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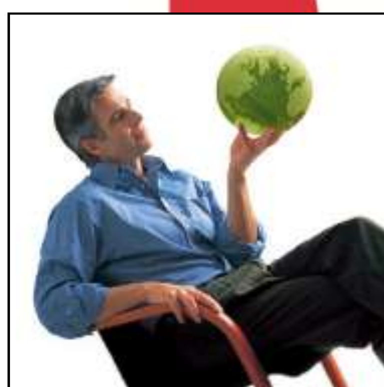
Inside China
The Beef Trade





Growing Forward

Canada

SCOPE

The Chinese market was re-opened to selected Canadian beef products in 2011. The purpose of this report is to outline the size of the Chinese beef market, as well as the country's growth as a global importer. This report also provides some analysis of the main suppliers to China by outlining the main beef products provided by each competing country. Finally this report includes regional analysis on the Chinese districts of entry for beef products.

TRADE SUMMARY

From a global perspective, China is the 33rd-largest importer of beef and veal products, importing over C$111.3 million in 2011, an increase of 4.1% from 2010. The country mainly imports its beef and veal products from Australia, with 52.6% of total imports, followed by Uruguay (29.7%), and New Zealand (9.8%).

China's main imports of beef and veal product from the world in 2011 included boneless, frozen beef (C$80.5 million), frozen beef offal (C$17 million), and fresh or chilled boneless beef (C$8.2 million).

In 2011, China exported just over C$205.3 million in beef products worldwide, an increase of 16.0% from the previous year. Most of these exports were of boneless, frozen beef (C$90.8 million), processed beef (C$87 million), and fresh or chilled boneless beef (C$26.9 million). Top destinations included Hong Kong (29.2%), Japan (26.6.%) and Kyrgyzstan (12.5%).

SPENDING AND CONSUMPTION

Chinese consumer expenditure on meat was C$179.3 billion in 2011. Year-on-year growth, however, has been slowing since 2007 (which was up 28% from 2006), registering at 9.3% from 2010 to 2011. Per capita spending on meat by Chinese consumers was C$134 in 2011, up from C$123 in 2010 and C$72 in 2007, representing significant growth. Per capita beef and veal consumption also grew in 2011, reaching 4.9 kilograms, compared to 4.6 kilograms in the previous year.

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Of all imports into China, the value of frozen, boneless beef grew the most in 2011, with 26.6%.

Source: *Global Trade Atlas, 2012*

BY THE NUMBERS

China, Volume Sales of Fresh Beef and Veal, Historic/Forecast in '000 tonnes

2008	2009	2010	2011	2012	2013	2014	2015
5,502.2	5,840.6	6,204.5	6,579.2	6,906.8	7,349.9	7,748.3	8,160.5

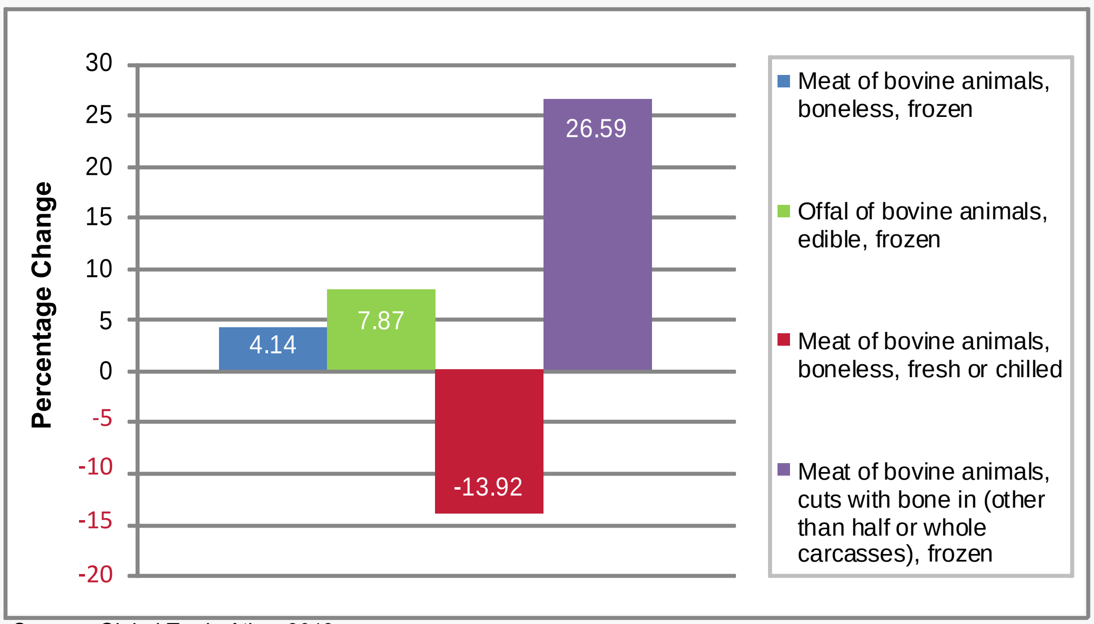
Source: *Euromonitor, 2012*

China, Imports of Beef and Veal Products, 2011

	Imports from the World (C$)	Top Supplier
Total	**111,333,582**	**N/A**
Meat of bovine animals, boneless, frozen	38,890,615	Australia
Offal of bovine animals, edible, frozen	8,644,571	Australia
Meat of bovine animals, boneless, fresh or chilled	8,166,213	Australia
Meat of bovine animals, cuts with bone in (other than half or whole carcasses), frozen	2,033,036	Australia

Source: *Global Trade Atlas, 2012*

China, Top Beef and Veal Product Imports, Value Sales Percentage (%) Change, 2010-2011



Source: *Global Trade Atlas, 2012*

CONSUMER FOODSERVICE IN CHINA*

- With one-fifth of the world's population, China is the largest global market for fresh meat.
- Euromonitor reports that one-third of the meat consumed in China in 2011 was through foodservice establishments.
- The Asia-Pacific region dominates global consumer foodservice, representing 40% of the world's total foodservice market value in 2011. This is up from 39% in 2010. China is one of the Asia-Pacific's largest foodservice markets.
- In East Asia, full-service restaurants are becoming increasingly central to social life, as smaller living spaces are leading consumers to entertain outside the home. China's full-service restaurants saw value growth of 17% in 2011, with sales of US$310.3 billion. That same year, value sales from full-service restaurants in China accounted for 75% of the total foodservice sales for the year.

Hotels and lodging

- Many consumer foodservice outlets in China's hotel and lodging sector are located in hotels, which generally charge higher prices than other locations, such as motels or bed-and-breakfasts.
- In 2011, hotels and lodgings represented the third-largest consumer foodservice location in terms of outlet numbers, behind standalone and retail locations. In fact, China's hotel and lodging sector saw dynamic growth in the number of outlets in 2011, rising 14% over 2010 to a total of 269,529 outlets.
- Consumer foodservice through hotels and lodgings had double digit sales growth (23%) in 2011.
- Hotels and lodgings also saw the highest average value per transaction in the foodservice sector in 2011. These higher values are attributed to this sector's premium-positioned, full-service restaurants, cafés and bars, with high unit prices for menu items.

Catering

- Total Chinese consumer expenditure on catering was C$207.8 billion in 2011, up from C$179 billion in the previous year.
- Per capita, Chinese consumer expenditure on catering has also increased significantly since the C$78 recorded in 2007, reaching C$155 in 2011.
- China is seeing the emergence of group buying in consumer foodservice catering. Group buying occurs when a company offers products and services at significantly reduced prices, on the condition that a minimum number of buyers are willing to purchase the same item. This trend began towards the end of 2010. Euromonitor credited the growing popularity of group buying in China to the rapid development of e-commerce. Foodservice catering operators launched a combination of dishes with discounted prices that can be purchased through group buying, e-commerce platforms. Currently, there are many group buying websites in China, similar to the popular North American services Groupon and Dealfind.

**This report was originally prepared for participants in the FHC China show in November 2012 and so, while the main focus of the report is on trade, a short section describing trends in the Chinese foodservice industry has also been included.*

CONSUMER FOODSERVICE IN CHINA (continued)

China's Leading Chained Consumer Foodservice Companies by % Value Share, 2011

	2007	2008	2009	2010	2011
Yum! Brands Inc.	17.5	17.9	17.5	17.3	17.7
McDonald's Corp.	7.1	6.6	6	6	6.4
Ting Hsin International Group	3.4	3.5	3.6	3.4	3.4
Hua Lai Shi Catering Management and Service Co., Ltd.	0.5	0.9	1.1	1.5	2.2
Little Sheep Group Ltd.	2.3	2	2.1	2	1.7
UBC Coffee Food Co., Ltd.	2.6	2.2	2.1	1.8	1.7
Inner Mongolia Xiao Wei Yang Chained Food Service Co., Ltd.	2.4	2.2	1.8	1.7	1.6
Shigemitsu Industry Co., Ltd.	0.7	1.1	1.1	1.3	1.2
Chongqin Dezhuang Group	1.5	1.5	1.4	1.2	1.2
Chongqing Taoranju Catering Culture Co., Ltd.	1.3	1.2	1.3	1.2	1.1

Source: *Euromonitor International, 2012*

TOP BEEF IMPORTS BY VOLUME

China, Top Imported Beef Products by Volume (kg)

Beef Product	Total Imports from the World (kg)			Top 3 Suppliers by Share (%), 2011		
	2009	2010	2011	#1	#2	#3
Frozen boneless bovine meat (02023000)	13,090,766	21,229,962	17,572,562	Australia (40.2%)	Uruguay (35.4%)	New Zealand (12.52%)
Frozen edible bovine offal, excluding tongues and livers (02062900)	3,354,760	9,074,109	6,581,737	Australia (47.6%)	Uruguay (40.4%)	New Zealand (8.1%)
Frozen unboned bovine meat, excluding carcasses (02022000)	508,748	2,092,236	2,128,564	Uruguay (53.5%)	New Zealand (28.3%)	Australia (18.14%)
Fresh or chilled boneless bovine meat (02013000)	505,037	341,071	382,897	Australia (100%)	---	---
Fresh or chilled unboned bovine meat, excluding carcasses (02012000)	53,891	38,698	50,763	Australia (100%)	---	---
Meat or meat offal of bovine, animals, prepared or preserved (160250)	116,348	56,923	9,160	Taiwan (58.91)	Uruguay (39.02)	United States (1.84)
Preparations of bovine animal meat and offal, in airtight container (16025010)	109,943	39,596	4,046	Taiwan (96.1%)	United States (3.4%)	Japan (0.5%)
Preparations of bovine animal meat and offal (16025090)	6,405	17,327	5,114	Uruguay (69.9%)	Taiwan (29.5%)	United States (0.6%)
Meat of bovine animals, salted, in brine, dried or smoked (02102000)	0	0	200	Australia (100%)	---	---
Fresh or chilled edible bovine offal (020610)	894	1	---	---	---	---
Frozen bovine tongues (02062100)	133,100	24,567	---	---	---	---

Source: *Global Trade Atlas, 2012*

▶ TOP FIVE BEEF SUPPLIERS TO CHINA, 2011

Top Beef Suppliers to China and Top Provided Commodities by Value in C$, 2011

Rank	Supplier	Top Commodities	Sales Value (C$)
1	Australia	Boneless beef, frozen	38,890,615
		Beef offal, frozen	8,644,571
		Boneless beef, fresh or chilled	8,166,213
		Beef cuts, bone-in, frozen	2,033,036
		Beef cuts, bone-in, fresh or chilled	770,959
2	Uruguay	Boneless beef, frozen	24,739,733
		Beef offal, frozen	6,428,382
		Beef cuts, bone-in, frozen	1,818,683
3	New Zealand	Boneless beef, frozen	8,815,639
		Beef offal, frozen	1,254,802
		Beef cuts, bone-in, frozen	884,114
4	Brazil	Boneless beef, frozen	8,006,771
		Beef offal, frozen	696,474
5	Taiwan	Processed beef	36,518

Source: *Global Trade Atlas, 2012*

TOP CHINESE BEEF IMPORTS BY DISTRICT OF ENTRY

China, Imports of Beef and Veal Products from the World by Top 10 Districts of Entry, C$

District	2007	2008	2009	2010	2011
Tianjin	3,910,879	4,792,336	21,647,776	23,989,297	36,261,826
Shanghai	8,178,929	9,542,182	12,613,932	24,184,661	33,061,840
Dalian	4,448,969	3,261,054	8,274,781	10,949,192	20,936,680
Shenzhen	4,274,761	5,607,230	12,352,100	11,433,101	11,520,043
Qingdao	4,488,789	3,682,813	998,210	858,034	3,034,674
Shijiazhuang	169,866	782,186	1,509,673	1,594,171	1,887,309
Huangpu	3,934,114	147,407	474,141	575,894	1,665,766
Nanjing	42,346	0	238,865	671,974	1,367,114
Beijing	711,332	843,425	672,679	944,493	716,416
Gongbei	461,665	540,685	183,355	204,024	350,932

Source: *Global Trade Atlas, 2012*

China, Top Five Beef and Veal Imports by Commodity and District of Entry

District	Quantity (kg)			% Share			Volume Change % 2010-2011
	2009	2010	2011	2009	2010	2011	
Commodity 0201: Meat of bovine animals, fresh or chilled							
Shanghai	534,005	316,633	421,619	95.54	83.38	97.22	33.16
Beijing	13,720	22,441	12,041	2.45	5.91	2.78	-46.34
Huangpu	8,537	0	0	1.53	0	0	n/a
Kunming	2,666	0	0	0.48	0	0	n/a
Shenzhen	0	225	0	0	0.06	0	-100.00
Tianjin	0	40,470	0	0	10.66	0	-100.00
Commodity 0202: Meat of bovine animals, frozen							
District	**Quantity (kg)**			**% Share**			**Volume Change % 2010-2011**
	2009	**2010**	**2011**	**2009**	**2010**	**2011**	
Tianjin	6,307,410	5,846,093	7,844,129	46.38	25.07	39.82	34.18
Dalian	1,263,012	2,496,605	4,085,443	9.29	10.7	20.74	63.64
Shenzhen	4,462,040	3,966,995	3,187,676	32.81	17.01	16.18	-19.65
Shanghai	748,565	2,835,600	2,779,627	5.50	12.16	14.11	-1.97
Qingdao	376,887	238,600	865,875	2.77	1.02	4.40	262.90
Nanjing	65,384	148,662	362,794	0.48	0.64	1.84	144.04
Shijiazhuang	40,873	272	235,880	0.30	0	1.20	n/a
Huangpu	96,162	74,511	105,478	0.71	0.32	0.54	41.56
Gongbei	58,587	59,695	90,837	0.43	0.26	0.46	52.17
Xiamen	40,778	580,430	86,773	0.30	2.49	0.44	-85.05

Continued on following page...

TOP CHINESE BEEF IMPORTS BY DISTRICT OF ENTRY (continued)

China, Top Five Beef and Veal Imports by Commodity and District of Entry (continued)

Commodity 0206: Edible offal of bovine animals, swine, sheep, goats, horses etc., fresh, chilled or frozen

District	Quantity (kg)			% Share			Volume Change % 2010-2011
	2009	2010	2011	2009	2010	2011	
Tianjin	134,127,547	197,541,630	268,792,734	33.71	27.7	30.16	36.07
Dalian	25,754,288	47,511,588	135,153,183	6.47	6.66	15.16	184.46
Guangzhou	117,142,740	264,247,250	118,197,547	29.44	37.06	13.26	-55.27
Shanghai	58,912,545	79,927,630	94,870,377	14.81	11.21	10.64	18.7
Nanjing	11,412,952	29,073,451	75,395,363	2.87	4.08	8.46	159.33
Gongbei	37,666,714	53,011,104	61,488,560	9.47	7.43	6.9	15.99
Shantou	247,592	12,649,835	45,265,611	0.06	1.77	5.08	257.84
Shenzhen	7,231,228	8,574,940	27,229,306	1.82	1.2	3.05	217.55
Xiamen	0	123,772	20,904,864	0	0.02	2.35	n/a
Huangpu	308,795	8,263,192	17,967,032	0.08	1.16	2.02	117.43

Commodity 0210: Meat and edible meat offal, salted in brine, dried or smoked; edible flours and meals of meat or meat offal

District	Quantity (kg)			% Share			Volume Change % 2010-2011
	2009	2010	2011	2009	2010	2011	
Guangzhou	229,572	217,882	305,868	94.47	49.41	63.29	40.38
Nanjing	4,672	26,834	87,989	1.92	6.09	18.21	227.9
Tianjin	0	98,387	78,421	0	22.31	16.23	-20.29
Gongbei	0	0	2,563	0	0	0.53	n/a
Shanghai	633	1,105	2,481	0.26	0.25	0.51	124.52
Harbin	2,000	1,965	2,450	0.82	0.45	0.51	24.68
Beijing	1,583	5,289	2,146	0.65	1.20	0.44	-59.43
Hangzhou	15	0	941	0.01	0	0.19	n/a
Shenzhen	4,261	0	400	1.75	0	0.08	n/a
Changchun	0	960	31	0	0.22	0.01	-96.77

Commodity 1602: Prepared or preserved meat, meat offal or blood

District	Quantity (kg)			% Share			Volume Change % 2010-2011
	2009	2010	2011	2009	2010	2011	
Shanghai	40,676	220,737	307,128	12.10	25.31	45.44	39.14
Shenzhen	86,545	253,106	117,343	25.75	29.02	17.36	-53.64
Xiamen	53,199	77,680	103,753	15.83	8.91	15.35	33.56
Dalian	5,754	468	47,402	1.71	0.05	7.01	n/a
Nanjing	812	186,236	37,682	0.24	21.35	5.57	-79.77
Hangzhou	26,718	22,056	26,323	7.95	2.53	3.89	19.35
Beijing	4,931	2,770	15,959	1.47	0.32	2.36	476.14
Tianjin	5,921	15,565	10,019	1.76	1.78	1.48	-35.63
Shenyang	0	0	5,407	0	0	0.80	n/a
Jiangmen	0	0	3,017	0	0	0.45	n/a

Source: *Global Trade Atlas, 2012*

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