



**INSTITUTE OF AGRICULTURAL ECONOMICS  
AND DEVELOPMENT, CAAS**

# **China - from balance to net beef importer?**

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June, 2012 South Africa



# Contents

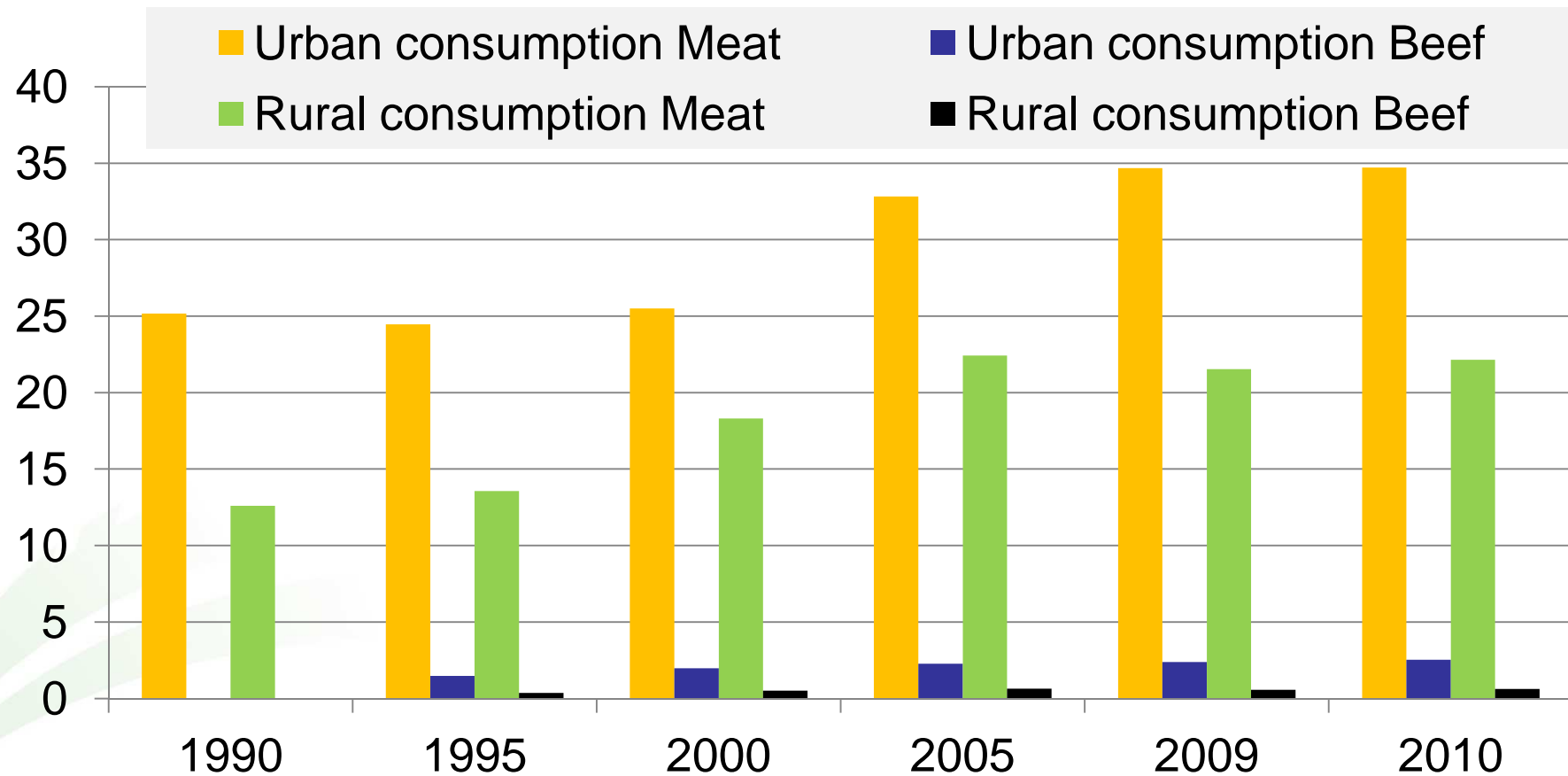
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1. The global picture of beef production in China
2. The regional situation in Chinese beef production
3. Conclusions and outlook



# 1.The global picture

**Beef has low proportion in total meat consumption**  
rural vs. urban (kg per capita and year)



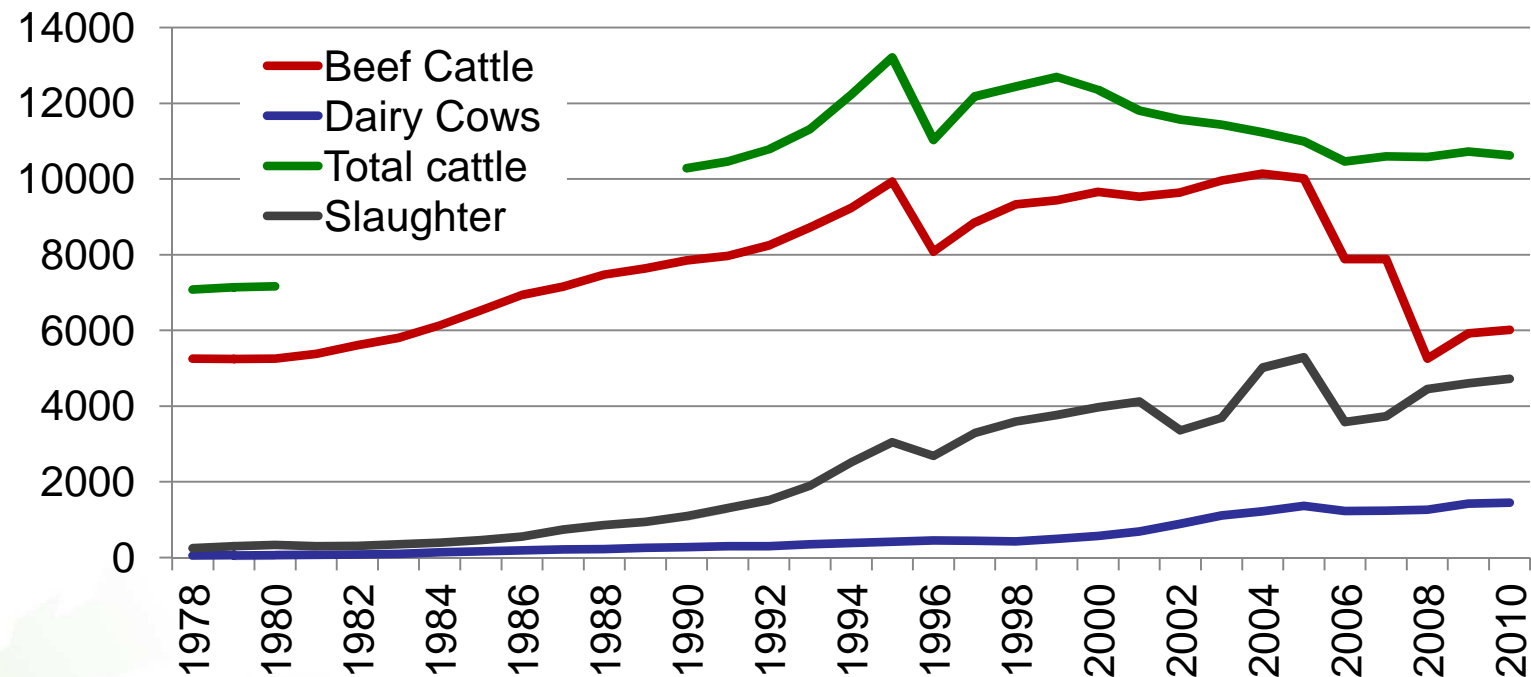
Source: China Statistic Yearbook 2011



# 1.The global picture

## Slaughter increase outpaces total cattle inventories (10,000 heads)

Source: China Statistic Yearbook 2011 and China Livestock Yearbook 2000 to 2010

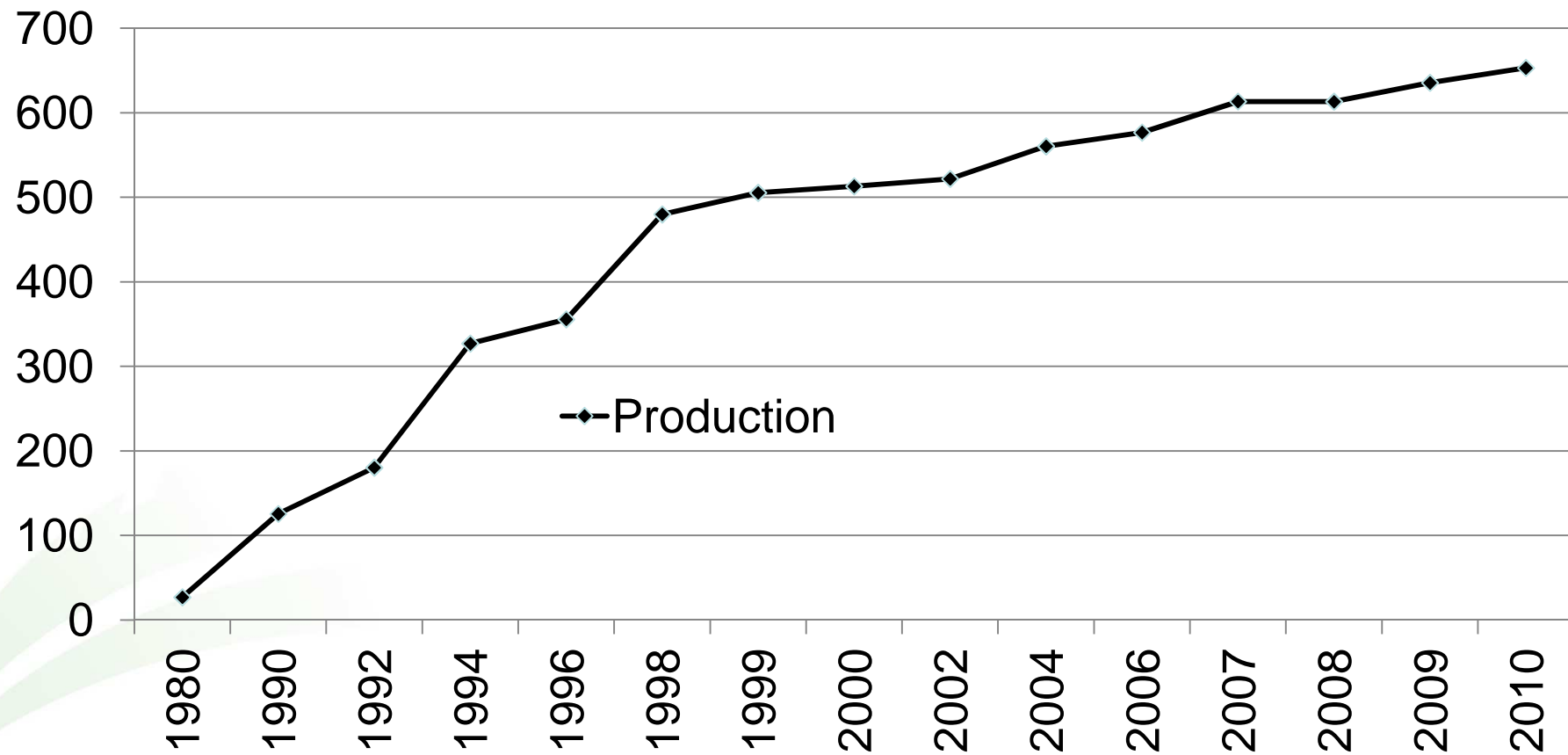


1. 1996 and 2006, Bureau of Statistics made the correction for data based on census of agriculture.
2. China didn't import the live cattle for slaughtering
3. The draft cattle also included into the total cattle.



# 1.The global picture

**Beef production grew by 27 % since 2000**  
(10,000 tons)



Source: China Statistic Yearbook 2011

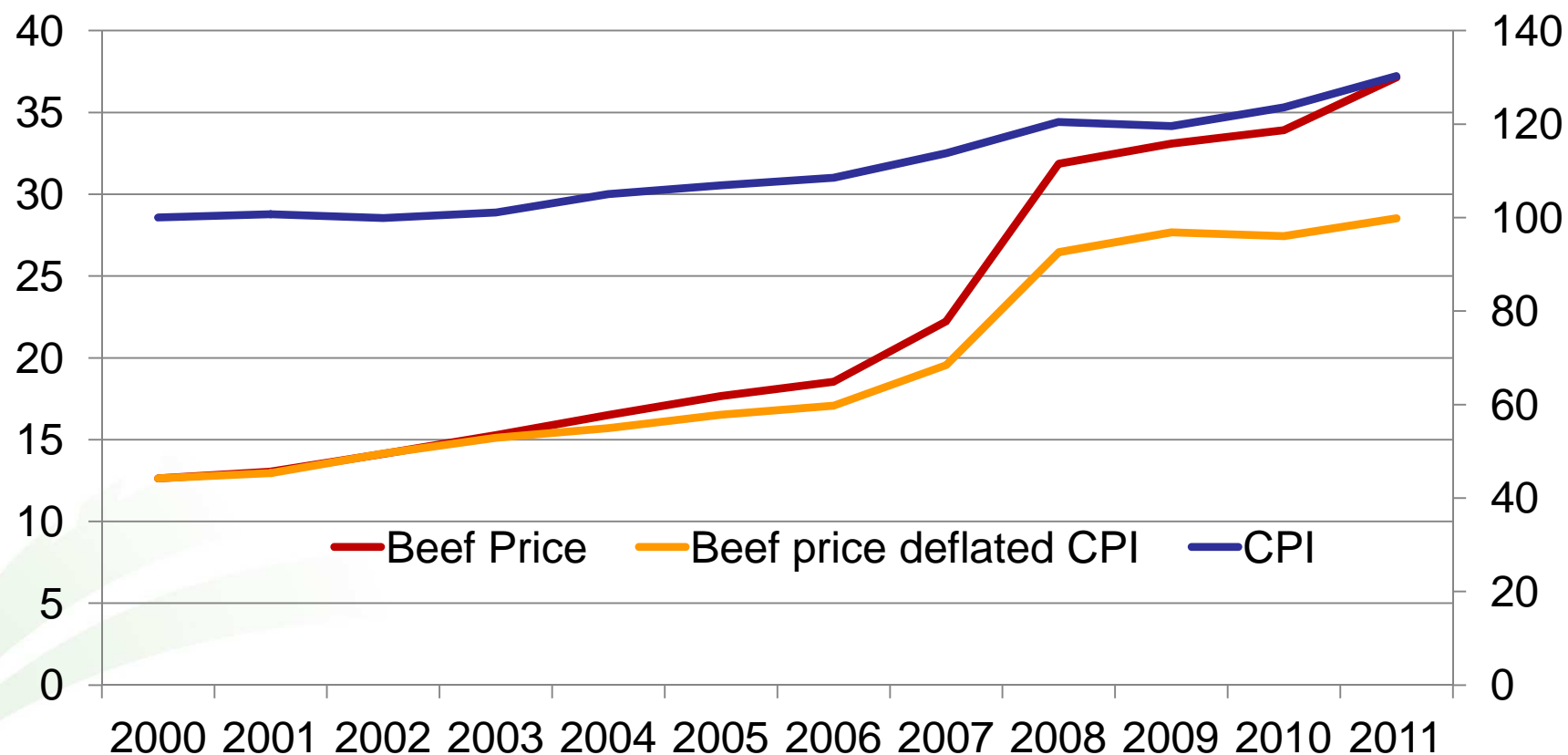


# 1.The global picture

## Beef price tripled since 2000, well above inflation

CNY per kg

CPI Index

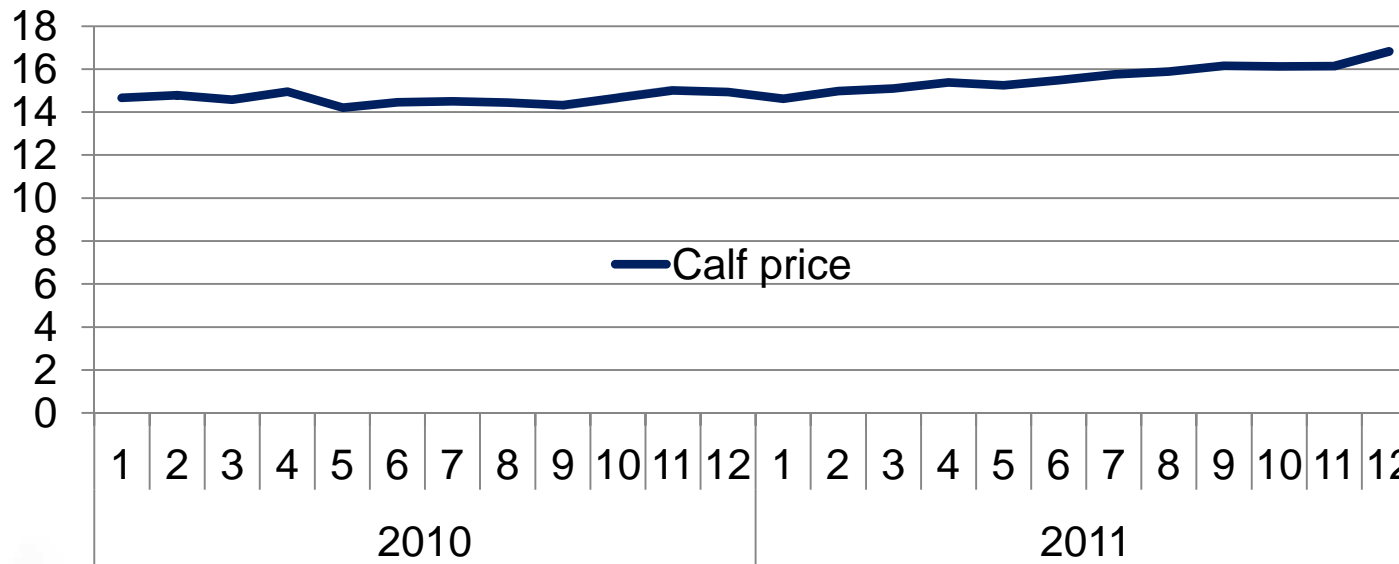


Source: China Statistic Yearbook 2011



# 1.The global picture

## Calf prices remained relatively stable over time (CNY/kg)



- (1) In normal case, beef price increased more quickly than calf price, calf price has risen to 22 yuan per kg in May 2012
- (2) Calf breeding farms were located in remote mountain area (transport costs).

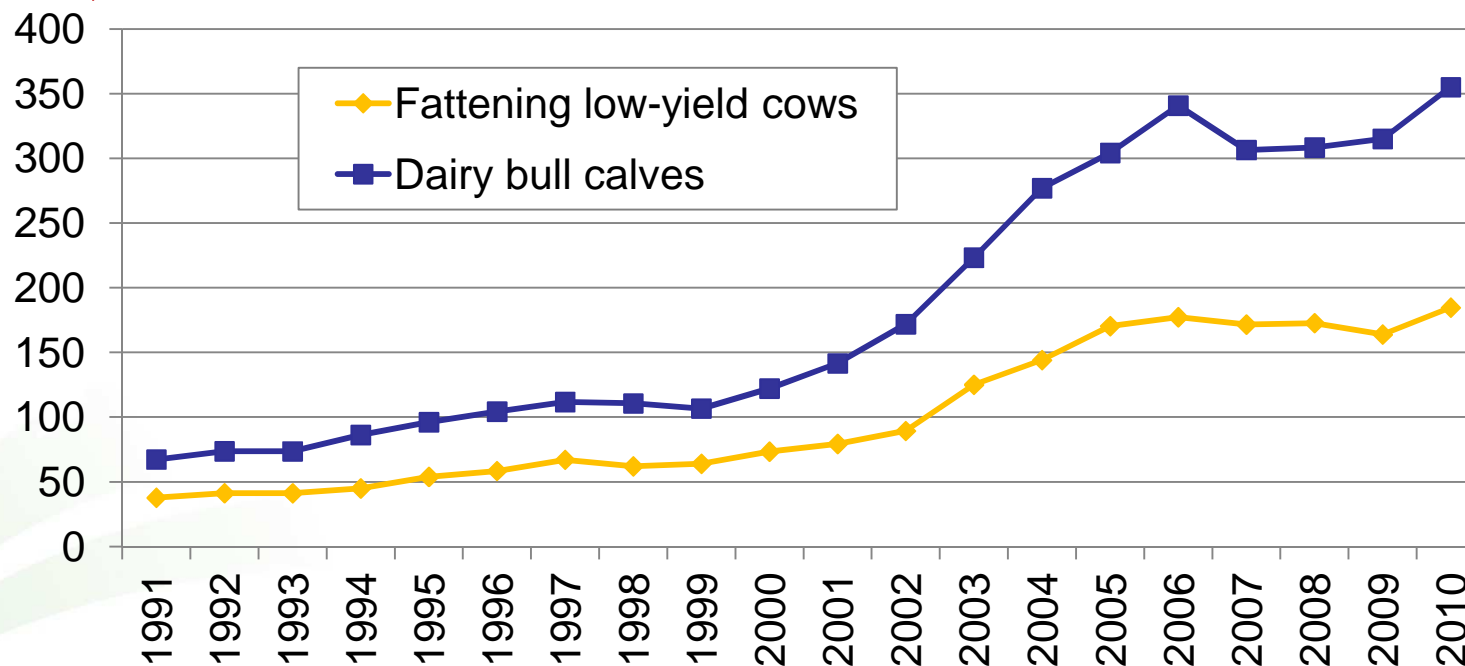
Source: Ministry of Agriculture of China 2010 & 2011



# 1. The global picture

- Two source of beef increased dramatically:  
Low-yield cows and dairy bull calves
- In past, we didn't fatten the dairy bull calves; Now, it is much more done as a result of the shortage of calves from cow-calf origin.

10,000 tons



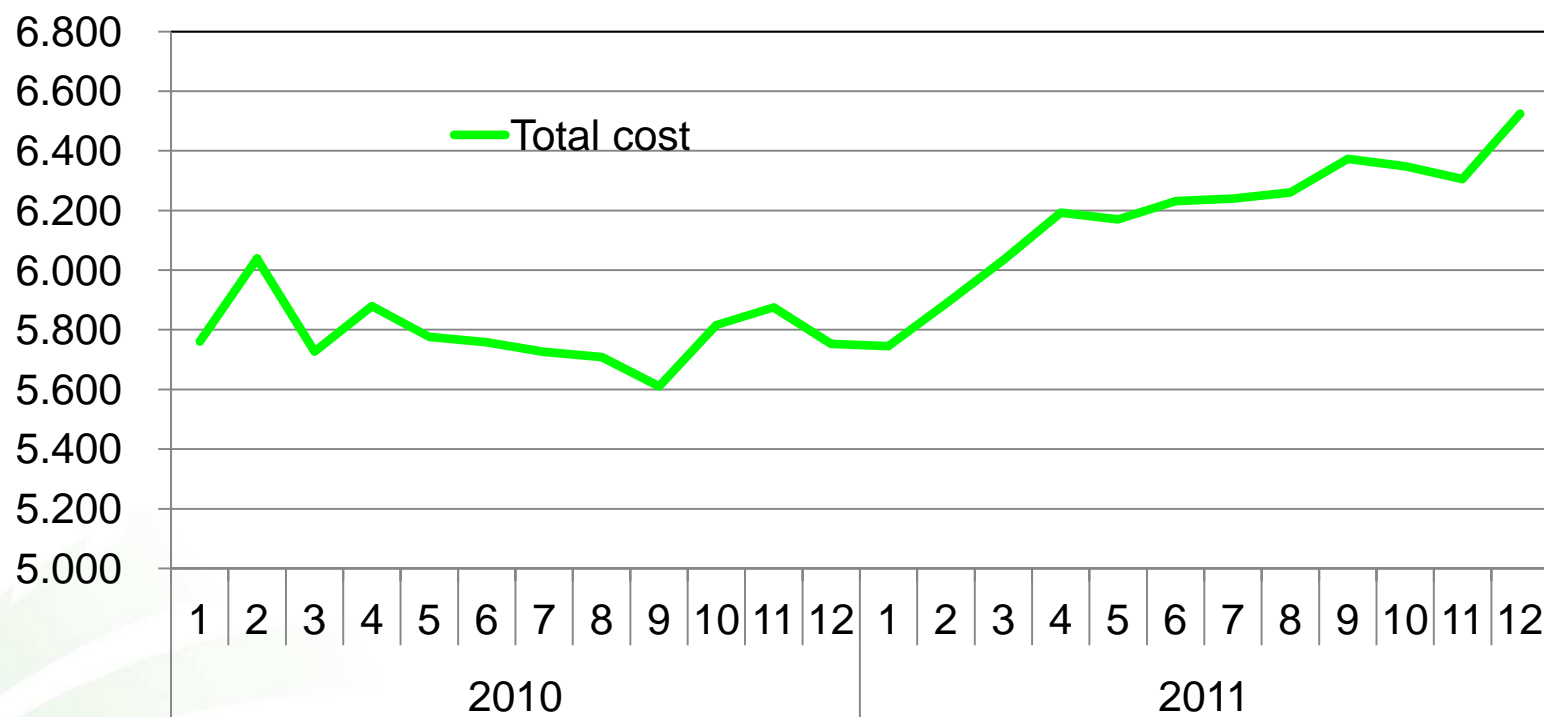
Source: China Statistic Yearbook 2011 & own caculation





# 1.The global picture

The average total costs were CNY 5,786 and CNY 6,193 per head in 2010 and 2011

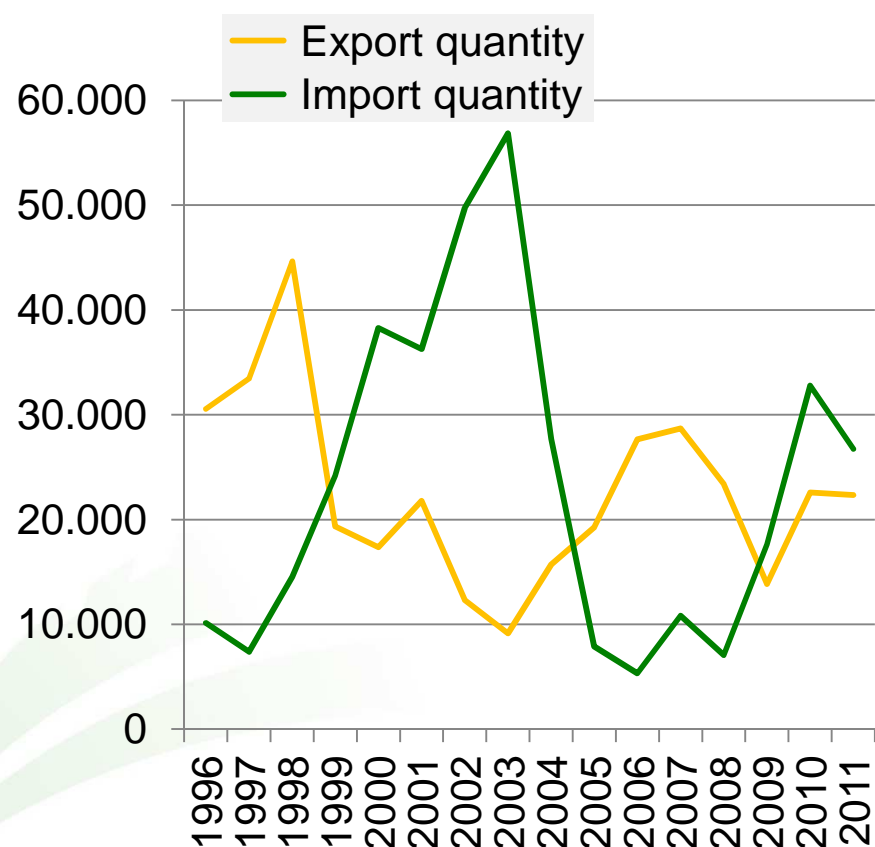


Source: own survey of 750 farms in 9 provinces 2010 & 2011

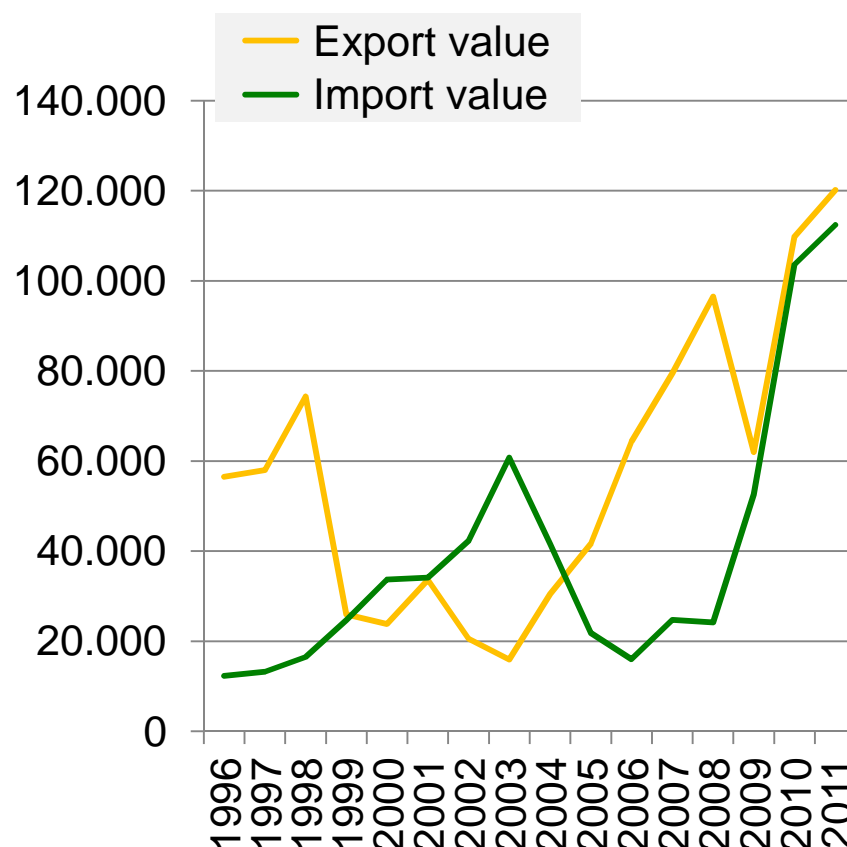


# 1.The global picture

## Exports and imports on low level and in line (tons)



## (1000 USD)

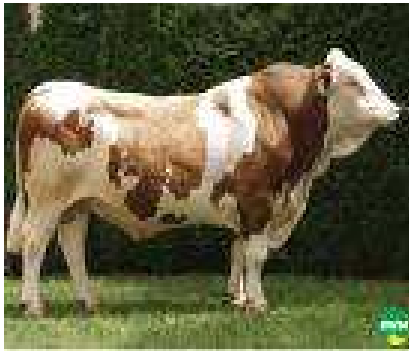


Source: Uncomtrade database



# 1.The global picture

The main **beef cattle breeds** of China are the improved breeds based on foreign and native breeds hybrid, and local superior breeds .



Simmental cattle Charolais cattle Limousin cattle Piedmont Cattle



Luxi cattle Qinchuan cattle Nanyang cattle Yanbian cattle





# 1.The global picture

## Types of beef finishing farms

Small scale  
Beef cattle farm



Beef cattles on pasture  
in North East China

Large scale  
beef farm





## 2. The regional situation

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- Regional shifts in cattle inventories 2010/2011 vs. 2001/2002
- Main production areas and their strength and weaknesses

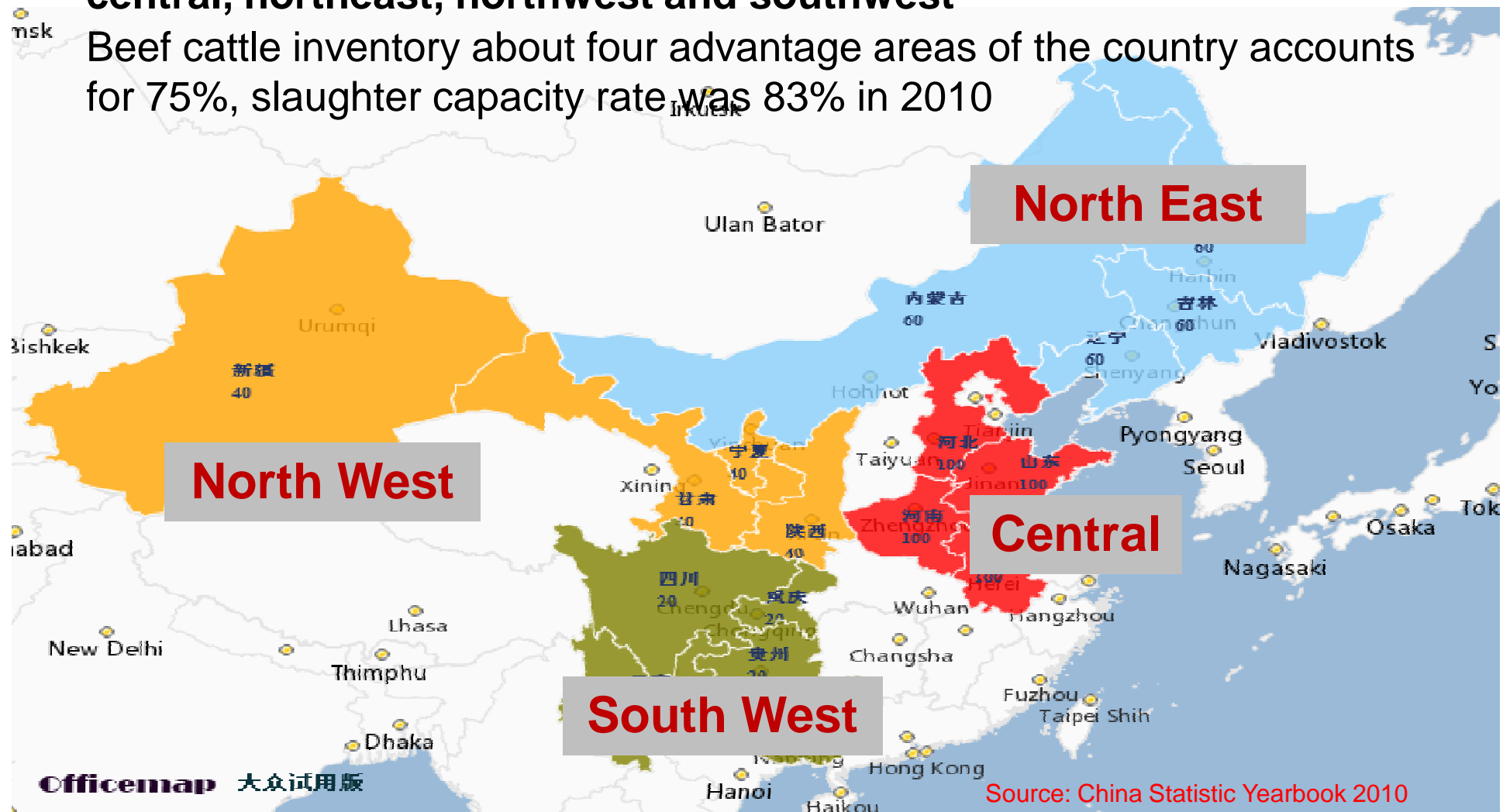


## 2. The regional situation

"Beef Advantage Regional Planning 2008-2015"

**central, northeast, northwest and southwest**

Beef cattle inventory about four advantage areas of the country accounts for 75%, slaughter capacity rate was 83% in 2010

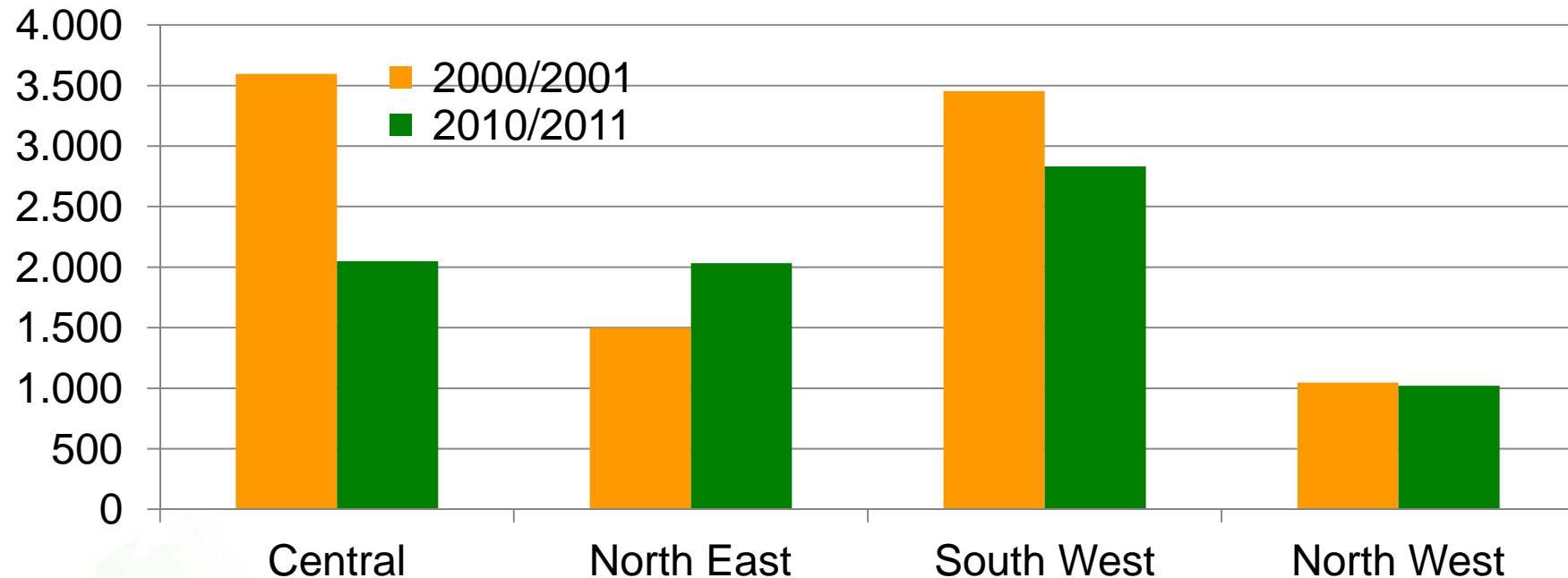




## 2. The regional situation

### Central and Southwest China are on the decline (10,000 head of total cattle)

Source: China Statistic Yearbook 2010 & 2011



- The North East is the main forage and maize production, so the feed price is lower than other regions. Labor cost is also relatively low.
- The inventory of draft cattle declined in crop farming regions like Central, North East, Southwest
- Cattle inventory stable in pastoral regions in Northwest

## 2. The regional situation

Source: China Statistic Yearbook 2010

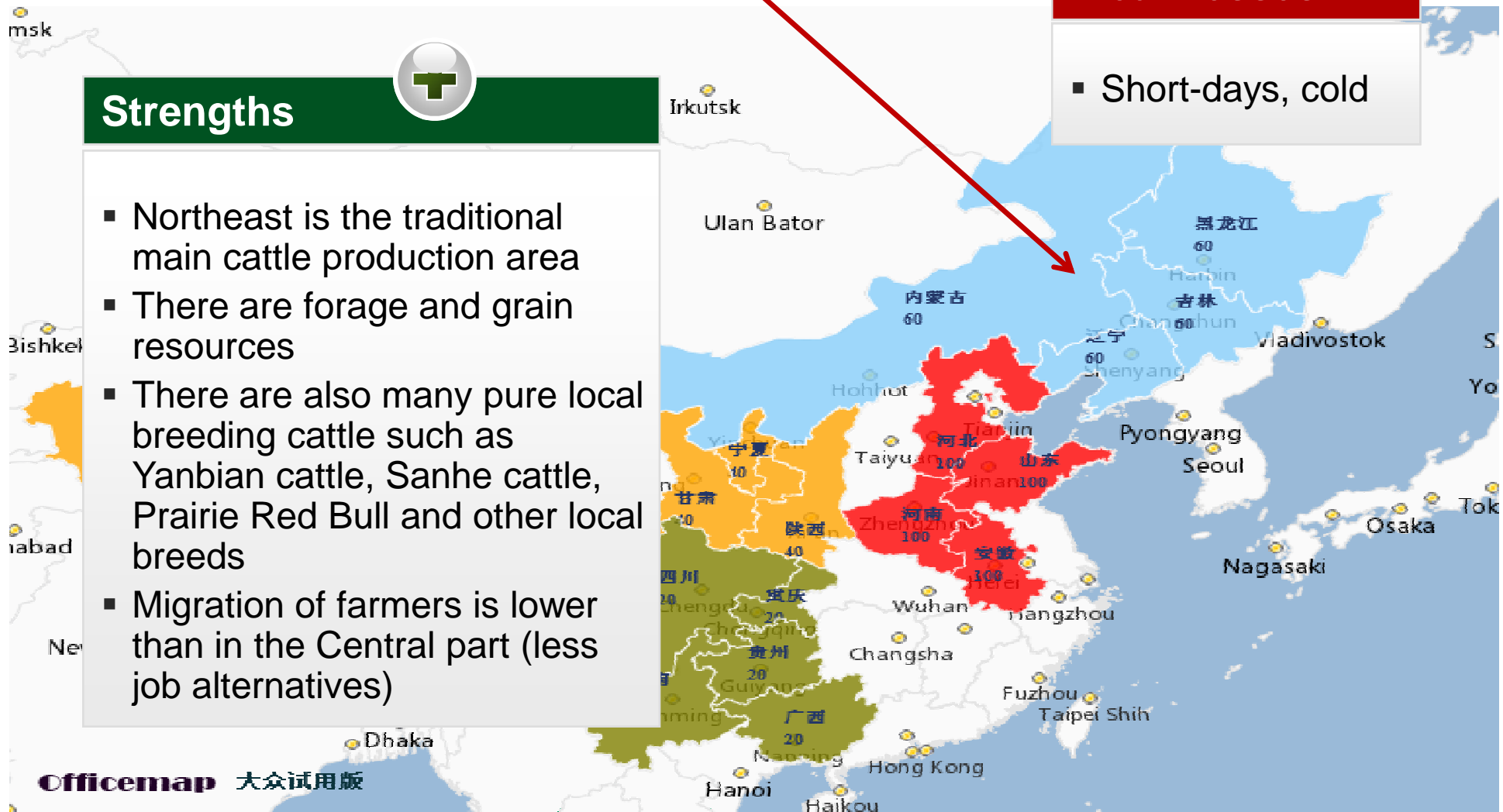
### North East China

#### Weaknesses

- Short-days, cold

#### Strengths

- Northeast is the traditional main cattle production area
- There are forage and grain resources
- There are also many pure local breeding cattle such as Yanbian cattle, Sanhe cattle, Prairie Red Bull and other local breeds
- Migration of farmers is lower than in the Central part (less job alternatives)



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## 2. The regional situation

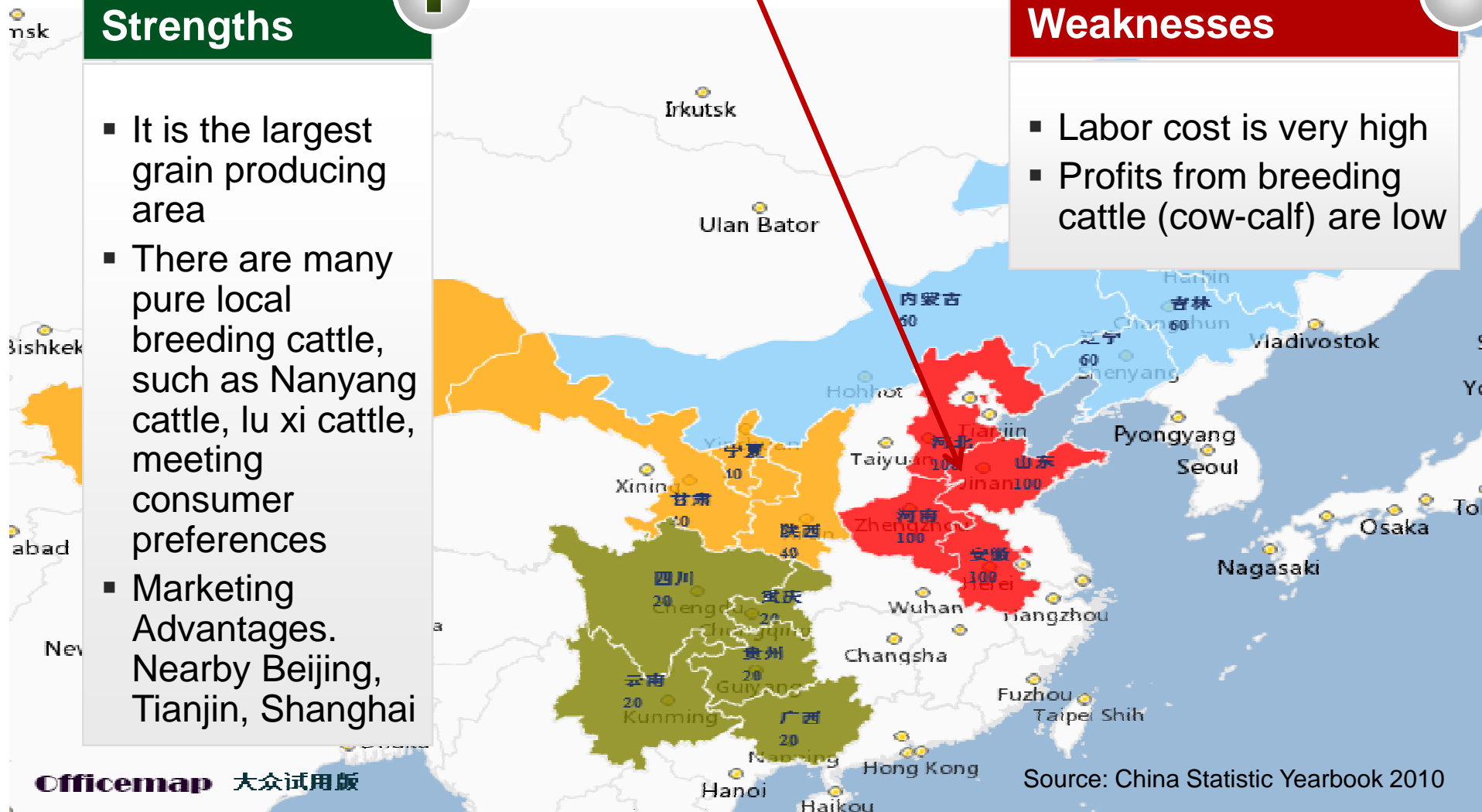
### Central China

#### Strengths

- It is the largest grain producing area
- There are many pure local breeding cattle, such as Nanyang cattle, lu xi cattle, meeting consumer preferences
- Marketing Advantages. Nearby Beijing, Tianjin, Shanghai

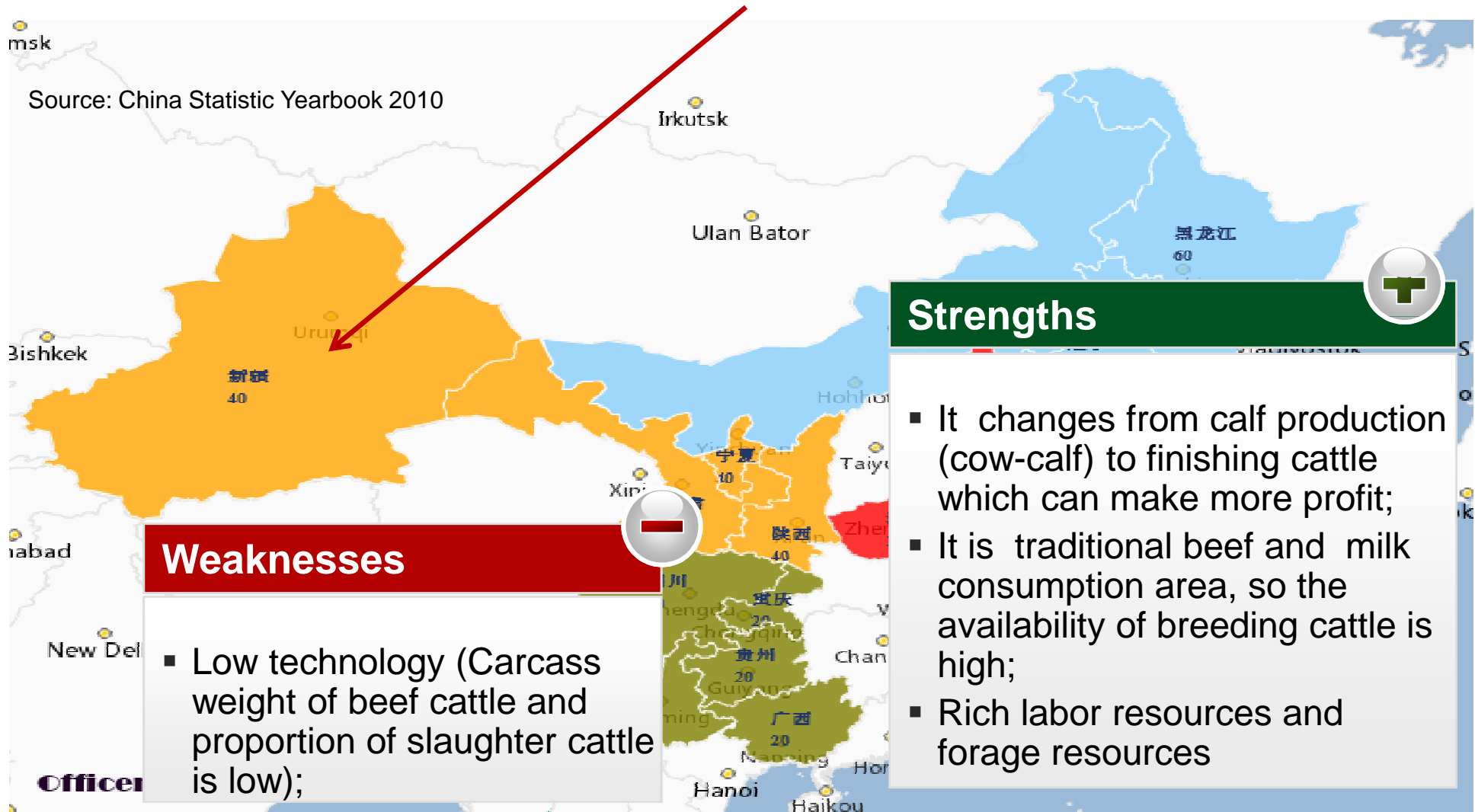
#### Weaknesses

- Labor cost is very high
- Profits from breeding cattle (cow-calf) are low



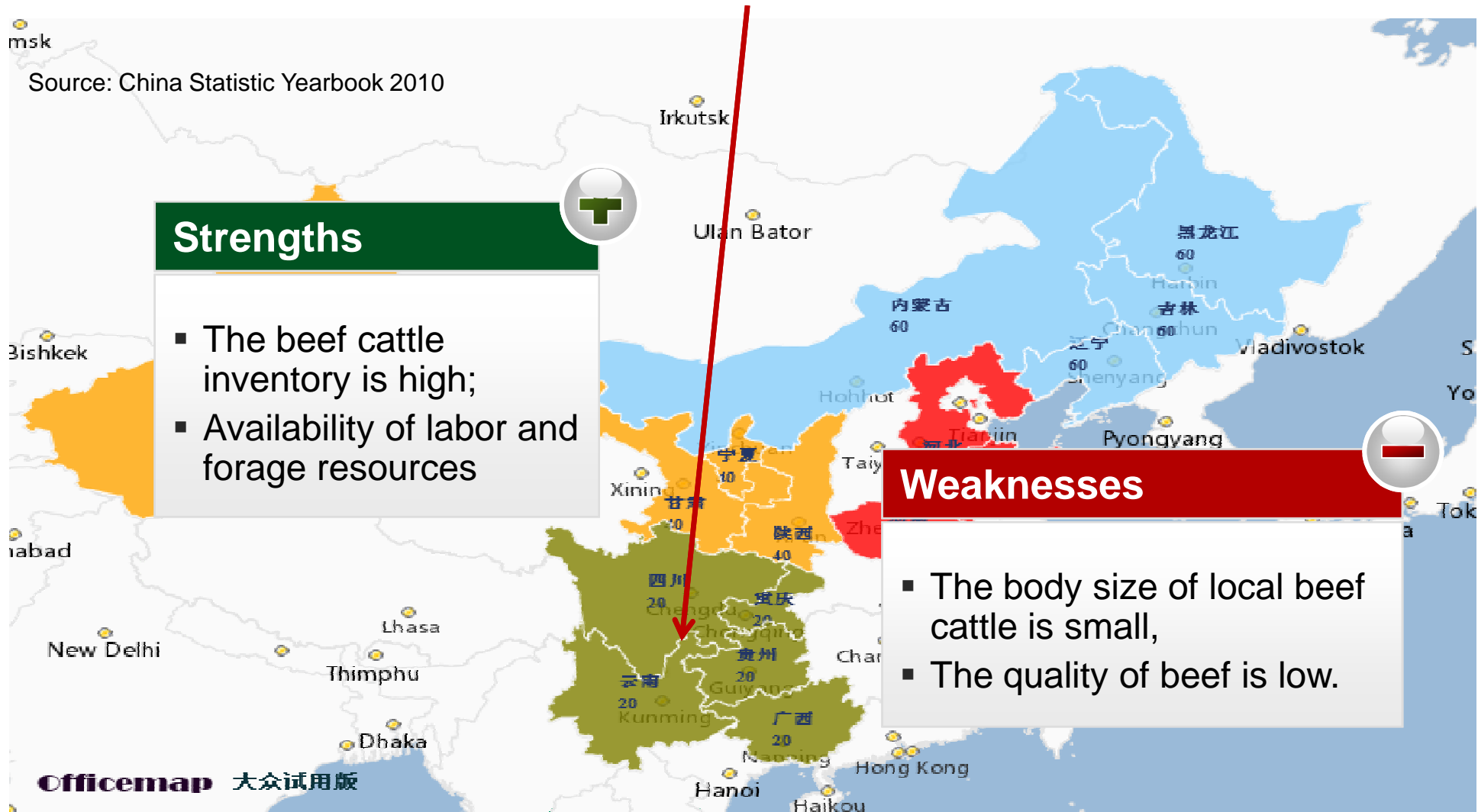
## 2. The regional situation

### North West China



## 2. The regional situation

### South West China





### 3. Conclusions and outlook

1. The **shortage of breeding cattle** resulted in the shortage of calf supply >> **Beef and calf price increase dramatically**  
Bulls from the dairy herd (presently less than 5 percent)  
Dairy cows inventory is on the increase
2. The **costs increased** rapidly (energy, fertiliser ...) and low technology level in breeding >>> **Enhance intensive cattle farms (> 50 finishing cattle) with high productivity**  
The large scale farm can get the profit in Market.
3. Most of the cattle farms do not grow their own **feed**, they **buy** from the market >> **Feed price will be always in high level**
4. The **lack** of beef market **quality** and safety supervision  
>>> **Good quality beef can not get high price**  
>>> **Low quality beef will dominate the beef market**
5. China will be the net importer after the strict border trade. Now, the quantity of smuggled beef is very large according to survey of some beef enterprises.

# Thanks for your attention!

And especially thanks for the support from  
Dr. Claus Deblitz (vTI)

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