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# Report on Development and Investment of China's Beef Cattle Industry (2018-2019)

—Price growth drives market development, investment and  
integration opportunities of enterprises are highlighted

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## Research Background

Relying on more than 20 years of accumulation of industry data, continuous tracking of industry changes and in-depth researches, BOABC will provide you with a valuable analysis report on the industry and investment.

China's beef cattle industry is a small industry with big market. In recent years, domestic beef prices have remained at historically high levels under the impact of increasing consumer demand and insufficient cattle sources. Market conditions for farming are good with highlighted investment and integration opportunities for businesses.

### **(1) Beef consumption maintains growth momentum both in sales volume and sales price, with huge market potential.**

With the improvement of national living standards and the change of consumption patterns, the post-80s generation and post-90s generation are gradually becoming the major force of quality life and brand consumption. The proportion of beef sold through supermarkets and online platforms is increasing. In addition, the outbreaks of African swine fever in the mainland of China since August has led to reduction in pork consumption, which is conducive to the growth in feed consumption.

The retail prices of beef have been increasing, from 33 yuan/kg in 2010 to 65 yuan/kg in 2018, a huge increase. At present, the annual consumption of beef in domestic is close to 8 million tons, and the size of terminal consumption is over 500 billion yuan. Beef consumption maintains growth momentum both in sales volume and sales price, with huge market potential.

### **(2) For low production capacity in domestic, beef supply will be insufficient for a long time, and the imbalance between supply and demand is highlighted.**

Domestic beef industry is polarized: upstream farming is still dominated by backward production modes which feature low production efficiency and slow growth in beef output;

downstream consumers have raised higher demands on beef quantity and quality. Beef production is difficult to meet market demand, and the imbalance between supply and demand is increasingly prominent.

So, China's import volume of beef through legal channels is increasing in recent years, and has increased to more than 600,000 tons now from less than 10,000 tons in 2008. At the same time, China has become the most affected area of smuggling beef, and about 1.5-2 million beef is smuggled into China annually according to the estimation of experts from national beef cattle industry technical system. It can be seen that China's imports and smuggling of beef account for about 30% of the total consumption, indicating that there is a huge gap of beef between supply and demand in China.

### **(3) Lacking leading enterprises**

Beef consumption demand in domestic maintains strong momentum, beef prices are increasing, and the market conditions for farming are good. Independent brand enterprises develop rapidly, which drives the innovative development of beef business models and enhance the coordination of industrial chain. However, affected by the characteristics of domestic beef cattle industrial chain and the competitive international beef, the problem that scale beef cattle enterprises are difficult to achieve profitability hasn't been effectively solved. In terms of beef-related IPO companies and enterprises that have been listed on the New Three Board, their business performance is generally unsatisfactory, and true brand leaders haven't appeared yet. Whether they are integrated enterprises, large-scale farming companies, beef slaughtering and processing enterprises or deep processing companies, they all face the problems of low scale efficiency, low capacity utilization, weak brand business, and poor overall profitability.

The report will make in-depth analysis on the development of domestic beef cattle industry in 2018, analyze the operation modes of key enterprises, generalize about the investment trends of domestic enterprises and capital, and predict the market trends in 2019. The report



is expected to help businesses, capital, and industry professionals to more accurately grasp the development trends and investment opportunities of beef cattle industry at home and abroad, and determine business models suitable for the development of enterprises and the resources that need to be integrated.

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