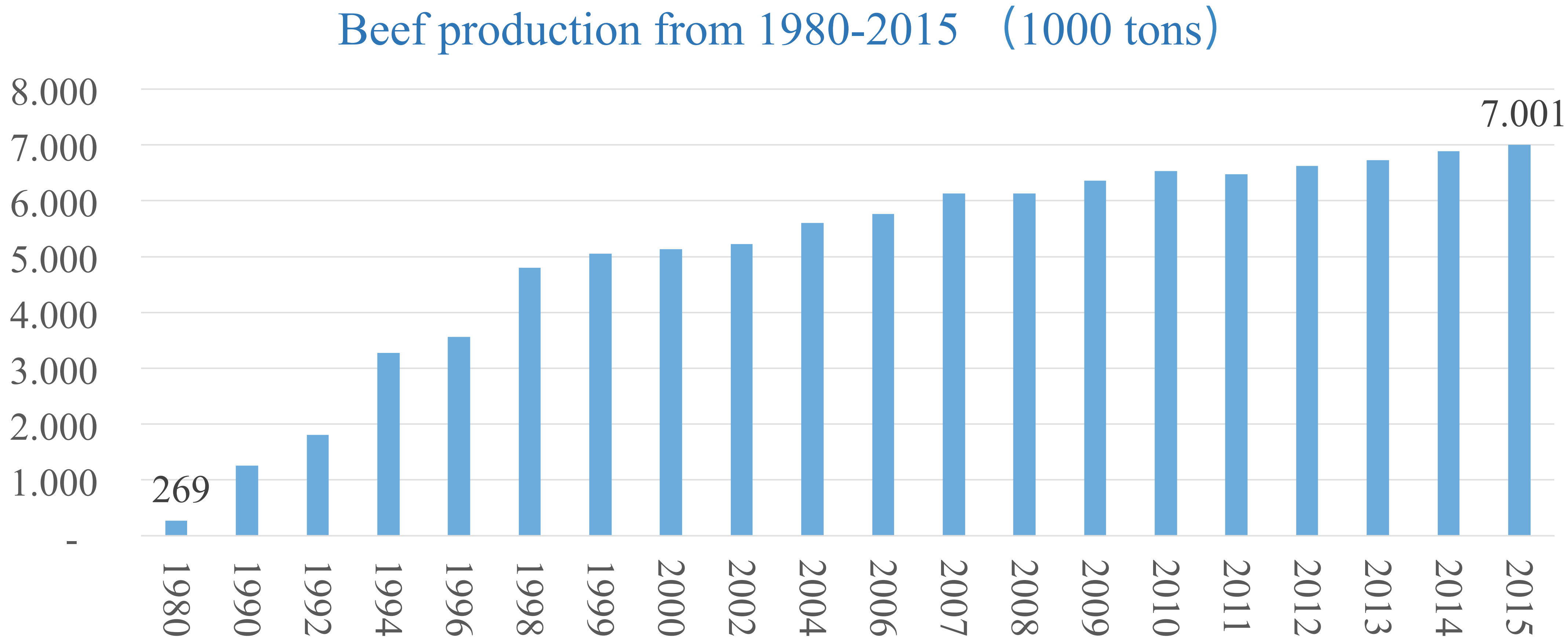
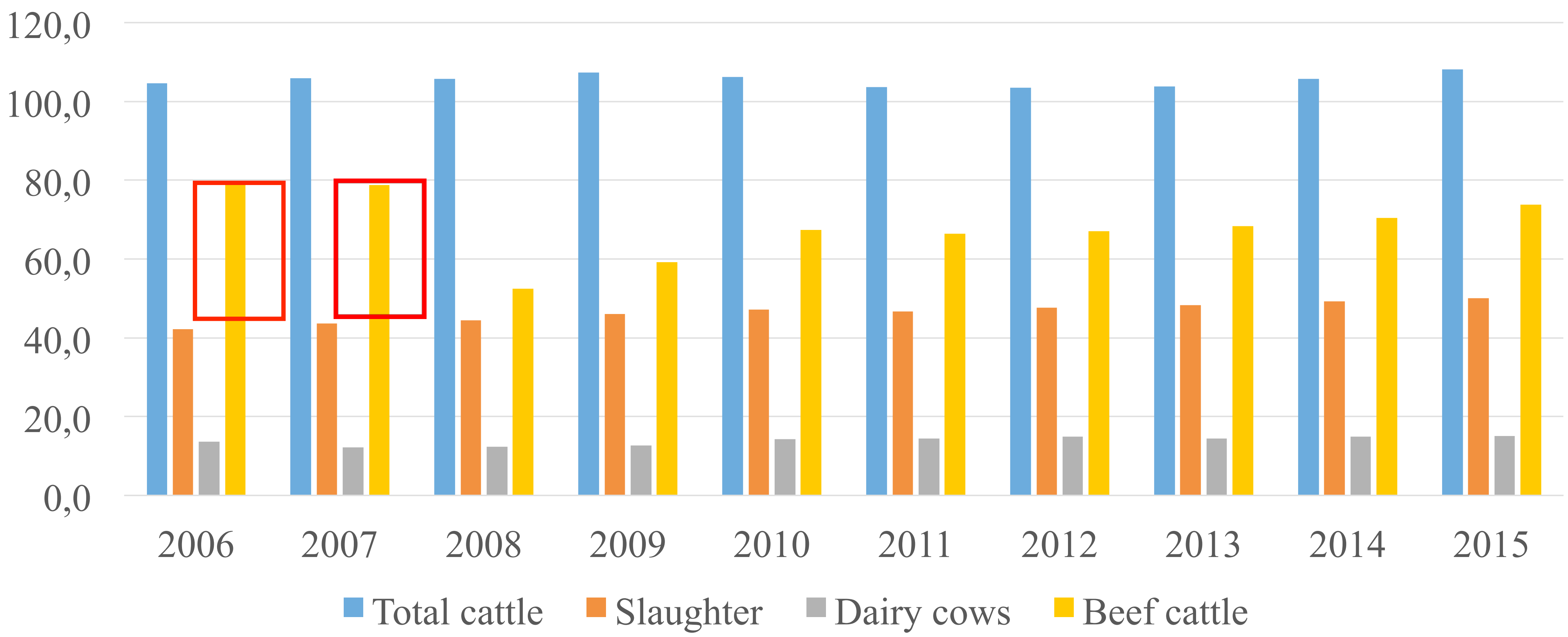
1. Beef production increased from 269,000 tons in 1980 to 7,001,000 tons in 2015.
2. Cattle is changing the role from draft cattle to beef cattle.



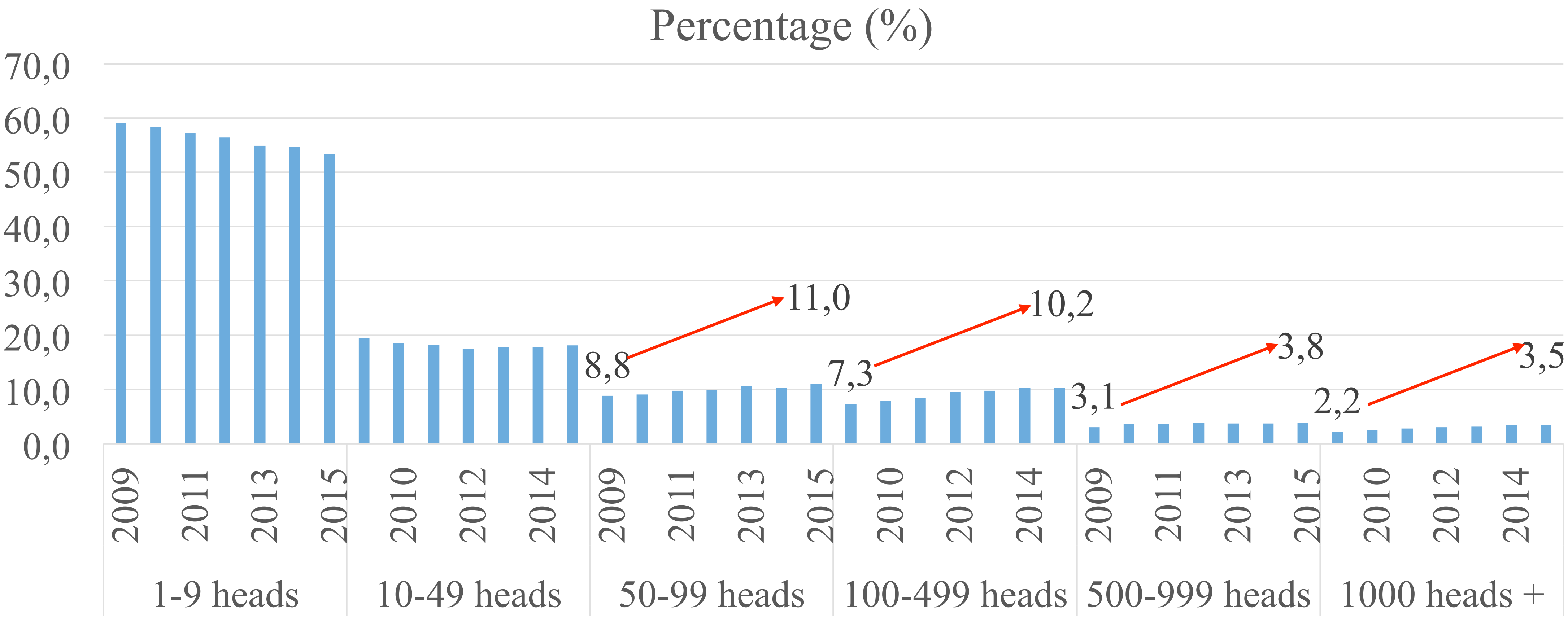
Source: National Bureau of Statistics of China

The inventory and slaughter of cattle from 2006 to 2015 (million tons)



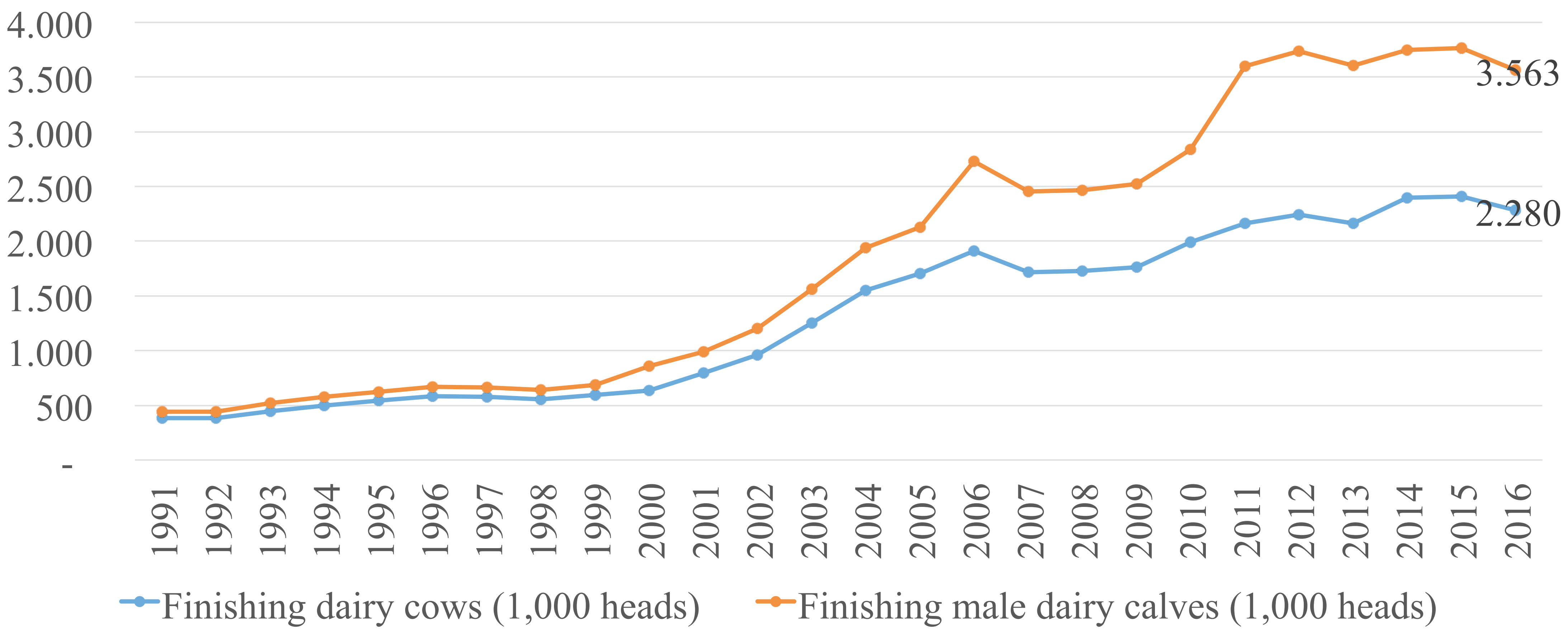
Source: National Bureau of Statistics of China

The different scale beef cattle farm slaughter percentage, the small scale quit out and large scale increased dramatically.



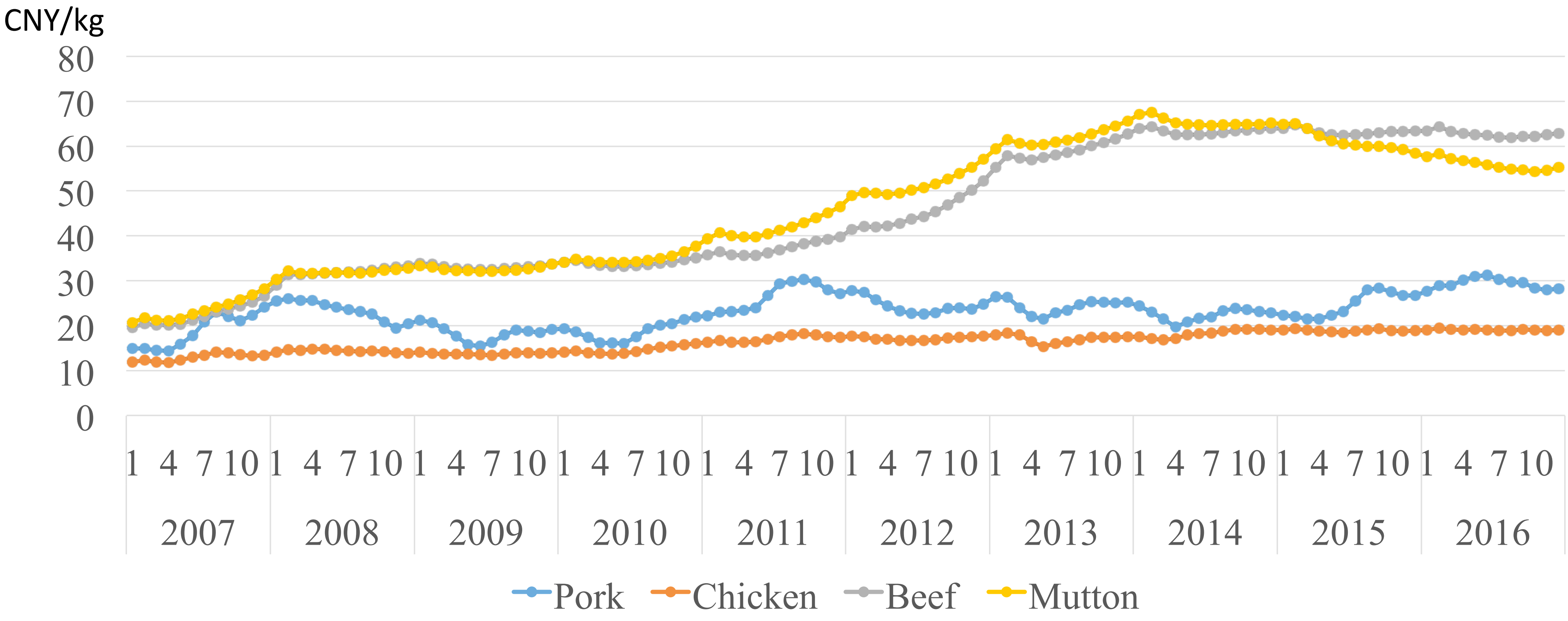
Source: MOA

The resources of dairy herd is a growing source for beef production, providing approx. 6 million slaughter animals in 2016.

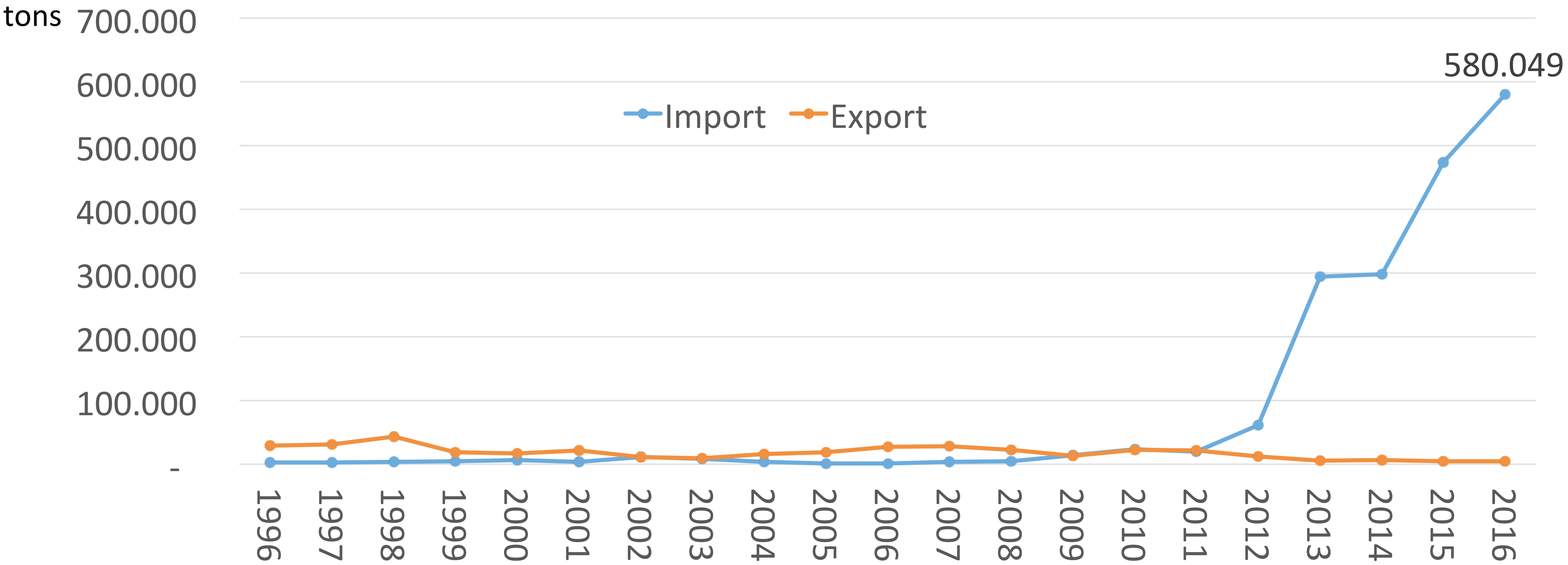


Source: MOA and estimation

Beef market was pretty good.
There was few fluctuation, and the beef price kept the increase trend.



After 2011, the beef import turn to the rapid rising channel. Export was main for the Hongkong and Macao.



Source: National Bureau of Statistics of China

There are more and more countries to export beef to China.

Before		Year of 2016
Brazil	→	Brazil
Uruguay		Uruguay
Australia		Australia
		New Zealand
		Namibia
		Hungary
		Mongolia
		America

The port in Henan province accepted the import live cattle from Australia for slaughtering; The new port of Shidao in Shandong province is another one.

US beef imports in China

- US beef came back China's market after 20th Jun. 2017; it prohibited to import since 2003.
- The first US beef imported from Shanghai, which sold via e-commercial. The prices of filet steak and rib eye were 33.89USD/300g and 38.35USD/400g, which were higher than Australian and South American.
- Until now, it was few US beef coming into China; China has very strict regulation for the imported beef quality, such as no ractopamine usage.

Beef smuggling still existed, and its players and channels are expanding

- Quantity: According to estimation, beef sm

  domestic beef consumption.

- Product type: Beef products, live cattle(ma

- Channel: Mainly distributed in some provi

  Shanghai, Guangxi, Yunnan, etc

Per-capita beef consumption below 1 kg in rural areas and 2.5 kg in urban areas(at home consumption). The average consumption 5-6 kg.

	Pork (kg per capita)		Beef(kg per capita)		Mutton(kg per capita)		Poultry(kg per capita)	
Year	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
2000	13.3	16.7	0.5	2.0	0.6	1.4	2.8	5.4
2001	13.4	16.0	0.6	1.9	0.6	1.3	2.9	5.3
2002	13.7	20.3	0.5	1.9				
2003	13.8	20.4	0.5	2.0				
2004	13.5	19.2	0.5	2.3	0.8	1.4	3.1	6.4
2005	15.6	20.2	0.6	2.3	0.8	1.4	3.7	9.0
2006	15.5	20.0	0.7	2.4	0.9	1.4	3.5	8.3
2007	13.4	18.2	0.7	2.6	0.8	1.3	3.9	9.7
2008	12.7	19.3	0.6	2.2	0.7	1.2	4.4	8.0
2009	14.0	20.5	0.6	2.4	0.8	1.3	4.3	10.5
2010	14.4	20.7	0.6	2.5	0.8	1.3	4.2	10.2
2011	14.4	20.6	1.0	2.8	0.9	1.7	4.5	10.6
2012	14.4	21.2	1.0	2.5	0.9	1.2	4.5	10.8
2013	19.1	20.4	0.8	2.2	0.7	1.1	6.2	8.1
2014	19.2	20.8	0.8	2.2	0.7	1.2	6.7	9.1
2015	19.5	20.7	0.8	2.4	0.9	1.5	7.1	9.4

Beef consumption is still potential increase following as the income increase and urbanization.

Source: National Bureau of Statistics c China

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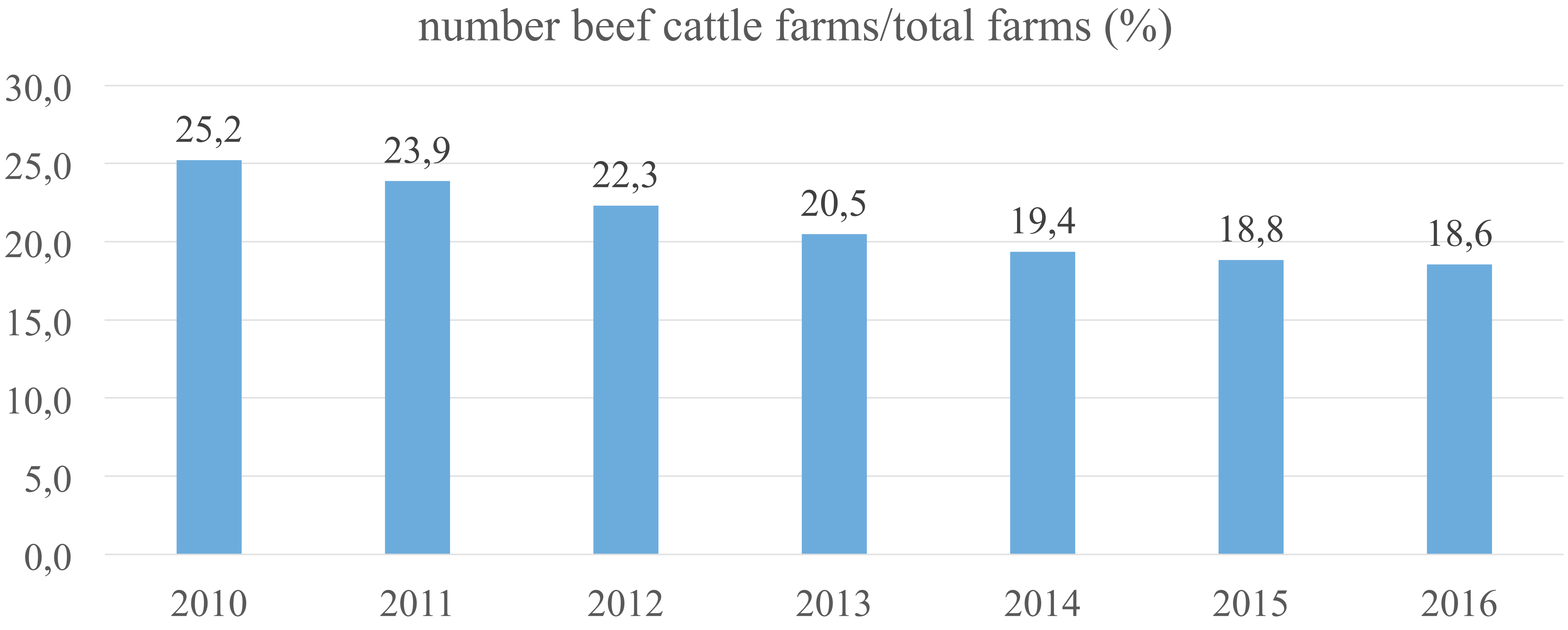
Samples for the beef cattle farms

- Three levels for samples:

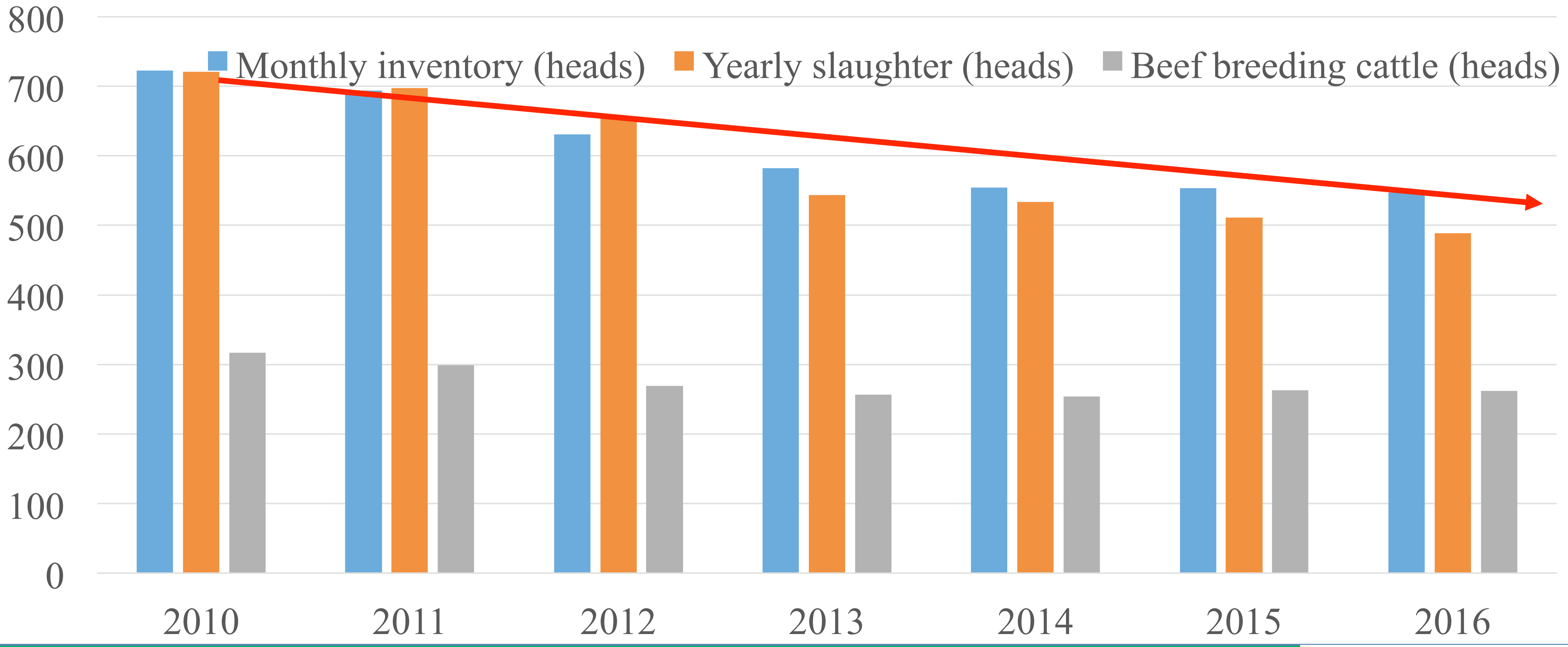
  1. 250 villages monthly data since 2008
  2. 750 beef cattle farms monthly data since 2008
  3. 1499-1513 beef cattle feedlots (50 heads +) since 2015.

1. Machinery in agriculture sector
2. Farmer leave rural area especially for those poverty and mountainous areas where are main beef cattle cultivation regions.



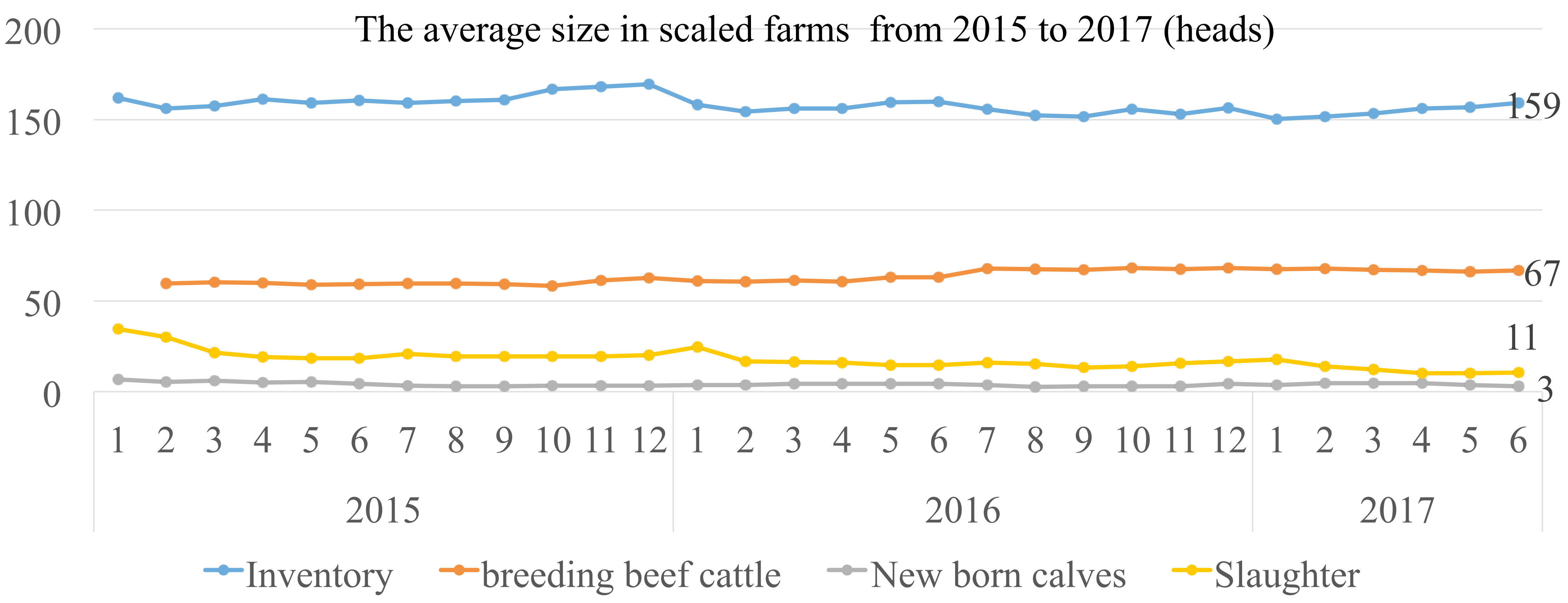
Source: survey data

The beef cattle inventory, yearly slaughter and breeding beef cattle fall decline in survey villages.
Existing beef cattle farms never expand the scale so many to make up quitting farms.



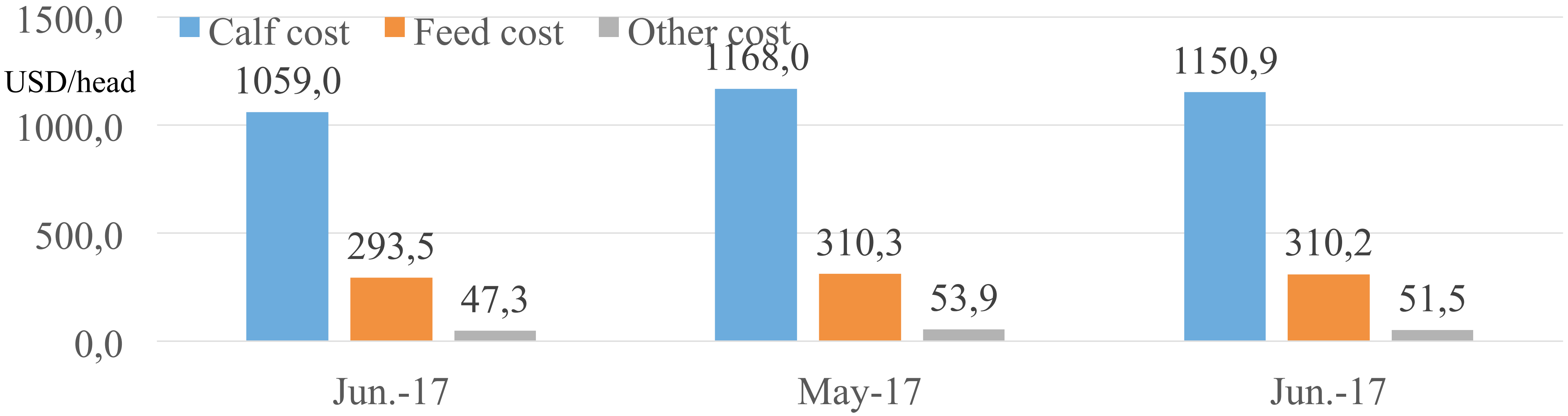
Source: survey data

The scaled beef cattle farms keep relatively stable.
(1) Facilities investment (2) feed base



Source: survey data

The cost and revenue in the finishing beef cattle farms



Cost of 450Kg beef cattle(USD/head)	1399.8	1532.1	1512.6
Profit for 450 Kg beef cattle(USD/head)	171.0	224.0	197.7
Profit per day (USD/head)	1.02	1.18	0.95
Beef cattle for slaughtering (heads)	1466	510	724
Farms selling the cattle	66	53	54
Total Farms	750	750	750

Source: survey data

The cost and revenue of the cow-calf farms

	Jun.-17	May-17	Jun.-17
Calf live weight (kg)	281	275.2	343.8
Price (USD/kg)	4.2	4.0	3.4
Revenue of 300Kg calf (USD/head)	1270.9	1212.2	1025.2
Cost of 300Kg calf (USD/head)	773.0	787.9	751.1
Profit for 300Kg calf (USD/head)	497.9	424.3	274.1
Profit per day (USD/head)	1.4	1.2	0.8
Calf for selling (head)	107	88	317
Farms selling the cattle	27	24	21
Total Farms	750	750	750

Source: survey data

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The overall beef supply-demand

- The amount of cattle inventory will rema
amount of breeding cattle inventory will
support.
- The cattle slaughter weight will continue
- The beef price will stay high level.

- the imports of beef production will increase, the proportion of the smuggling market is expected to decrease with cracking down on smuggling.

Some influence factors with high production cost

- Limited factors for the development beef cattle: Land, capital and environment protection.

  ① Loan guarantees

  ② Protection of prime farmland

  ③ The MOA makes the pollution treatment of livestock and poultry as one of the key tasks in the 13th five-year plan.

Opportunities for the beef industry

- In 2017, the pilots' area for *Grain crops to forage grass* will be expanded to 670,000 ha; it will promote the development of grass planting and cattle breeding and the combination of grass planting and cattle breeding.
- Grass animal husbandry development plan will make a promotion of increasing efficiency in beef industry.
- Poverty alleviation plan will encourage some poor areas to grow grass, raise beef cattle and sheep.

Opportunities for the beef industry

- The huge quantity of by-product of crops and by-products of agricultural products processing industry: Pollution or feed resources for cattle?
- Decision makers enable the beef industry to make a contribution to sustainable agricultural development.
- Huge market: Beef demand will keep increase, and there are more and more people to consume the beef .

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Any Questions?

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