



Latest developments in Asia & Oceania

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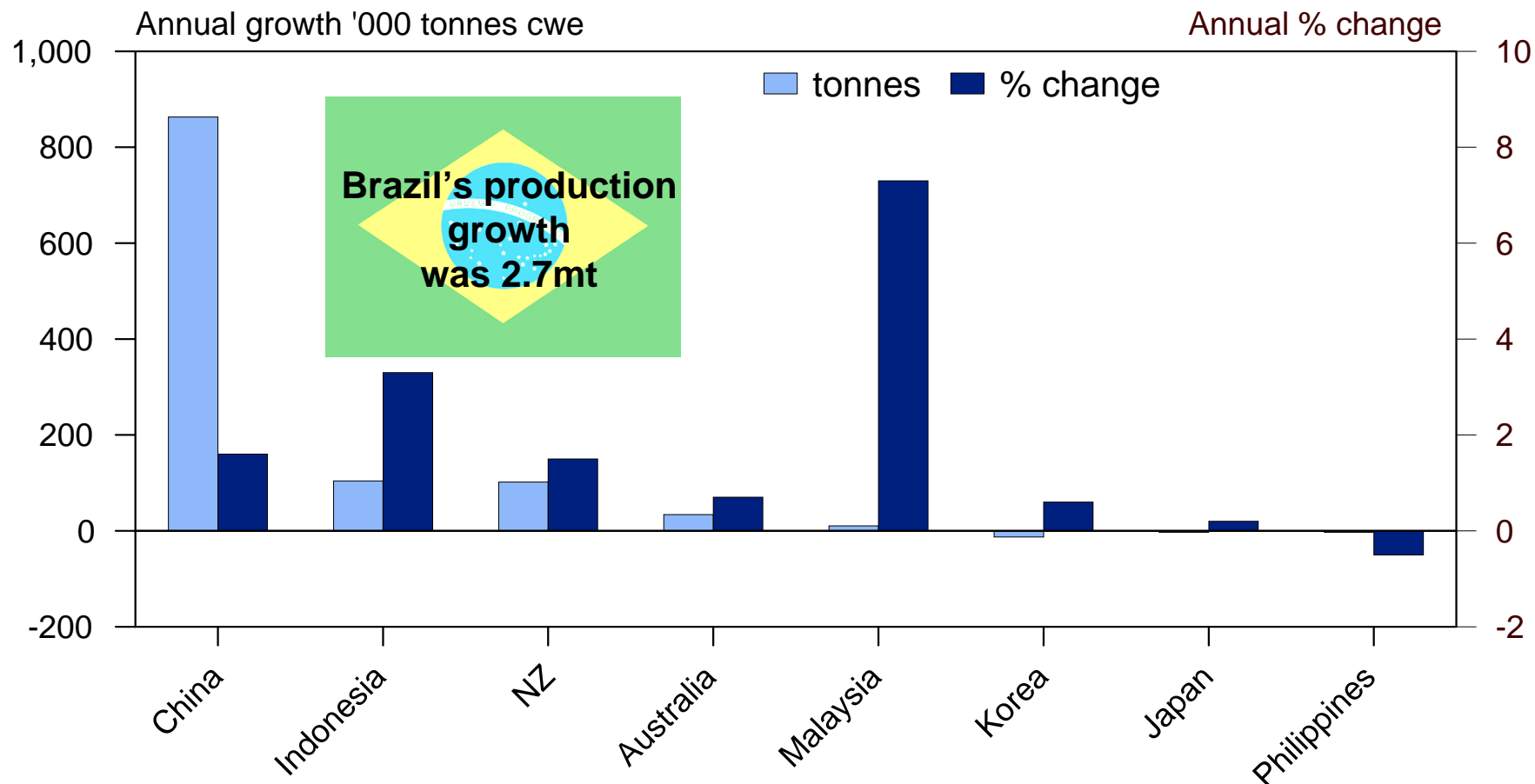
Outline

- Beef production trends
- Drivers of beef production
- Beef trade issues
- Long term beef projections



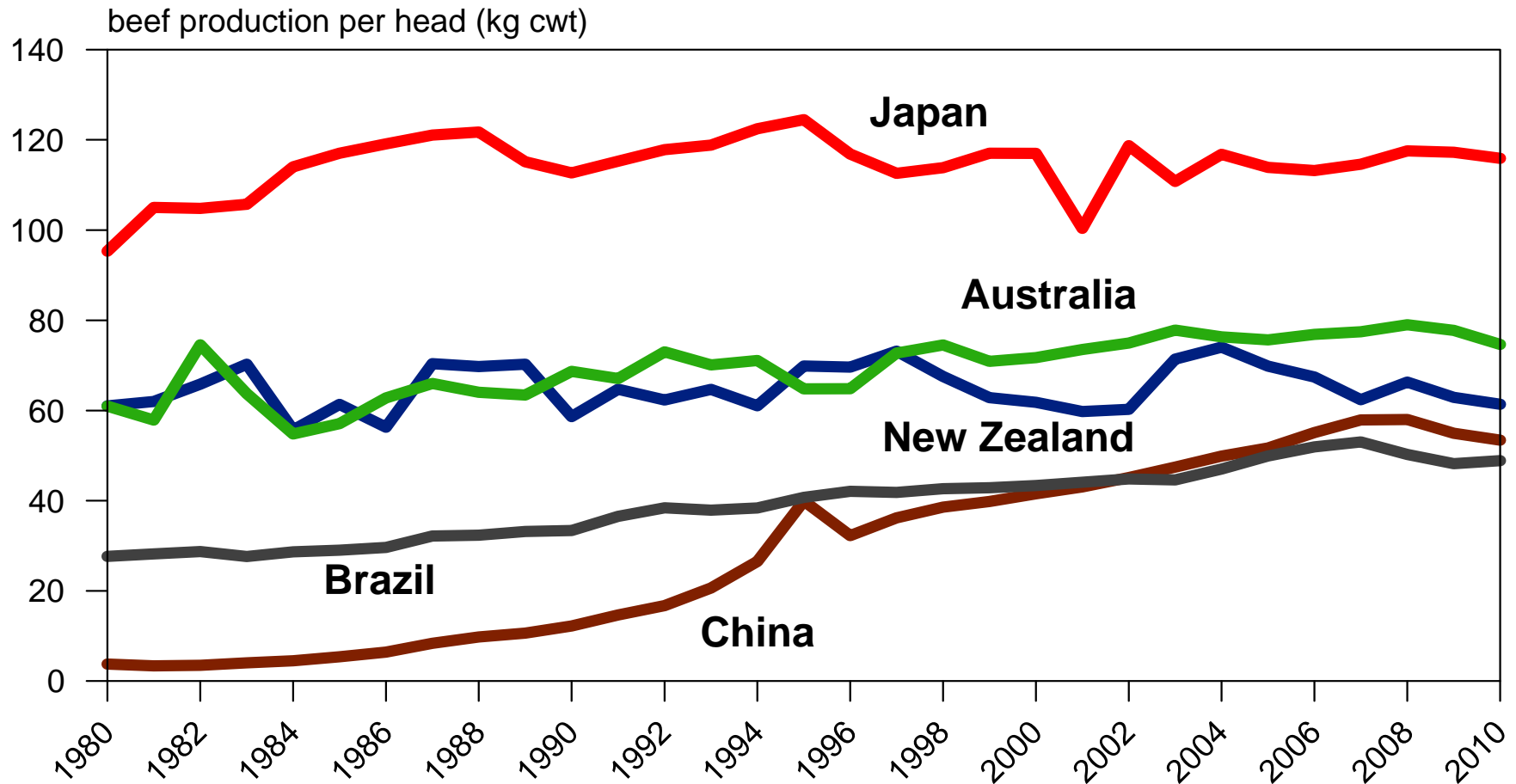
Beef production growth 2000 to 2009

Selected Asia & Oceania



Source: GMI Centre for International Economics

Productivity is increasing in China & Australia



Source: USDA FAO

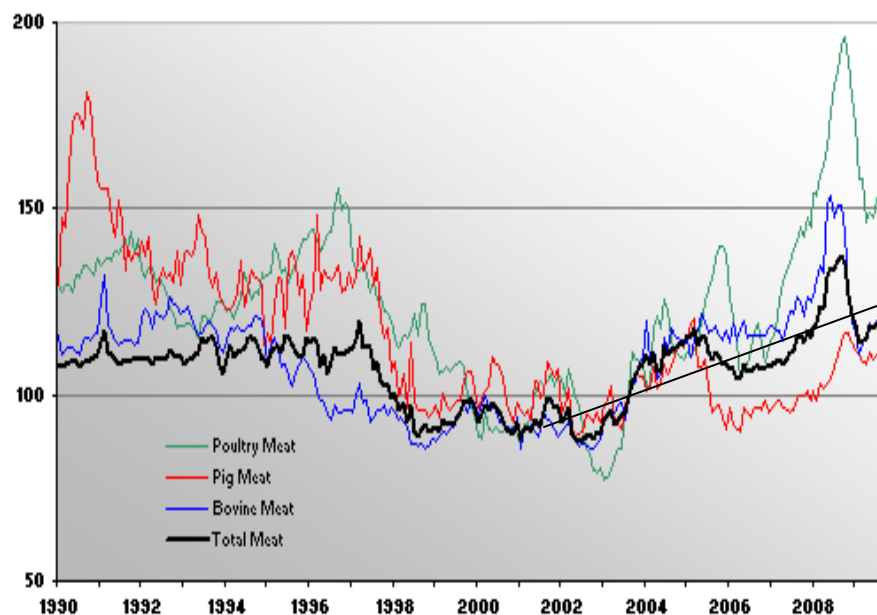
The drivers of production growth

- Price
- Growth in demand for beef
 - Traditional diet
 - Population growth
 - Income growth
- Availability of inputs
 - Land resources
 - Water - droughts & climate change
 - Feed

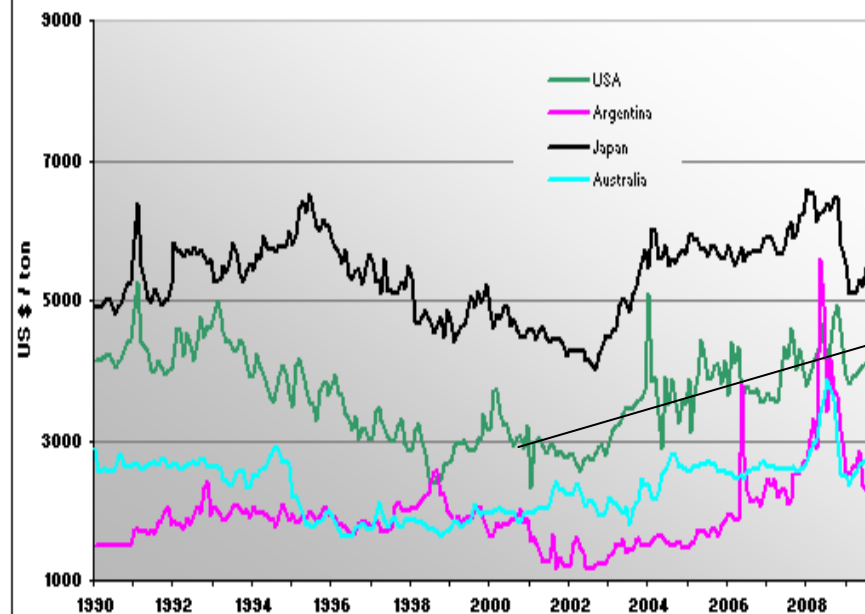


Global meat prices on the rise

FAO MEAT PRICE INDICES (1998-2000=100)



BOVINE MEAT : INTERNATIONAL PRICES



USA: Frozen beef, export unit value.

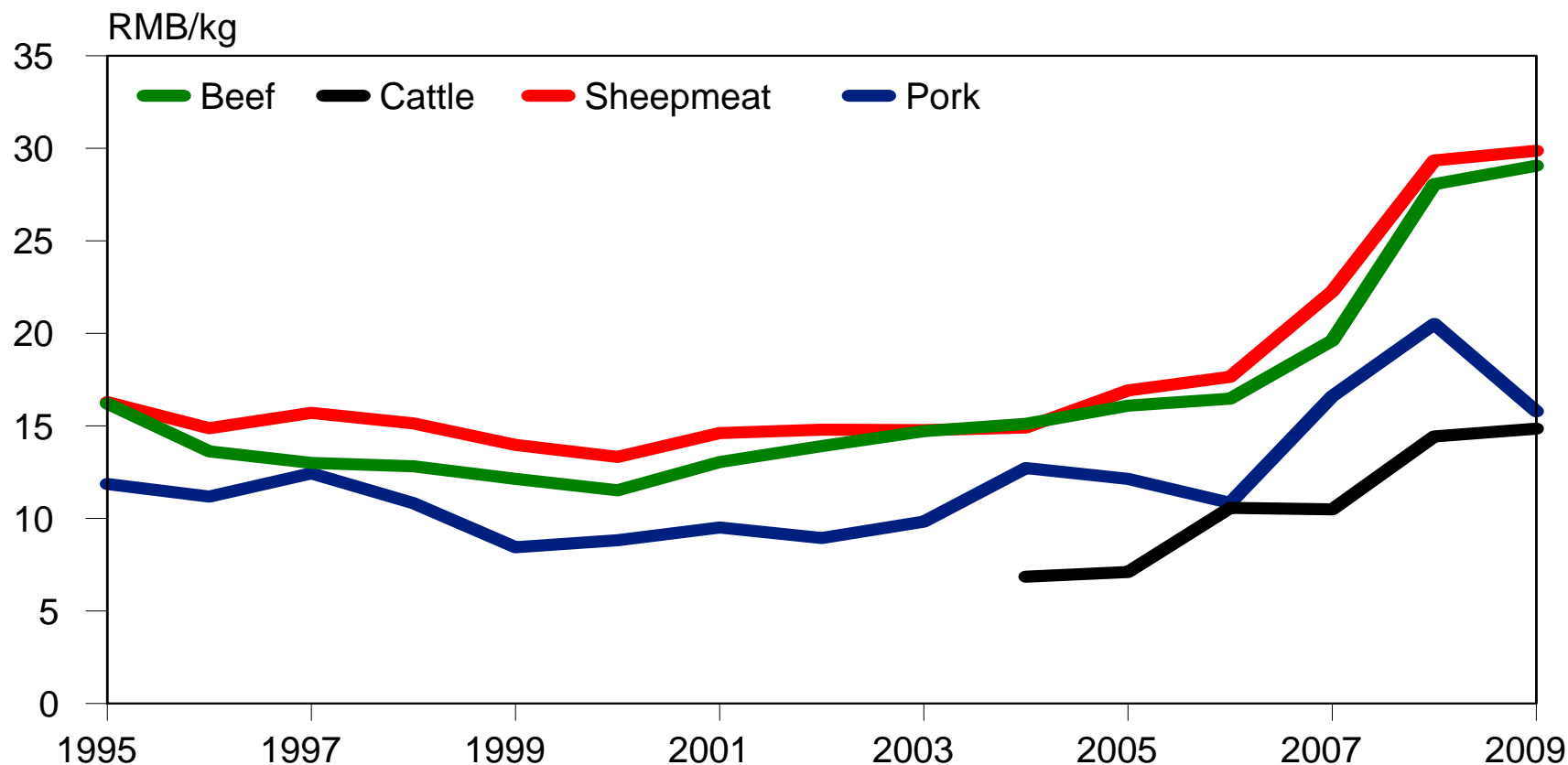
Argentina: Export unit value of chilled and frozen beef cuts.

Japan: Import price for chilled beef cuts.

Australia: Up to Oct 02: cow forequarters frozen boneless, 85% chemical lean, c.i.f. US port (East Coast) ex-dock;
From Nov 02: chucks and cow forequarters;



Despite their production growth, prices within China have also increased rapidly in recent years



Source: China's Ministry of Agriculture

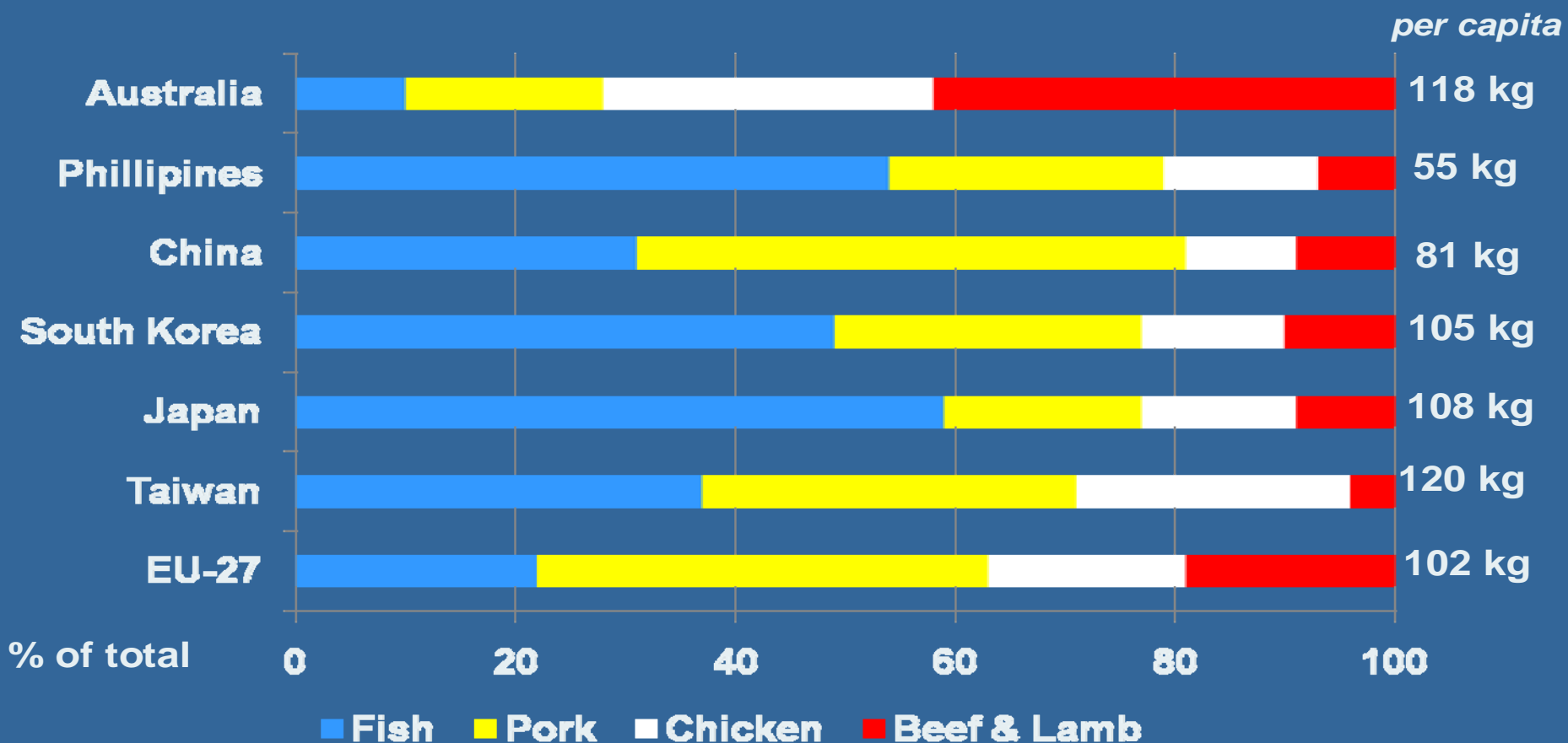


Growth in demand for beef



Red meat is only a small part of Asian protein diets, well behind fish, pork & poultry

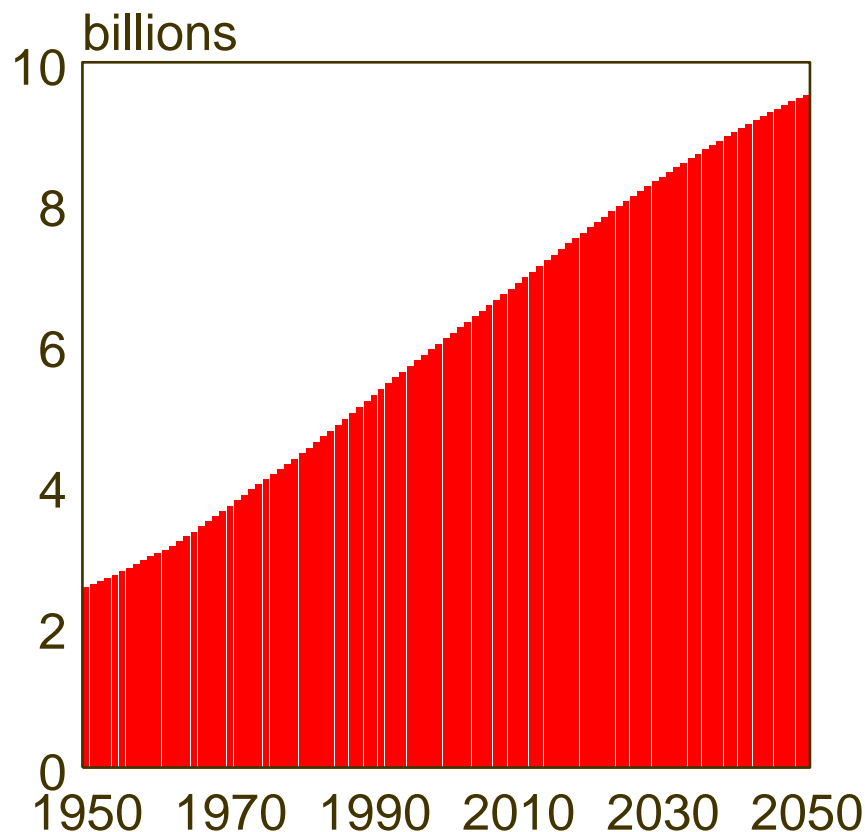
Proportion of Total Meat Consumption by Major Species, Selected Countries, 2009



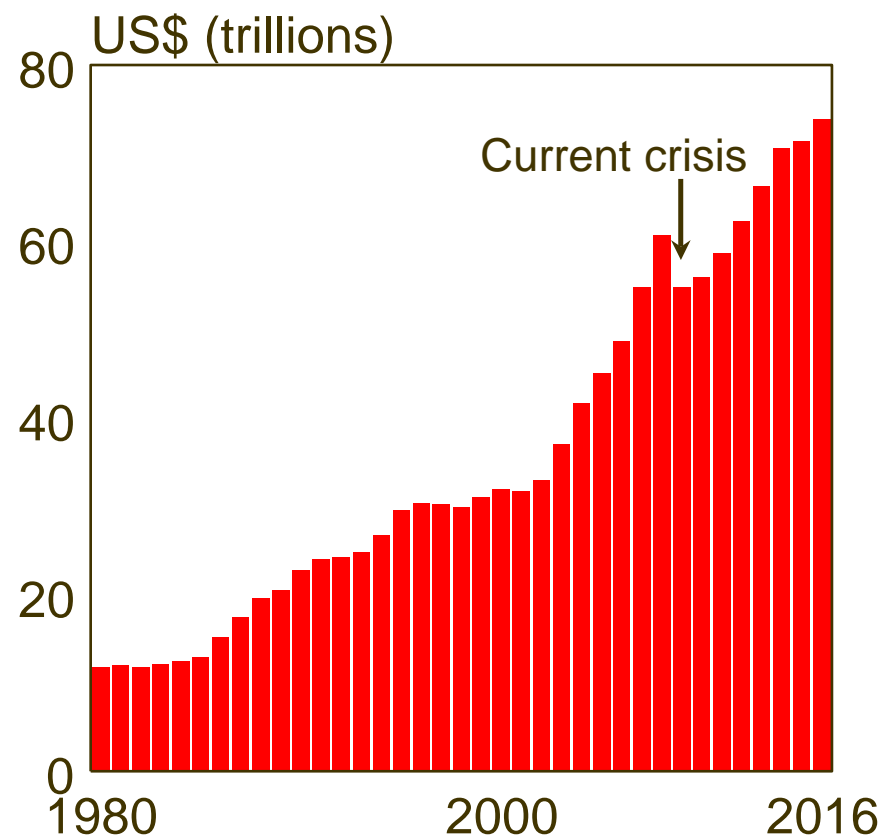


Meat consumption is driven by two basic factors – population ... and income

Growth in world population

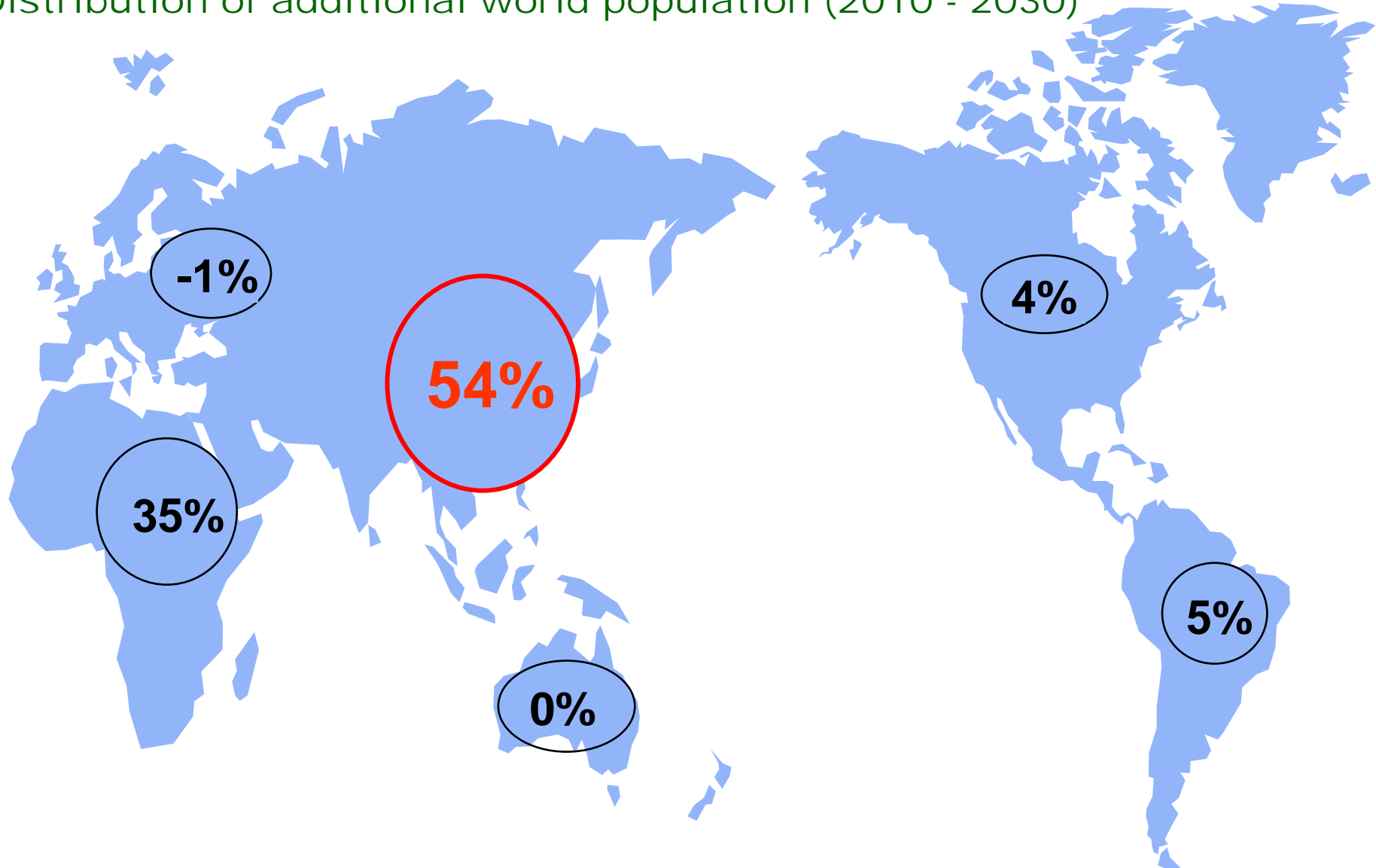


Growth in world GDP



Concentration of population growth in Asia

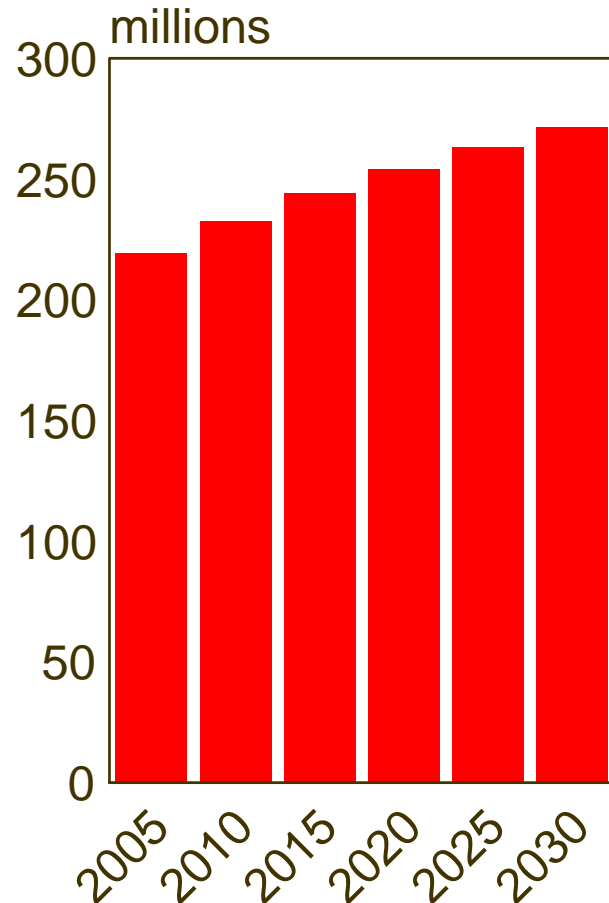
Distribution of additional world population (2010 - 2030)



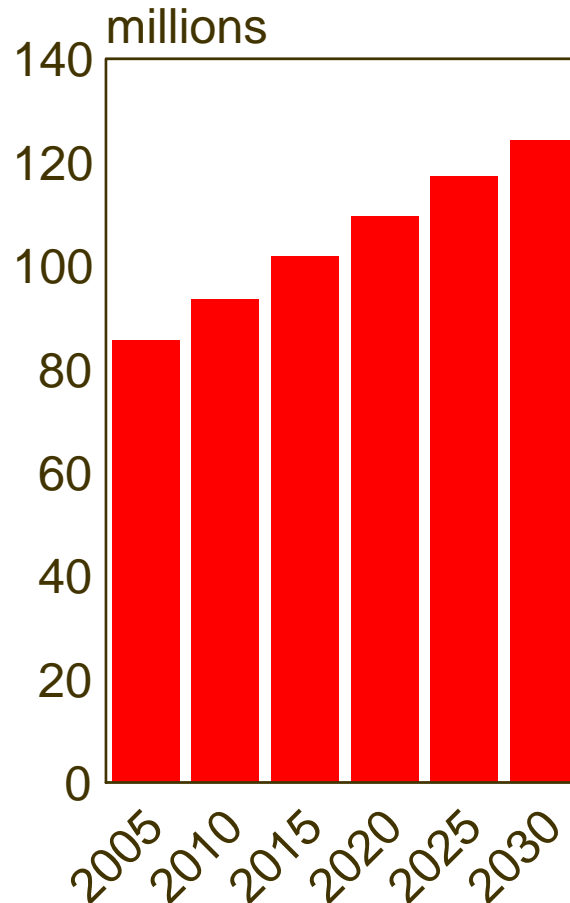


Rapidly increasing populations

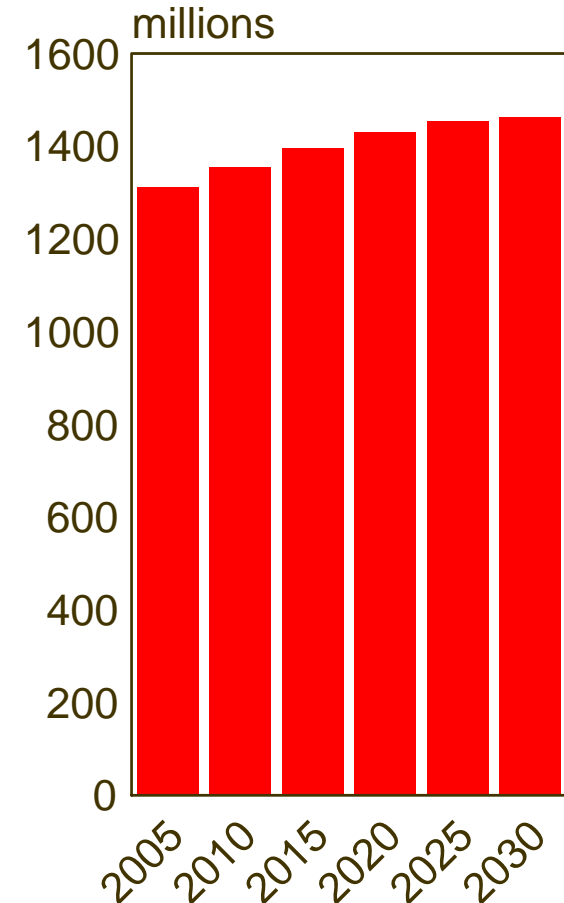
Indonesia
(52 million growth - 24%)



Philippines
(39 million growth - 45%)

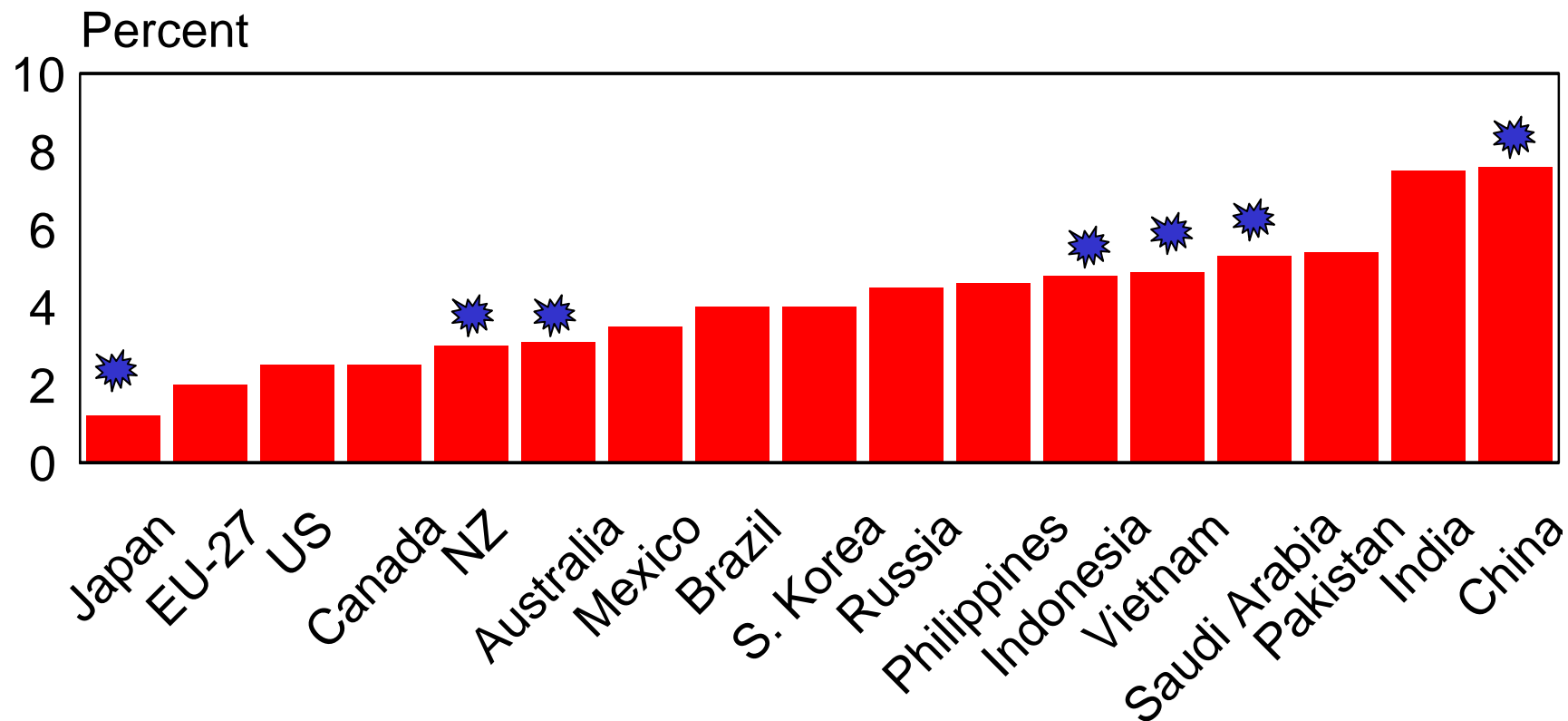


China
(150 million growth - 11%)



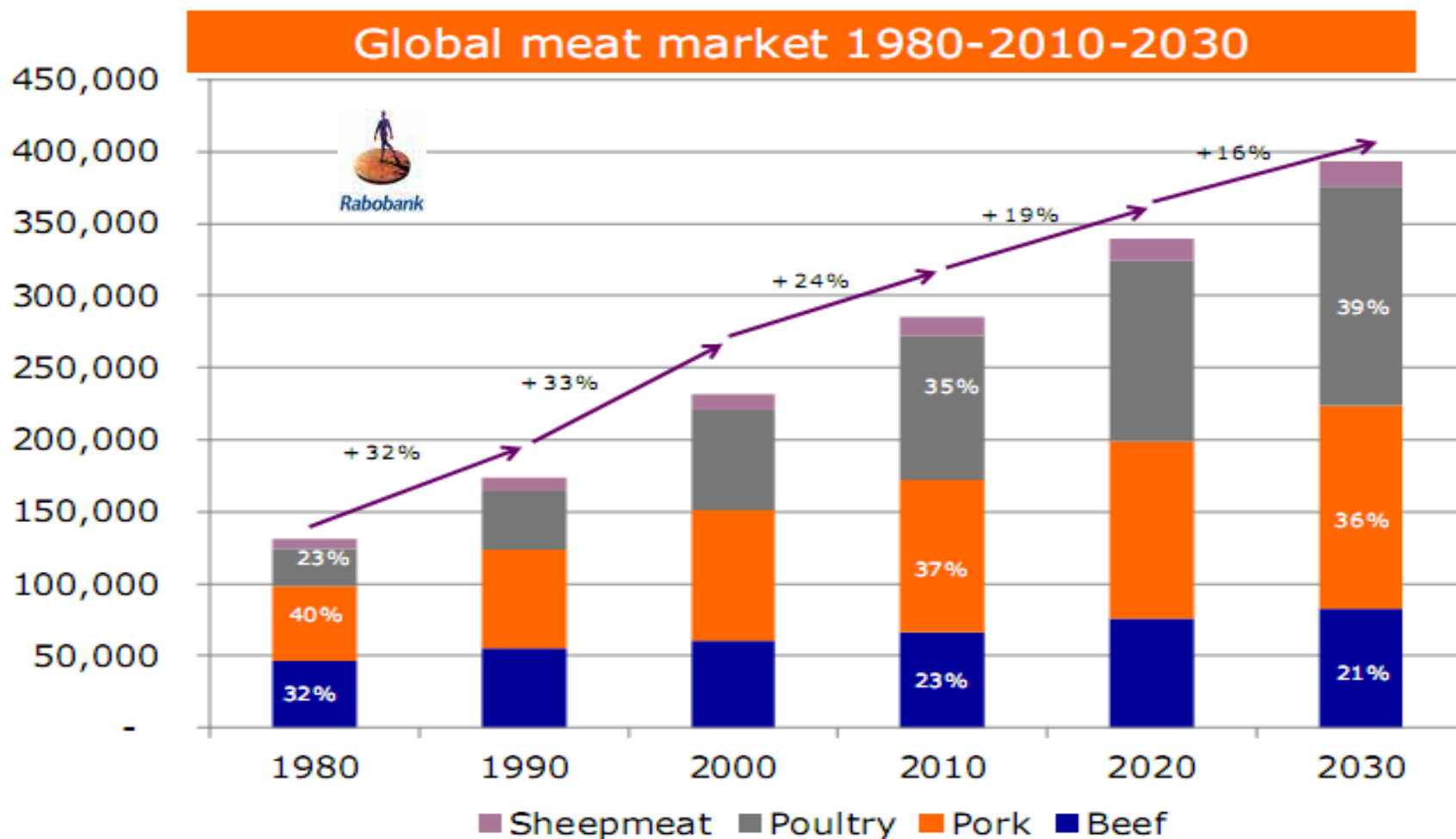


Forecast income growth to 2018





Hence, a substantial increase in demand for meat





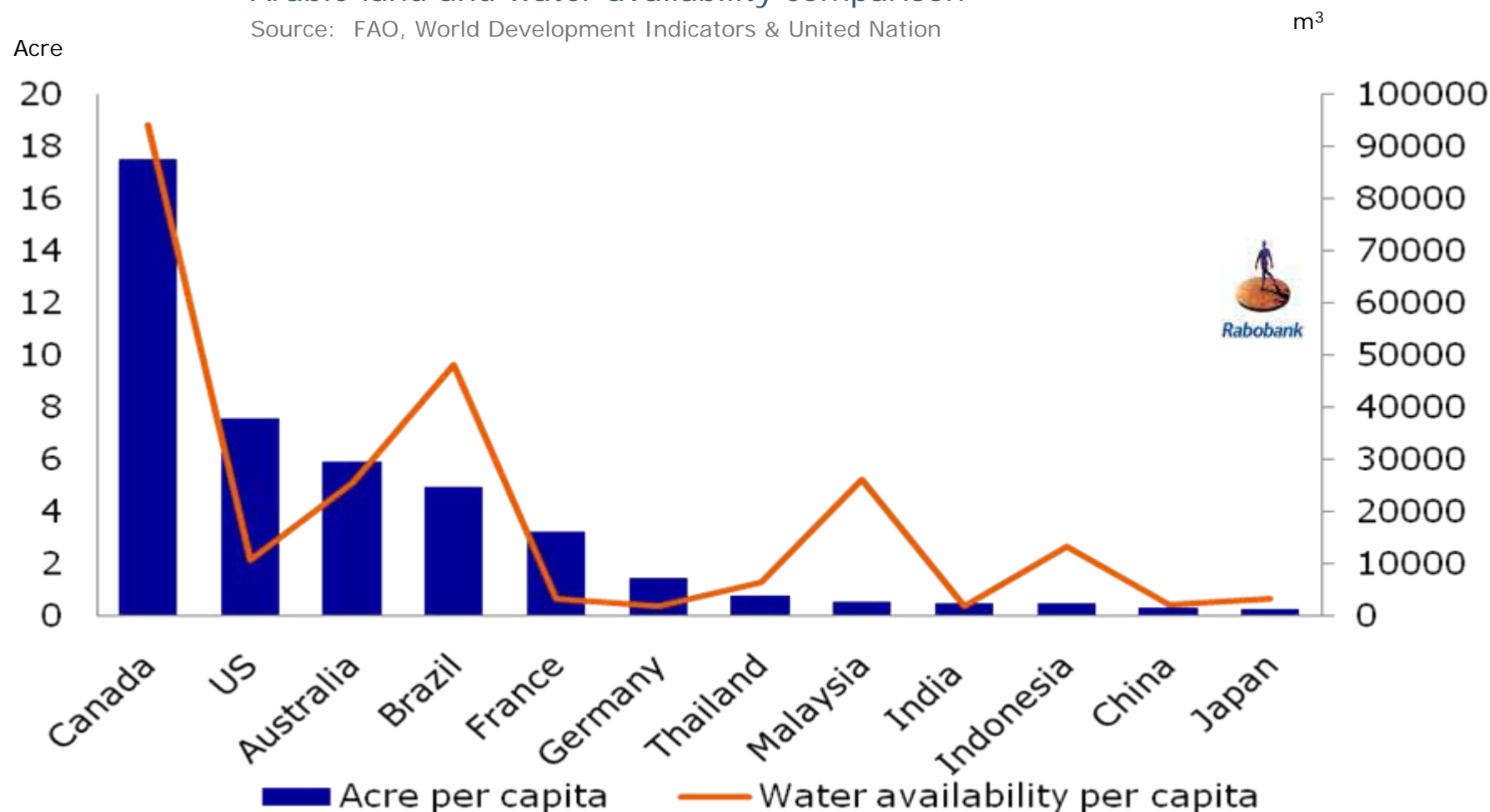
Demand is trending up!
Price is trending up!

*So why have we not seen a
commensurate rise in beef production?*

Scarce land & water resources (except Oceania)

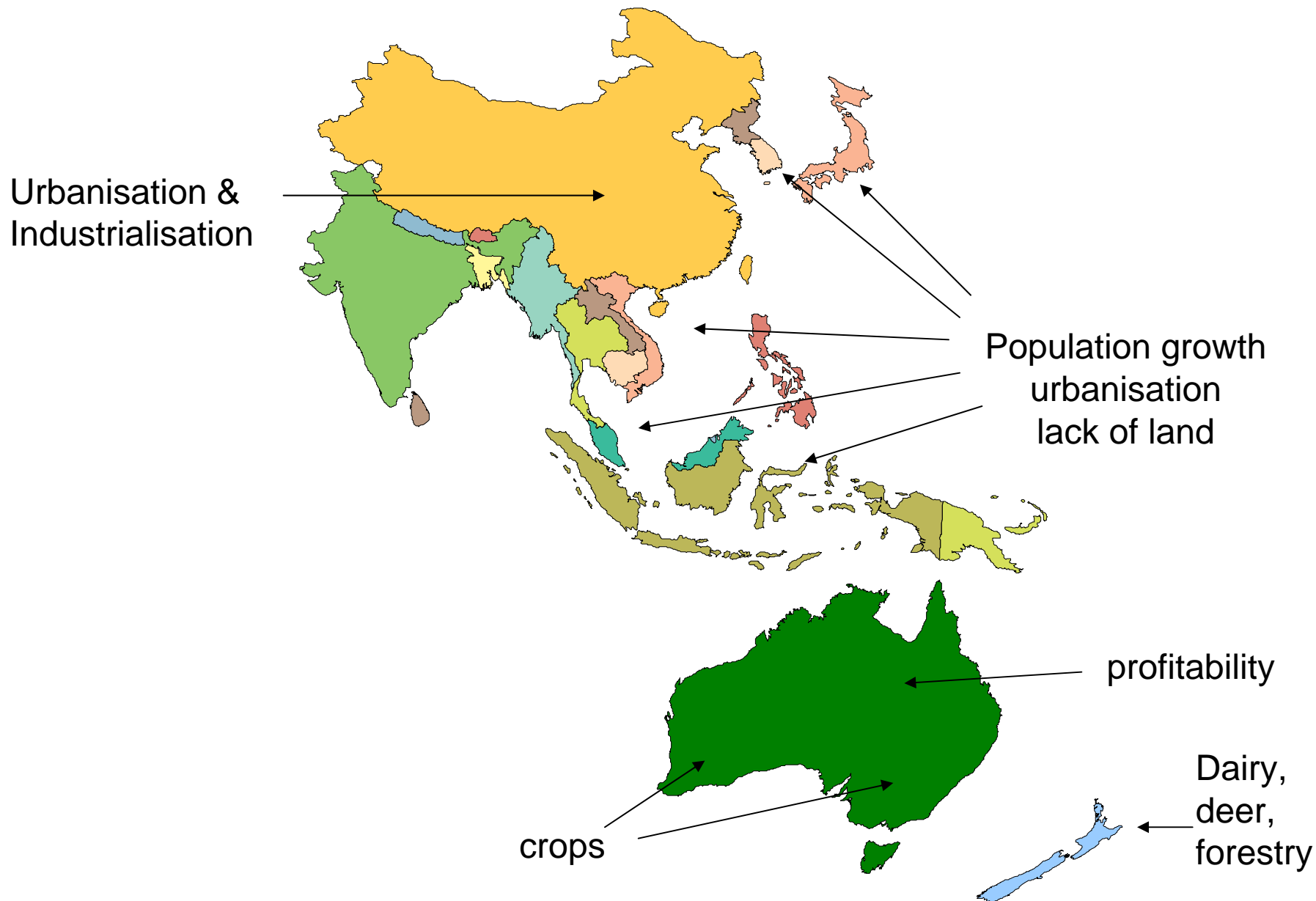
Arable land and water availability comparison

Source: FAO, World Development Indicators & United Nation





Competition for land



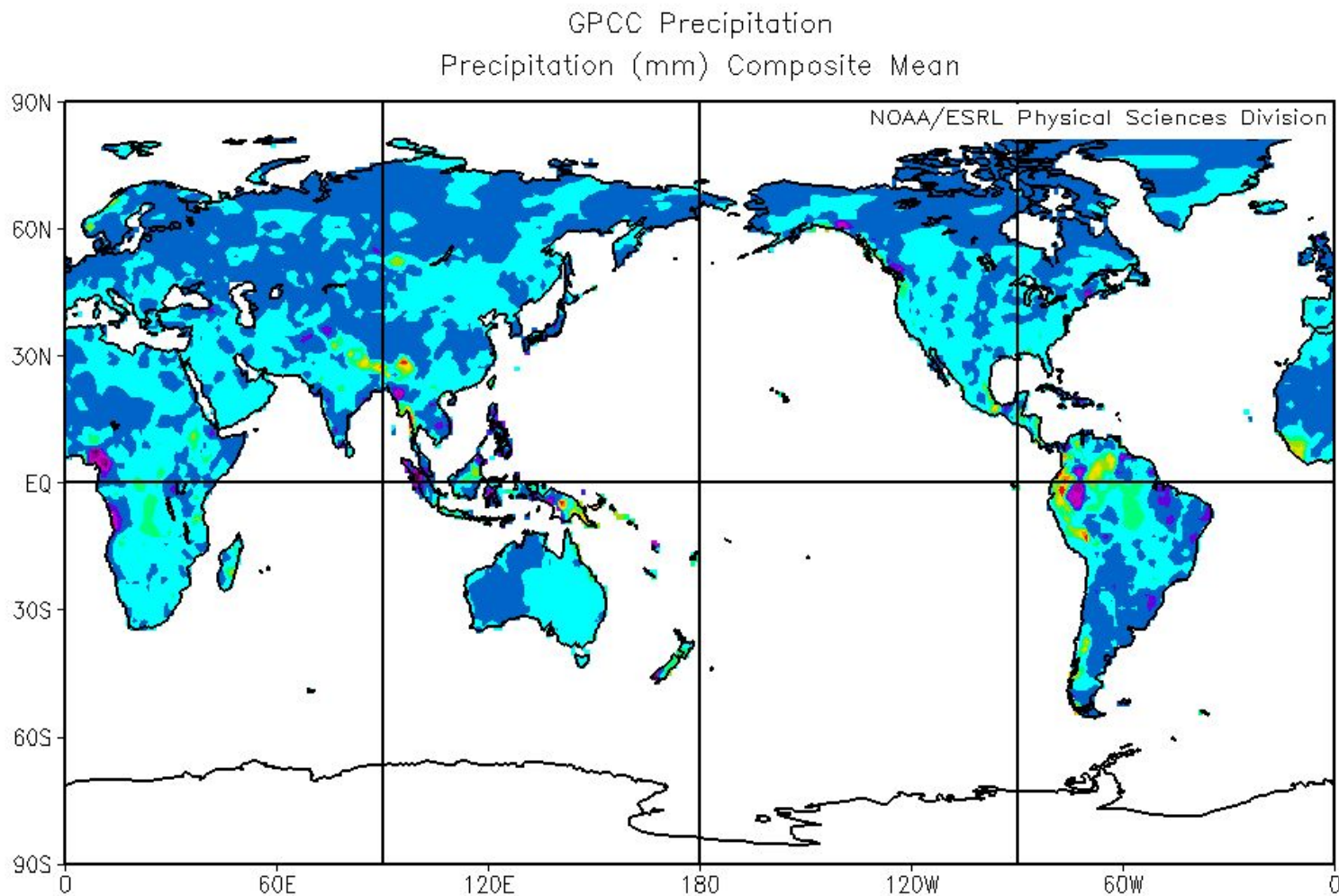


Feed availability

- Pasture – Oceania
- Cut & carry vegetation – Indonesia & elsewhere in South East Asia
- Grass silage – China
- Grains – Japan, Korea & growing component in Australia, China



Asia and Oceania is getting drier



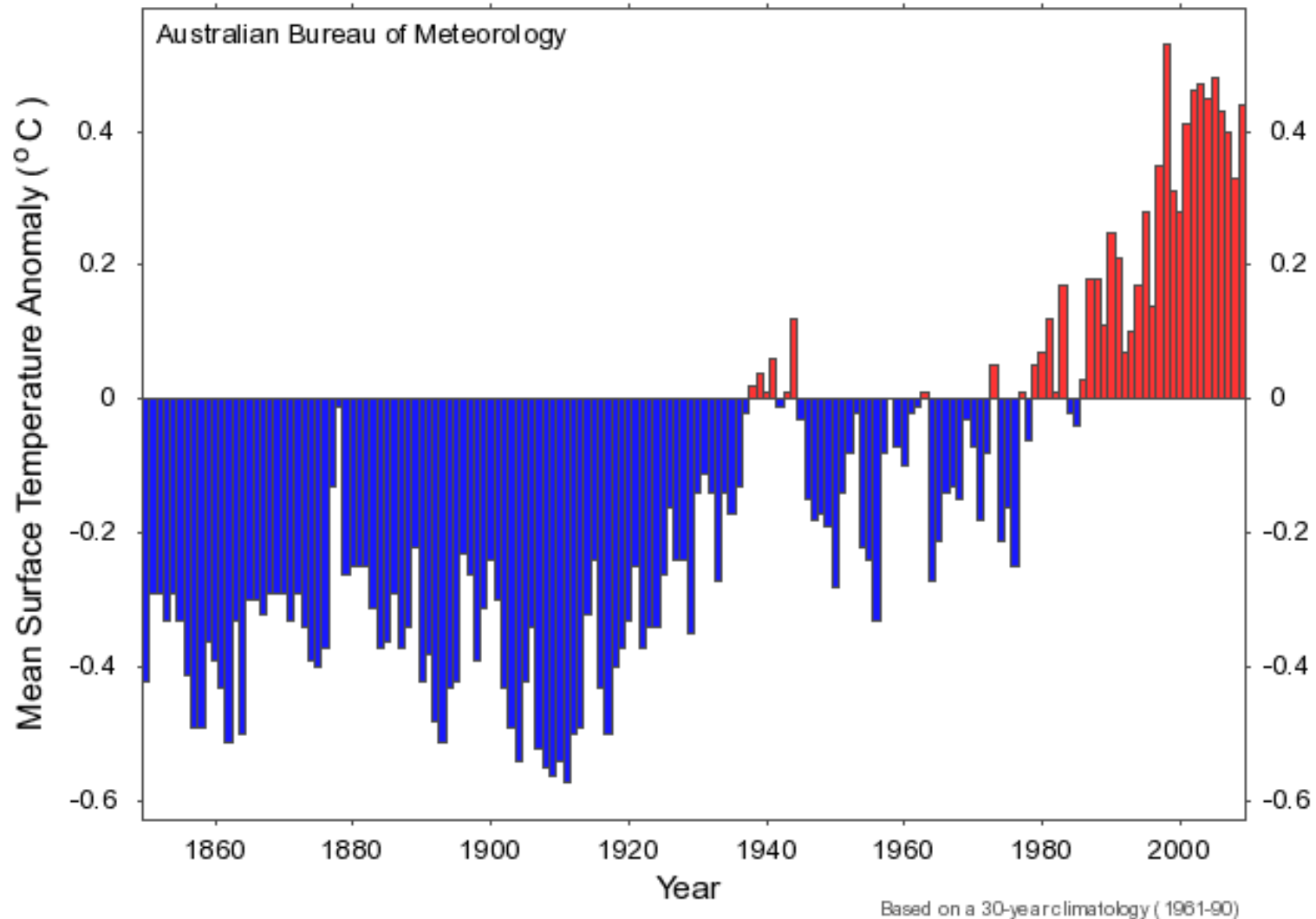
Change in average precipitation 2000s (2000-2009) on 1970s mm





... and the globe is getting hotter

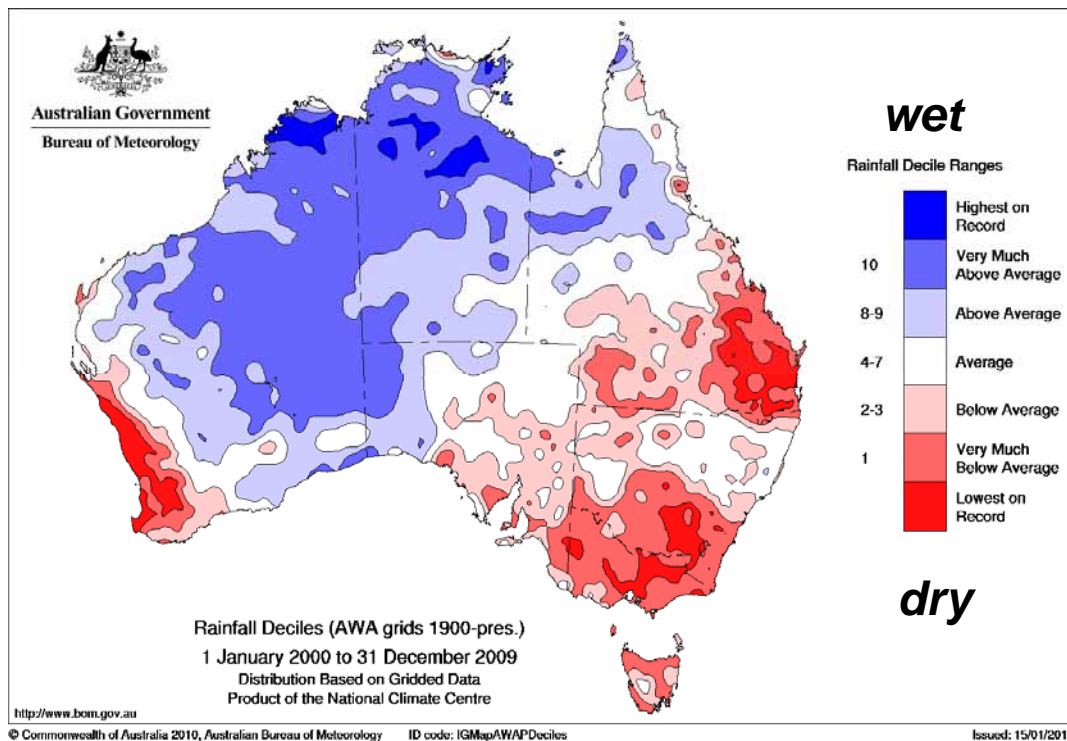
Annual Mean Surface Temperature Anomaly - Global



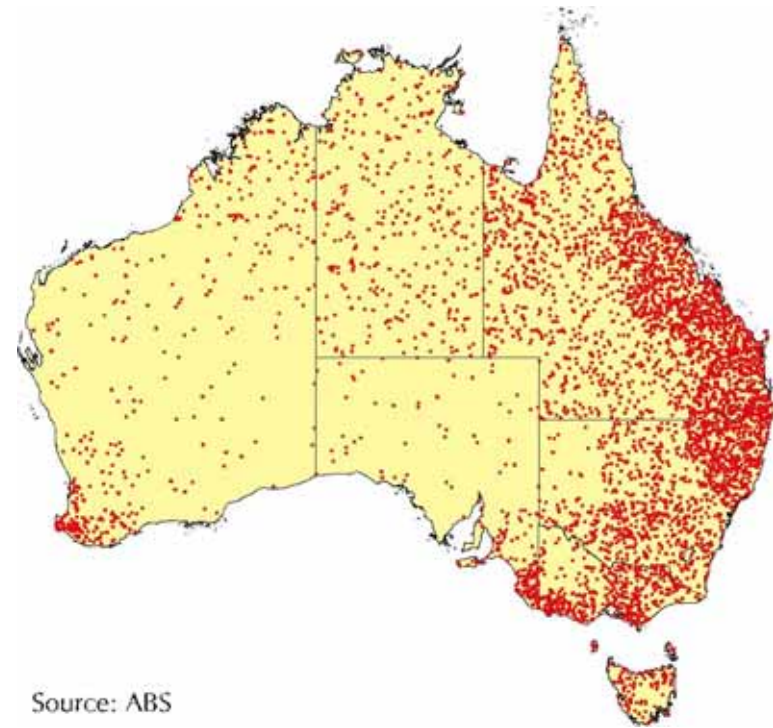


Australia's dry decade 2000-2009

Rainfall deficits

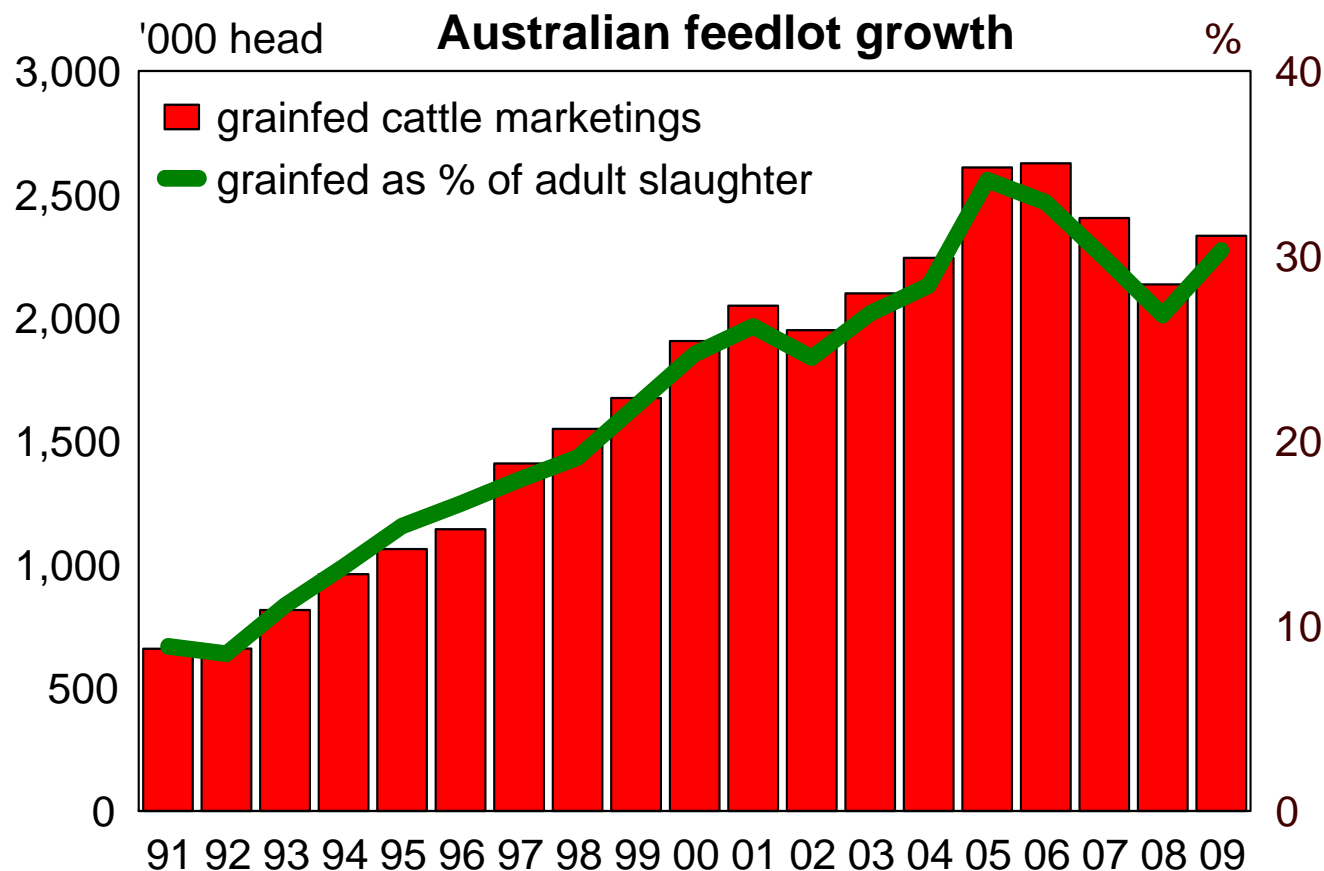


Cattle distribution





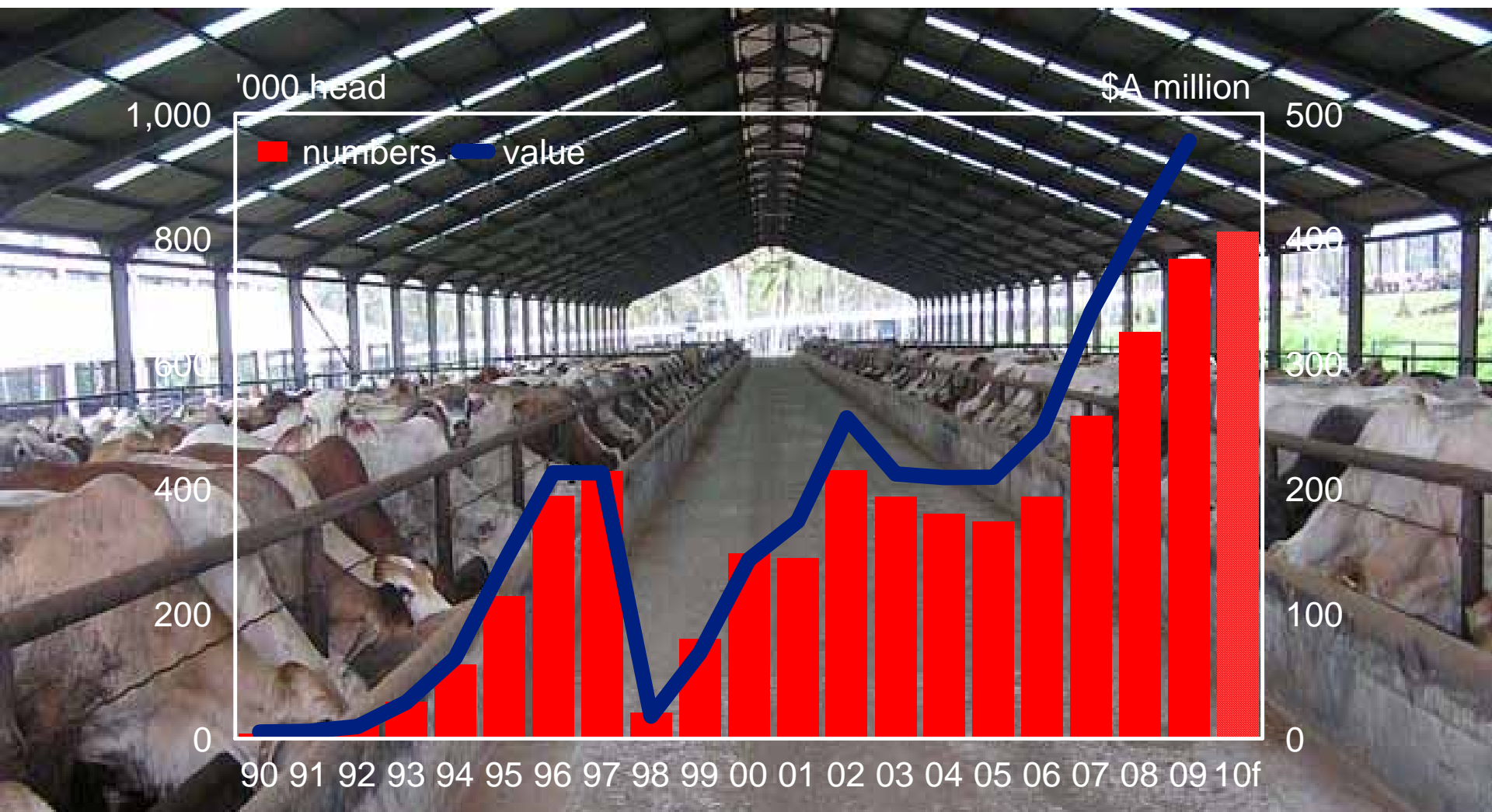
It is of little surprise that feedlots are becoming more important: such as in Australia



Source: MLA/ALFA Quarterly Feedlot Survey



Exports of feeder cattle to a rapidly expanding modern feedlot sector in Indonesia



Asia's beef trades

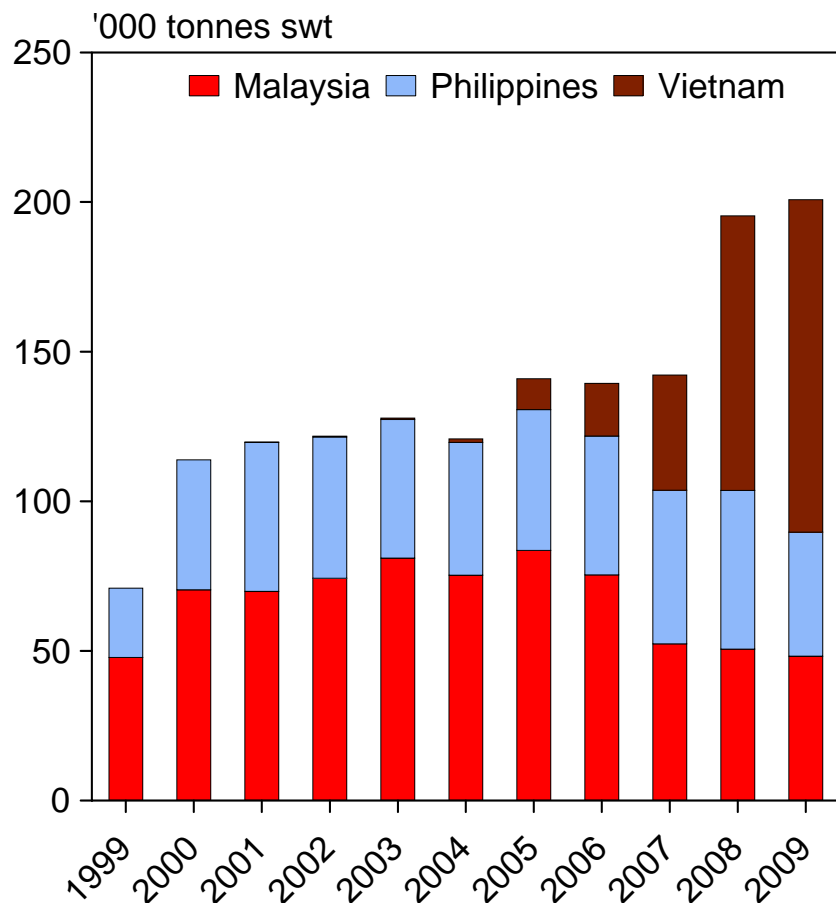
- Japan & Korea imports from US & Oceania - 616kt
- India to Asia - 206 tonnes
- Brazil to Asia - 126 tonnes
- Cattle from Cambodia and Burma to Malaysia and other countries?



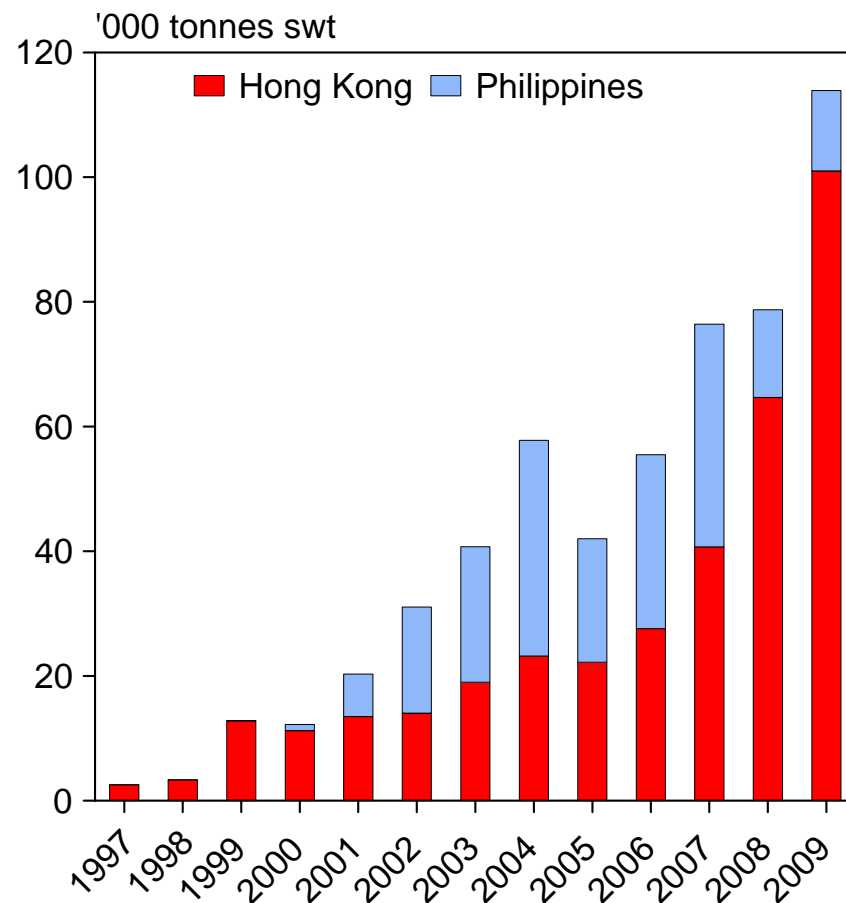
The big emerging trades into Asia



India's beef trade



Brazil's beef trade





Key beef trade trends in Asia

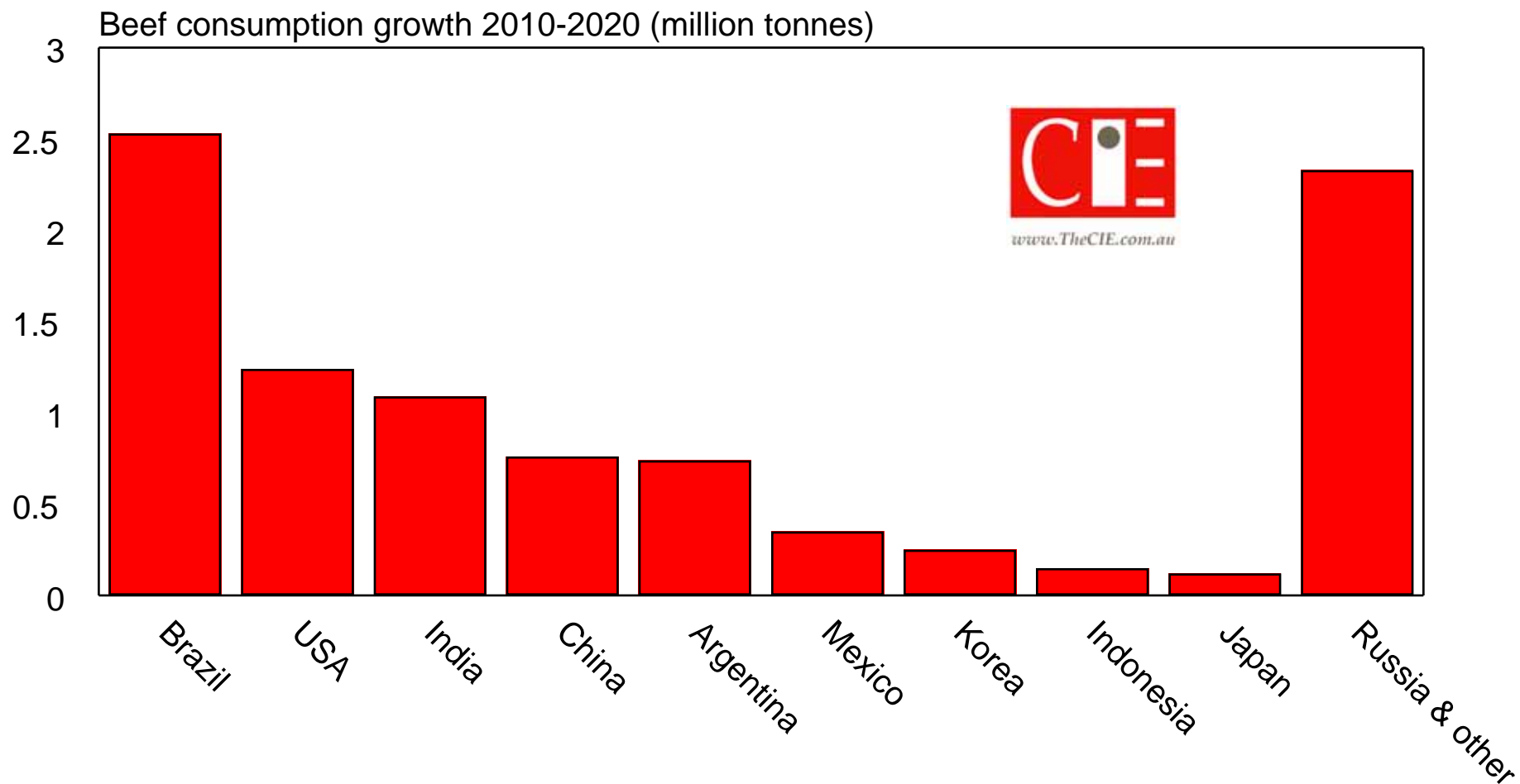
- Demand downturn due to GCC & recessions
 - Mainly in Japan
 - other Asia & Oceania only small local demand impacts
- Major, disruptive currency shifts
- Lower beef and cattle prices
- US re-entry into Japan and Korea
- Increasing beef imports to China & South East Asia
- Strong competition from Brazil and India in some markets
- FMD outbreaks in Japan, Korea, China, Hong Kong & Taiwan
- Import barriers – especially around 40% tariffs into Japan & Korea & difficult access to China & Malaysia

Long term trends

- Potential consumption growth substantial
- Production growth slow
- Import growth substantial
- Export growth from Australia and South America

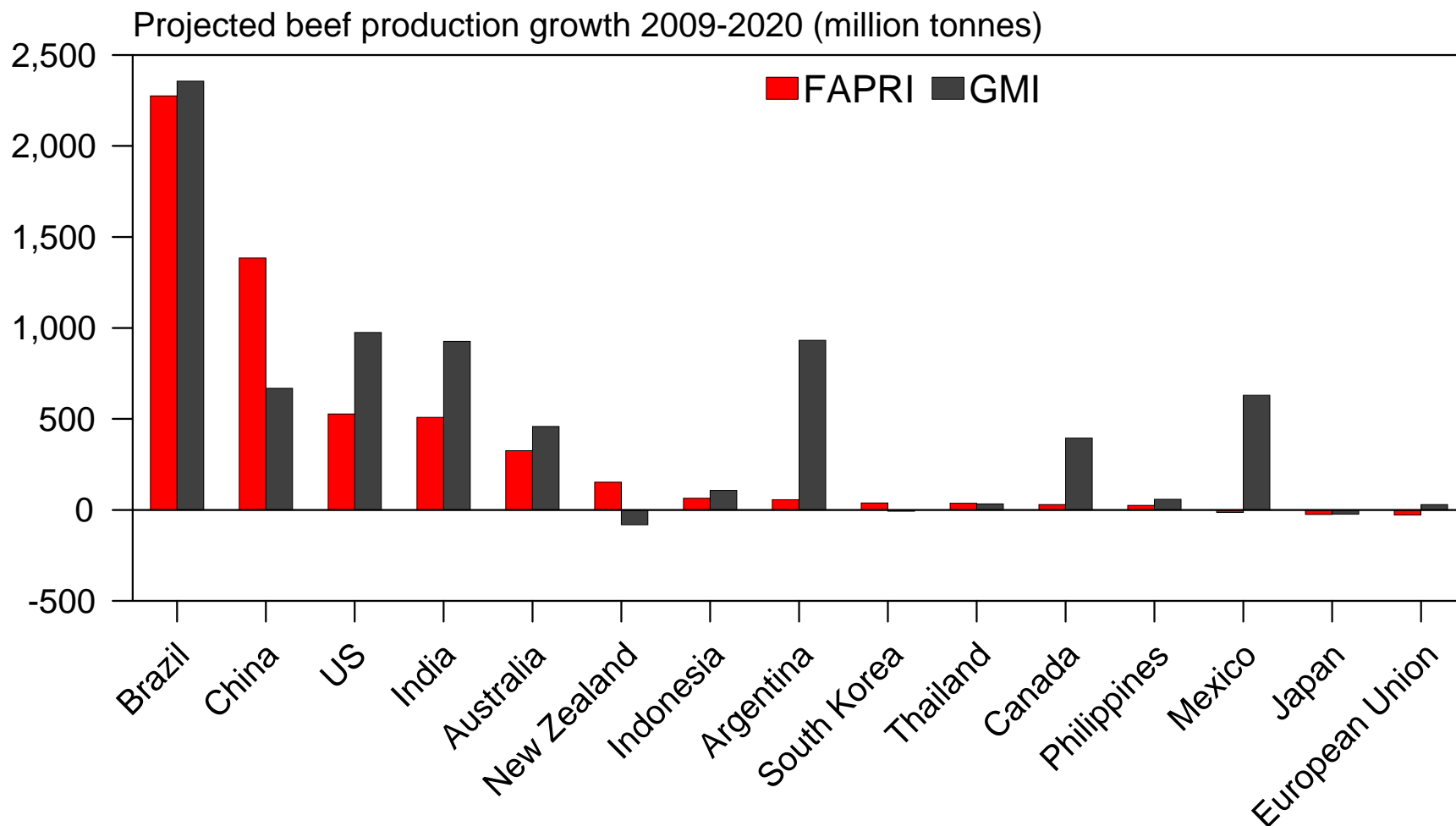


World beef consumption projected to rise by around 10mt in coming decade



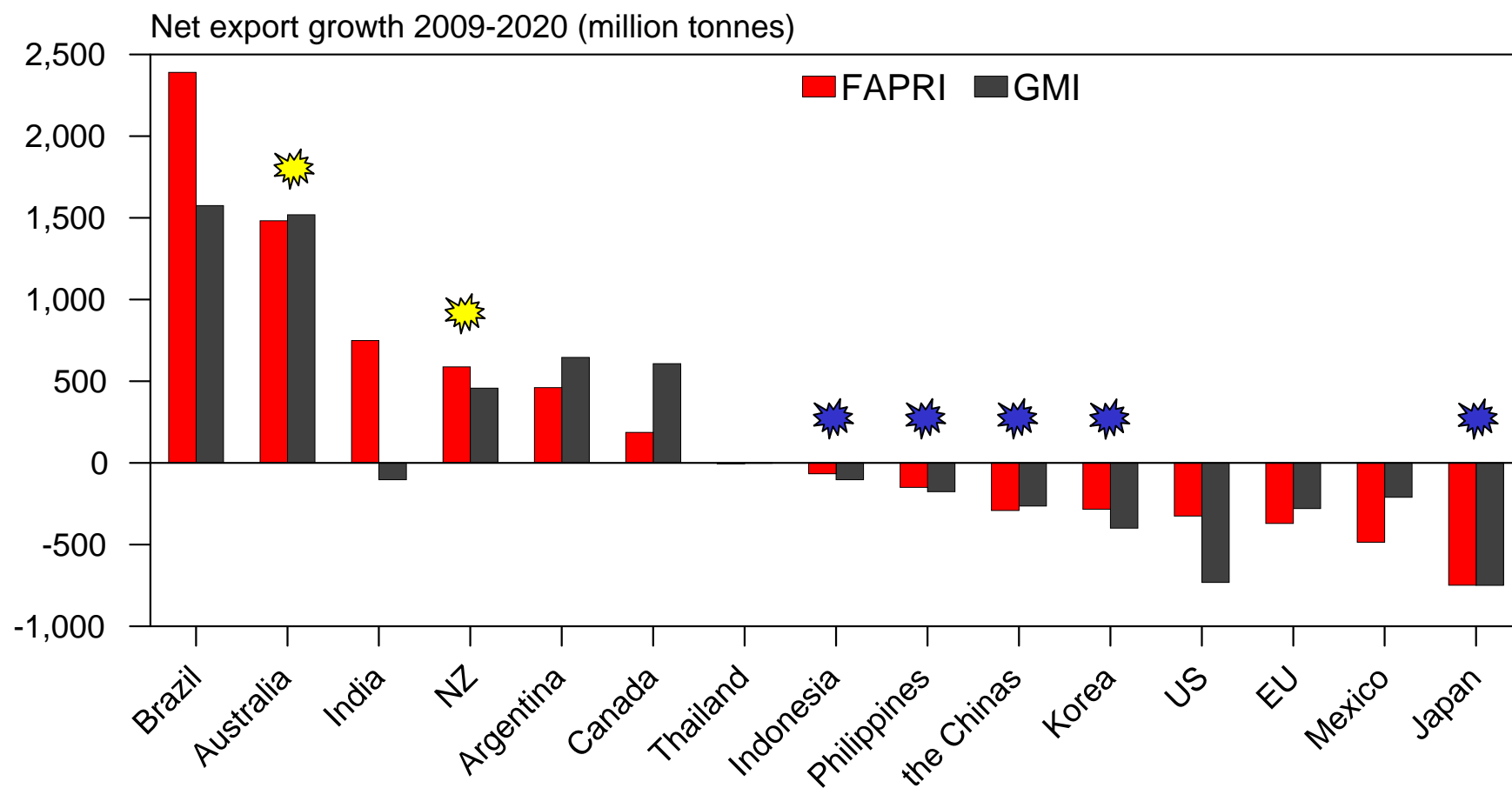


Little beef production growth expected in Asia with main growth in the big 4 plus Oceania



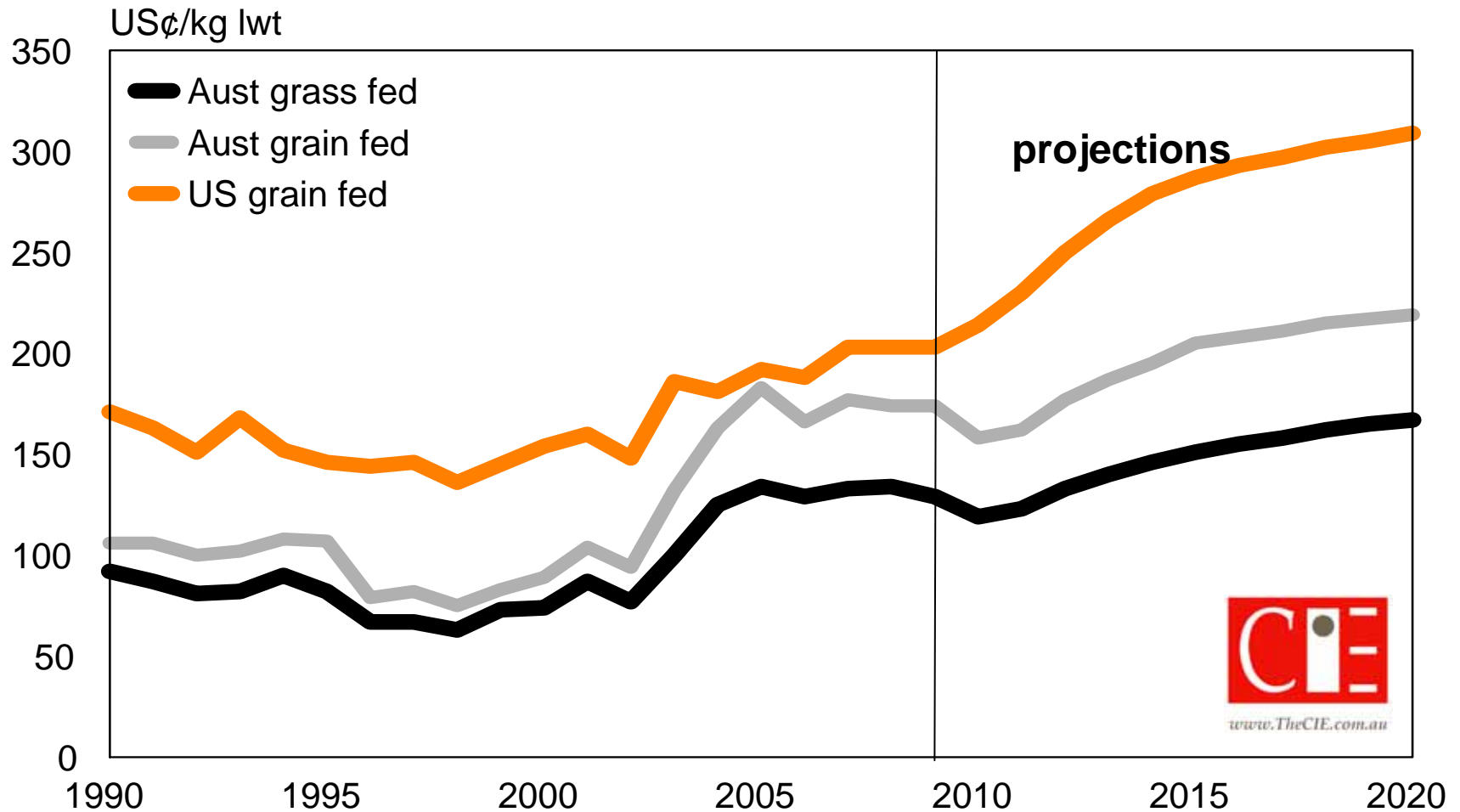


Models confirm expected growth in net imports by Japan, Korea, the Chinas and South East Asia





Cattle prices expected to trend up



Questions?

