



## Media Release

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### Beefed up opportunities for Australian cattle exports

ANZ today released a major research report which forecasts Australia's beef export to China could be worth \$130 billion by 2030, owing to a fall in China's beef 'grey trade' and an increase in beef consumption that the domestic industry cannot keep up with.

The report, *'China's Great Beef Challenge – A Golden Opportunity for the Australian Beef Sector'*, examines the potential opportunities for the Australian beef sector as well as the challenges that need to be overcome to maintain current market share until 2030.

#### Highlights

- Australia currently supplies 57 per cent of China's beef imports. Under the report's high case scenario, maintaining market share by 2030 could be worth around \$10bn per annum to Australia.
- Grey trade imports could plummet from around 0.7 mt to 0.1 mt in 2030, lifting opportunities for Australia's exporters.
- Chinese domestic beef currently provides 81 per cent (4.8 mt) of domestic demand but by 2030, this is forecast to account for just 62 per cent. This means China's beef imports will need to rise almost 250 per cent to 3.8 mt.
- China's beef consumption could rise by more than 70 per cent from 5.9 mt in 2013 to 10.1 mt in 2030.

It argues China's beef consumption could rise by more than 70 per cent from 5.9 million tonnes in 2013 to 10.1 million tonnes in 2030, driven by rising incomes and population growth, as well as recent food safety scares surrounding pork and poultry.

ANZ Director Agribusiness Research, Michael Whitehead, said: "The Chinese beef industry currently provides around 81 per cent of domestic demand. Our research suggests that by 2030, China's beef producers will only be able to account for 62 per cent of demand, meaning imports will need to rise almost 250 per cent.

"China's ability to meet its own beef demands will continue to be hampered by the fragmented structure of its beef industry. Around 70 per cent of beef cattle in China come from herds of less than 10 animals. At the same time, the beef supply chain continues to rely largely on wet markets, though we are seeing an increasing shift to the organised retail sector, from 2 per cent in 2010 to 40 per cent in 2020," Mr Whitehead said.

One of the other key drivers of opportunity identified in the report is the forecast fall in 'grey trade' imports; the unofficial imports of beef into China, such as Brazilian and US beef entering through Hong Kong, Indian buffalo meat through Vietnam, or cattle through Bangladesh.

"The ongoing crackdown by the Chinese government on the 'grey trade' to ensure proper collection of taxes and duties, as well as wanting to lift meat safety and quality, could see those imports plummet from around 0.7 mt last year to 0.1 mt in 2030, which could further lift the opportunities for Australia's exporters," Mr Whitehead said.

Australia currently supplies 57 per cent of China's beef imports. Under the report's high case scenario, maintaining this market share by 2030 could be worth around \$10bn per annum to Australia.

"To meet this figure, the Australian beef sector faces a number of major challenges, not least needing to lift productivity to around 3 per cent, up from its current level of 0.5 per cent per annum," Mr Whitehead said.

"There will also be other opportunities for Australian businesses as the Chinese government pursues ways of increasing domestic beef production, including genetics, animal management services and beef logistics."

An abridged copy of the report and an infographic video are available at [www.bluenotes.anz.com](http://www.bluenotes.anz.com).

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