



Market Research for the Promotion of Argentine Beef in China

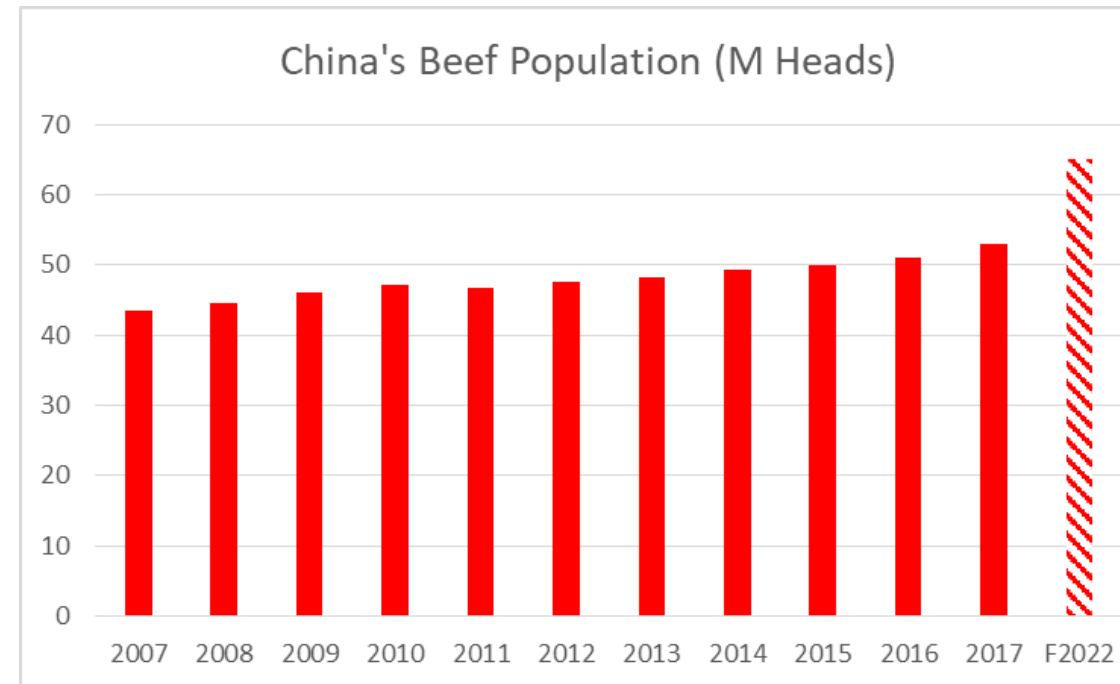
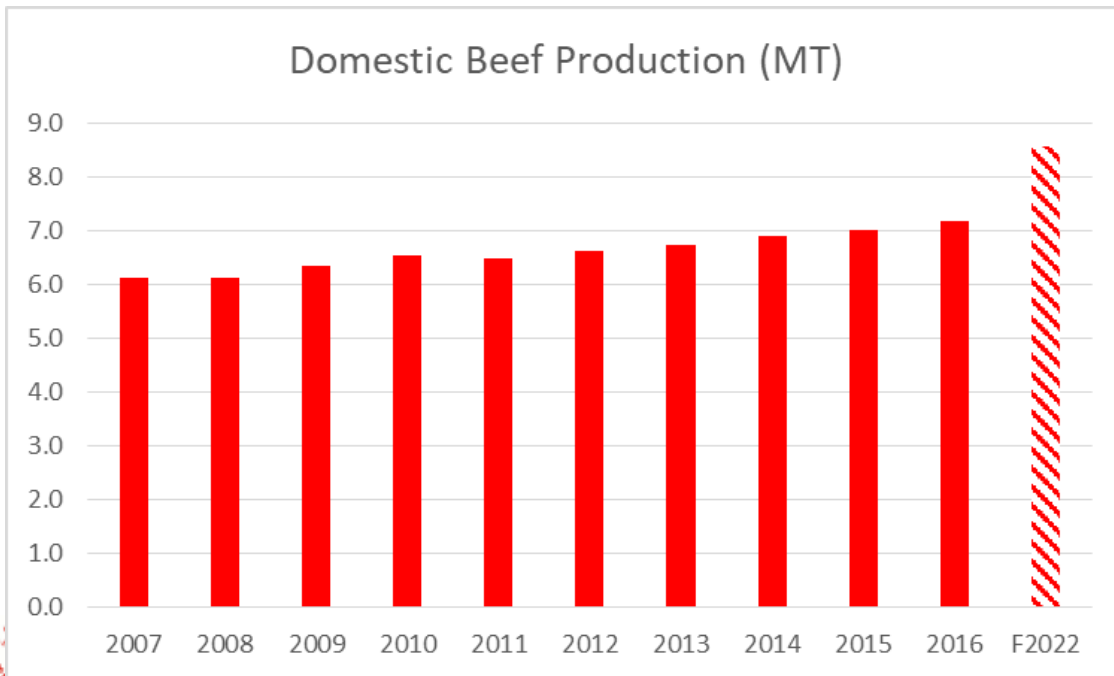
ARGENTINE  **BEEF**

China's Beef Industry – a snap shot

Fragmented, under supplied but improving

Overview

- China's beef industry is fragmented. 11 million producers produce 53 millions heads of cattle and an industry output of 7.2M Tonnes of beef in 2016 with a value of USD 73million. (Source: GIRA)
- Typical production systems are grass feeding (majority) and feed lotting (emerging), where animals are fed for 7 months to 500kg and 95% of China's beef farmers are small (<10 head).
- Down stream segment is consolidating, investments in processing plants shows an upward trend and there is a trend to deal with end users directly, primarily through e-commerce



China's Market Access Map

16 Countries enjoy access and more will follow

- 16 countries are allowed to export beef products to China:

Argentina, Australia, New Zealand, Chile, Costa Rica, Uruguay, United States, Canada, Brazil, Ireland, Mexico, Hungary, Belarus, Mongolia, UK and South Africa

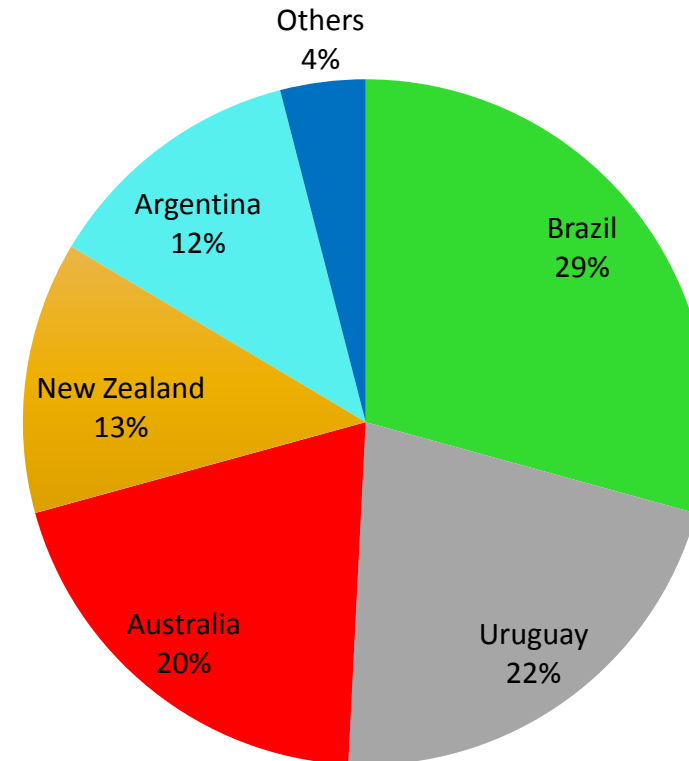


Frozen beef import volumes 2017

- Imports of frozen beef in 2017 were 688,530 tonnes valued at 2.9 Billion USD
- The leading five importers Brazil (29%), Uruguay (22%), Australia (20%), New Zealand (13%) and Argentina (12%), totaling 95% of imports

Origin	Import volume (Tonne)	Import value (Million USD)	Average price (USD/Tonne)	Share (%)
Brazil	197,565	872	4,414	29
Uruguay	195,874	641	3,273	21
Australia	109,840	593	5,399	20
New Zealand	79,107	382	4,829	13
Argentina	86,334	370	4,286	12
Canada	8,977	79	8,800	2.64
U.S.	1,937	20	10,325	0.67
Costa Rica	3,754	14.9	3,969	0.50
Chile	4,113	14.6	3,550	0.49
South Africa	967	4.3	4,447	0.14
Mexico	33	0.2	6,061	0.01
Ukraine	27	0.13	4,815	0.004
Hungary	2	0.009	4,500	0.0003
Total	688,530	2,991		

Note: market share is based on import value

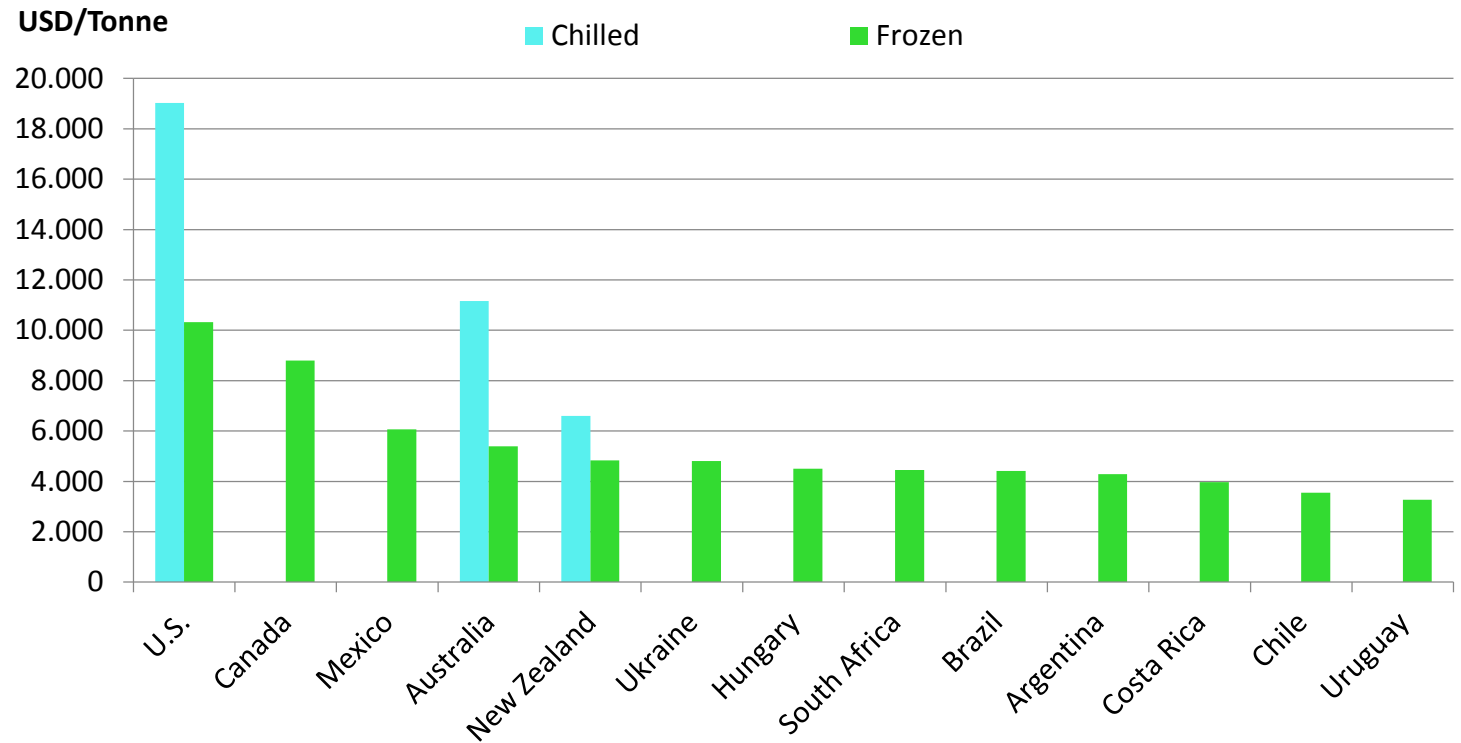


Frozen beef imports by origin

Average beef price export to China

- U.S. beef shows the highest price for both chilled and frozen beef among all the countries
- New Zealand has the lowest price for chilled beef, approximately 3 times lower than U.S. chilled beef
- Uruguay has the lowest price for frozen beef, approximately 3 times lower than U.S. frozen beef

Country	Chilled (USD/Tonne)	Frozen (USD/Tonne)
U.S.	19,030	10,325
Canada		8,800
Mexico		6,061
Australia	11,166	5,399
New Zealand	6,596	4,829
Ukraine		4,815
Hungary		4,500
South Africa		4,447
Brazil		4,414
Argentina		4,286
Costa Rica		3,969
Chile		3,550
Uruguay		3,273

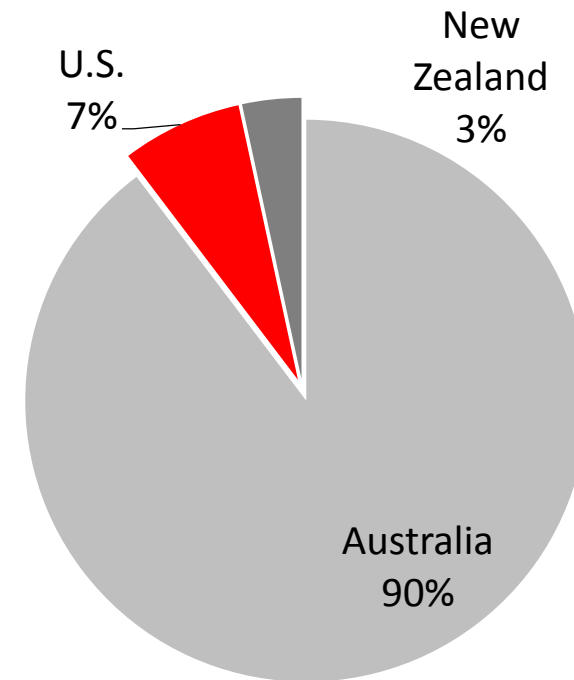


Average beef price export to China

Chilled beef import by origin 2017

- Chilled beef imports were 6,558 tonnes valued at USD 73.6 Million
- The three leading importers are Australia (90%), USA (7%) and New Zealand (3%)
- Chilled beef creates a “halo” of premium image around countries with chilled access

Origin	Import volume (Tonne)	Import value (Million USD)	Average price (USD/Tonne)	Share (%)
Australia	5,911	66	11,166	90%
U.S.	268	5.1	19,030	7%
New Zealand	379	2.5	6,596	3%
Total	6,558	73.6		



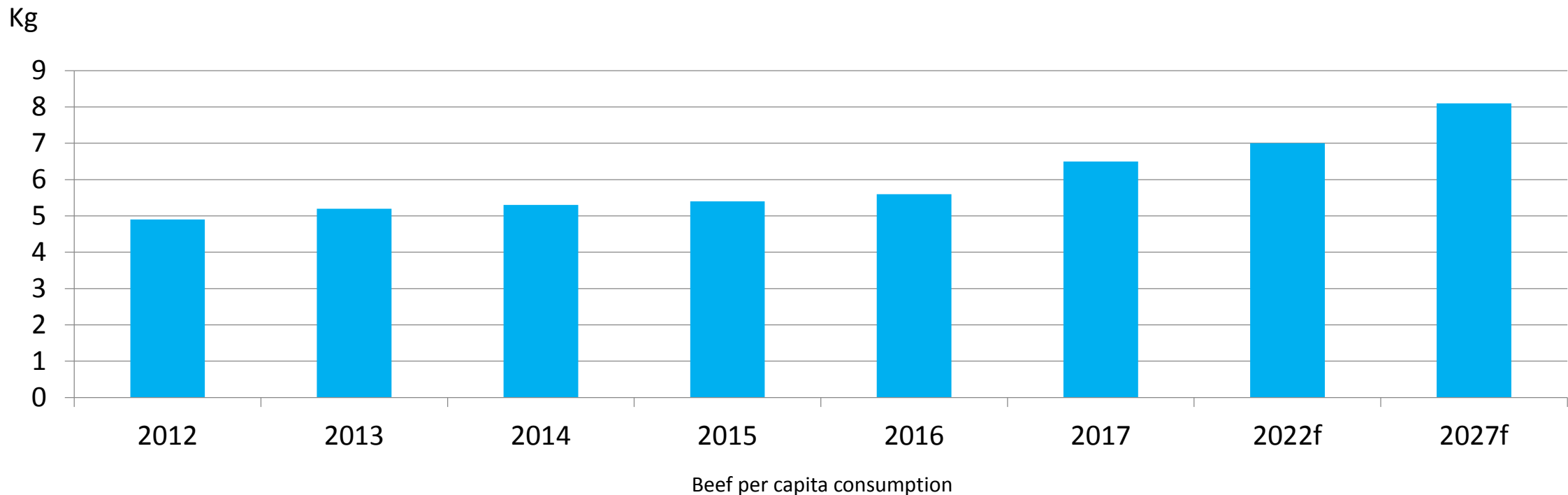
Chilled beef imports by origin

Note: market share is based on import value

Chinese beef consumption

Steady consistent consumption growth

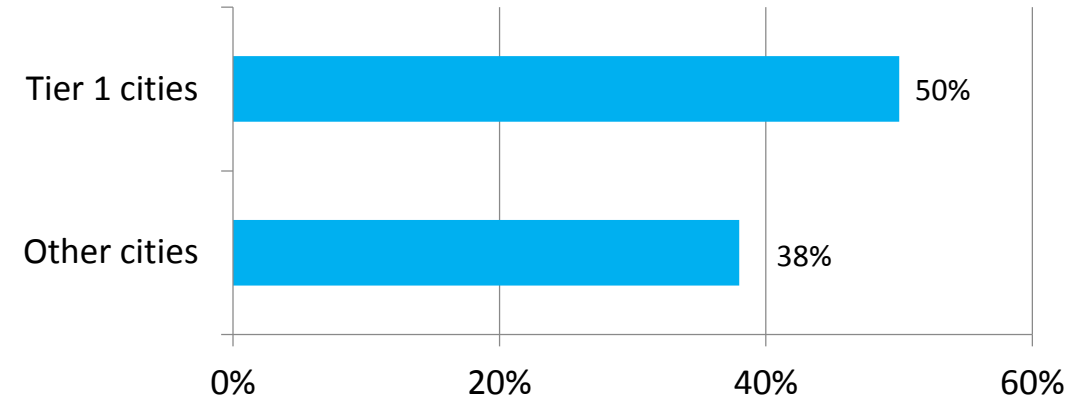
- Current consumption level is around 6.5kg per capita beef in 2017 (MLA) expanding to 8.1kg per in 2027 (GIRA)
- Beef consumption is forecast to grow to 7kg per head by 2022 creating a demand of 10 m tonnes and increase of 1M tonnes on 2017
- The Chinese Government is increasing pressure on food safety and traceability, this will have some effect on the grey channel but it will remain as an important source of imported beef.



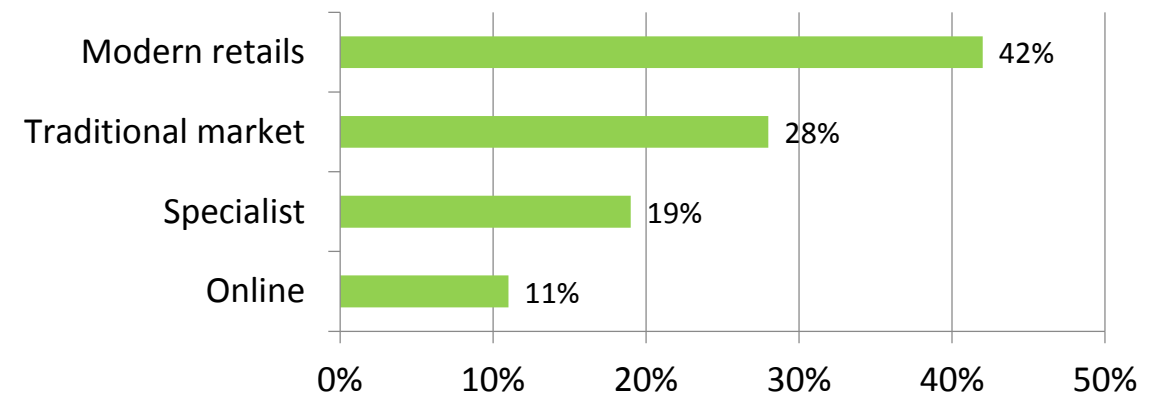
Consumption trends

First Tier cities dominate consumption

- First Tier cities such as Beijing, Shanghai and Guangzhou are the largest cities that consume beef. 50% of First cities respondents consume beef once to twice a week compared to a 38% level in other cities
- Offline modern retail plays an important role in the beef market. 42% of survey respondents purchase beef from offline modern retailers
- E-commerce is an increasingly important platform in China, particularly for imported beef. Although it is still a market segment accounting for a small market share it is expected to grow at a faster rate than traditional retail (at around 15.9% compared to 9.5% in offline modern retails) (Source: MLA)



Comparison of beef consumption frequency between First Tier cities and other cities in China

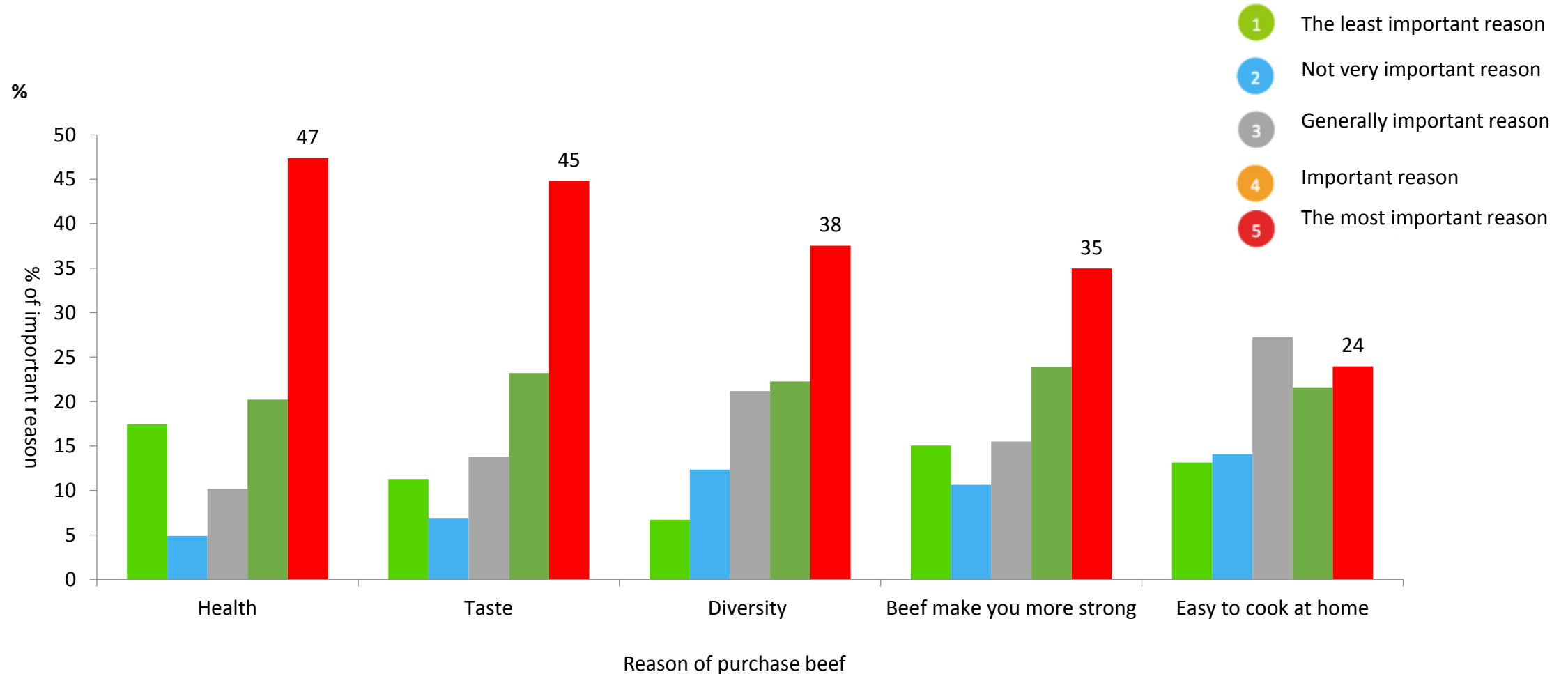


Where beef consumers purchase beef

Reasons to purchase beef

The reason why you purchase beef

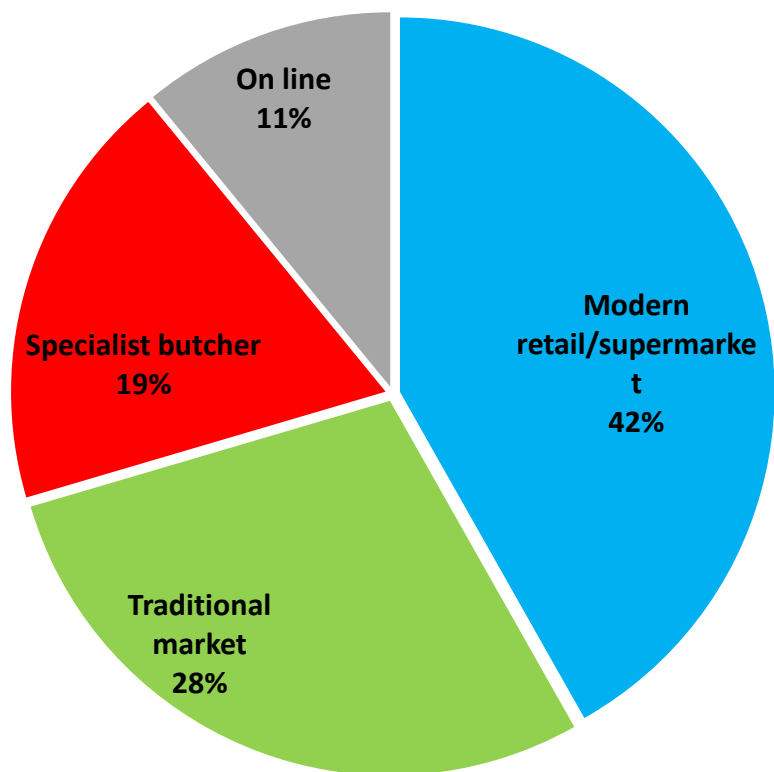
Health and taste are the most popular reason why consumers purchase beef



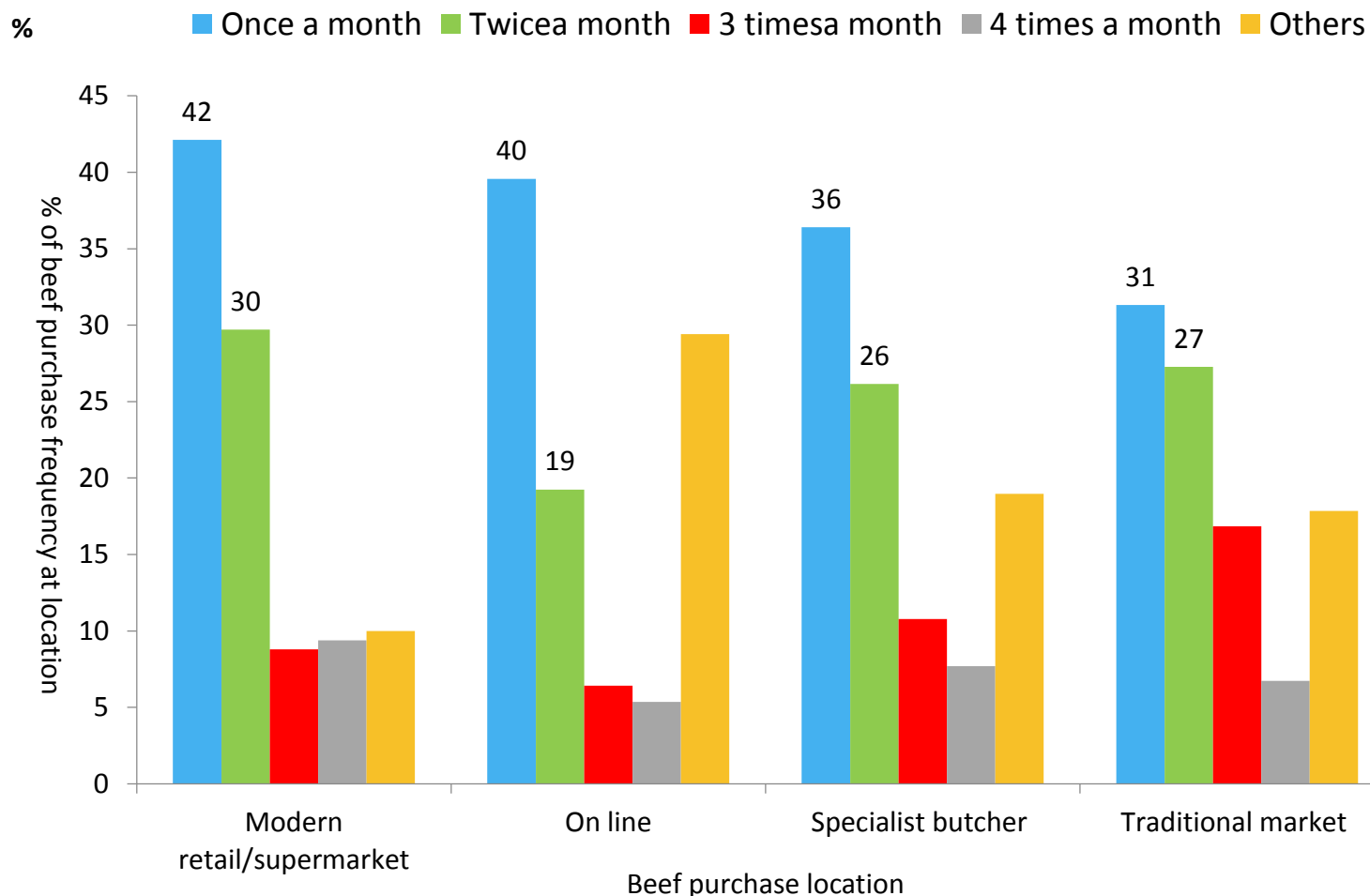
Beef purchase location

Preferred beef purchase location and purchase frequency ?

- 42%(222 out of 531) respondents prefer to purchase beef in modern retail/ supermarket
- Face to face was in supermarkets, traditional markets still dominate for beef purchases locations.
- Online is an emerging channel for beef especially for fresh/chilled beef, due to the cold chain logistic limitations



Beef purchase location

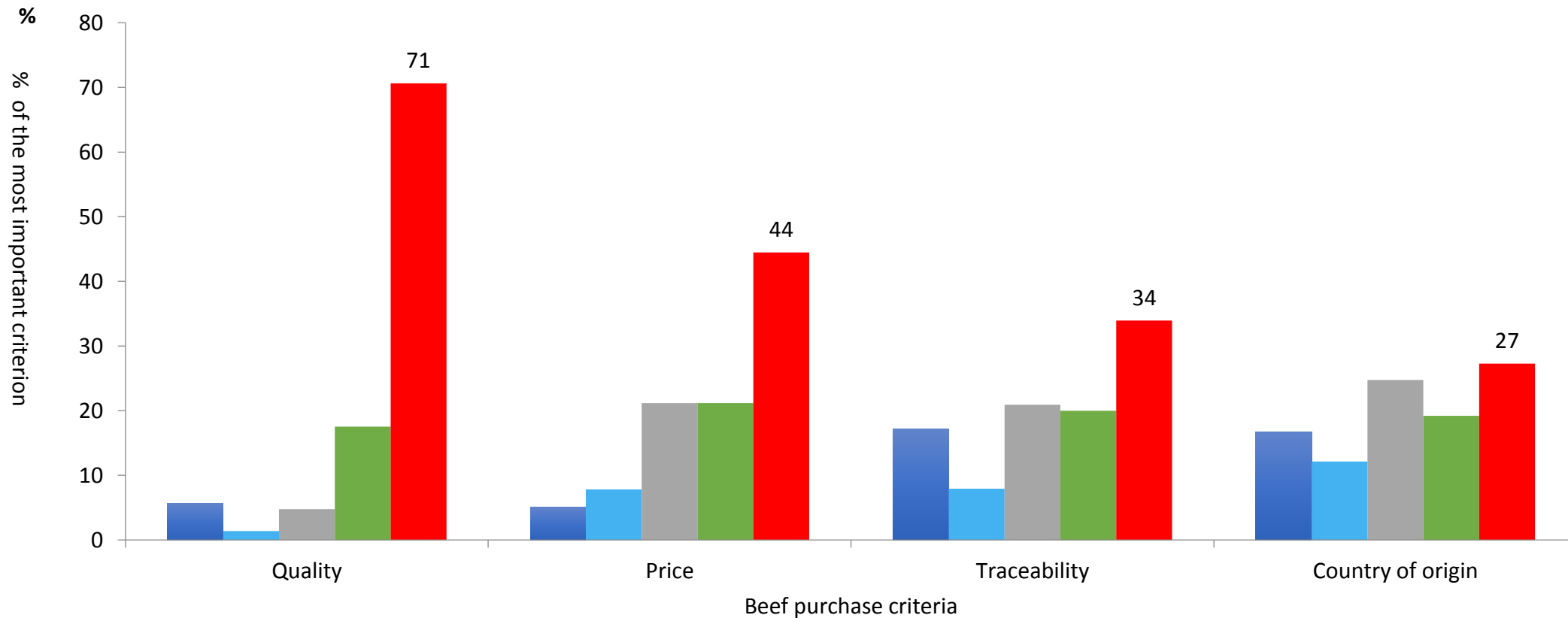


Beef purchase location

Criteria to purchase beef

What is the most important purchase criteria when purchase beef

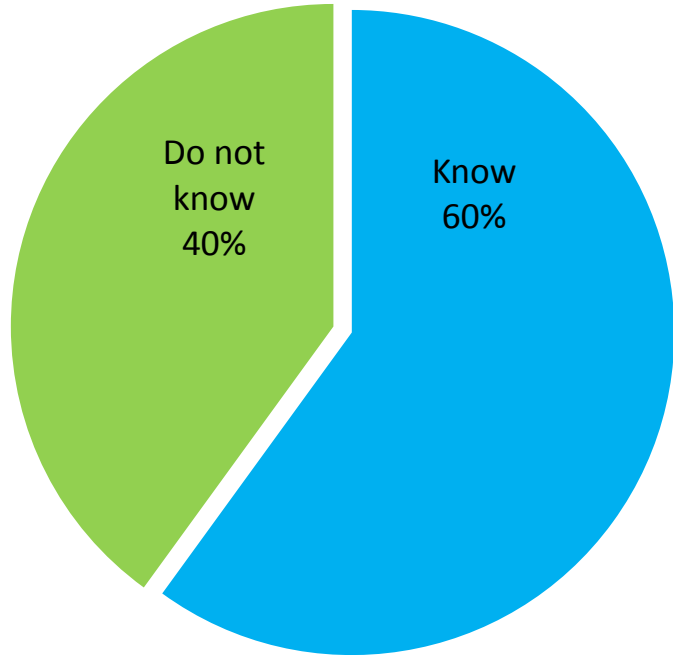
- Quality is the most important criteria, followed by price.
- First Tier cities focused on quality whereas Tier 2 cities have a closer quality : price ratio



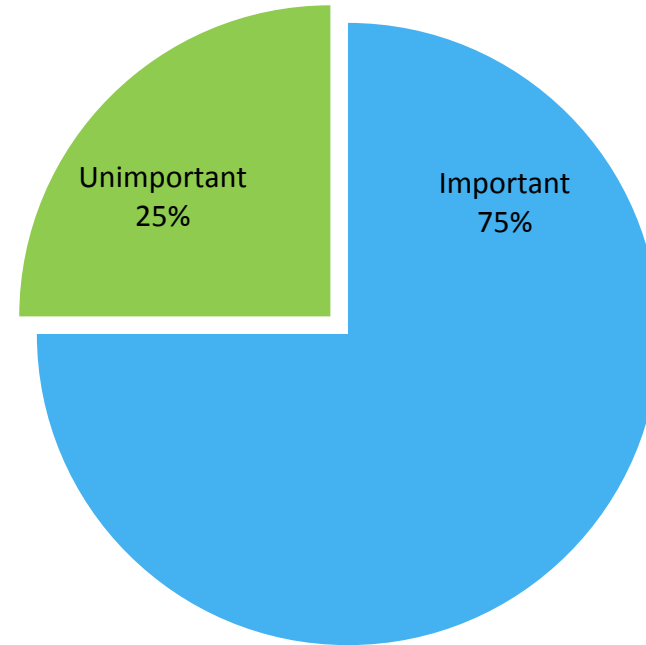
Country of origin

Is the country of origin important when purchasing beef?

- 60% respondents know the country origin of the beef products they purchase
- 75% respondents believe country origin is very important



Awareness of country origin

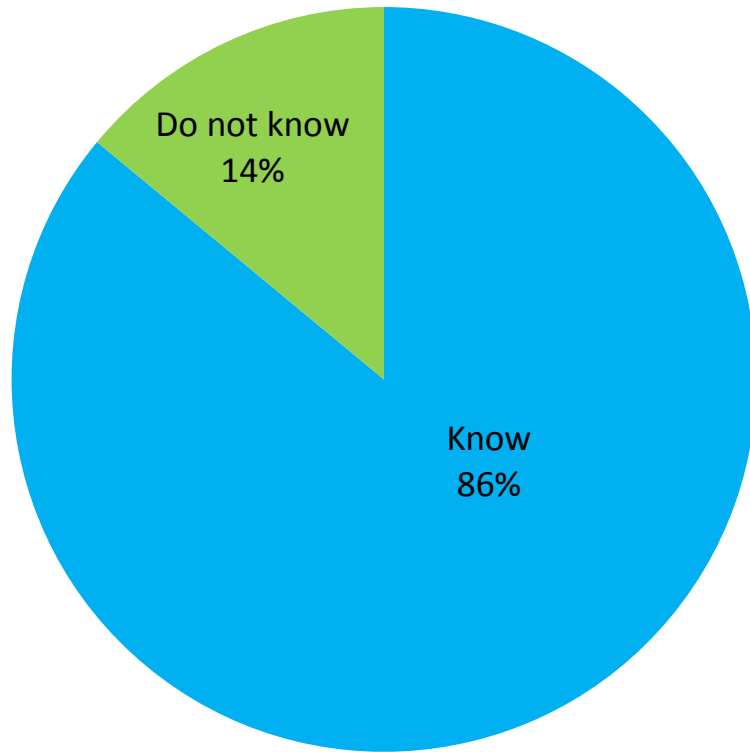


Important of country origin

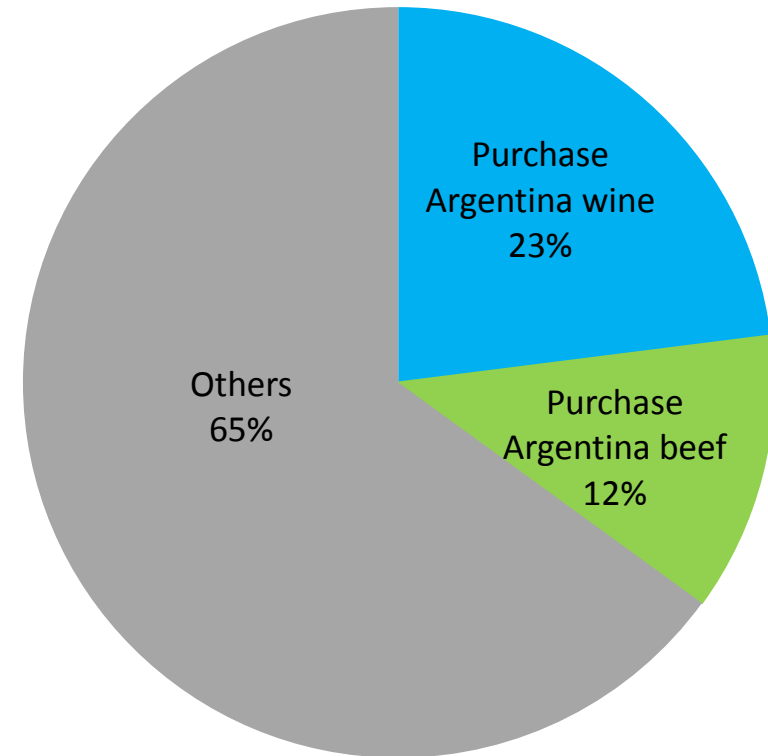
Awareness of Argentina

Consumers awareness and association with Argentina?

- 86% of respondents have heard of Argentina
- 23% of respondents have had the experience of consuming Argentine wine
- Many respondents know Argentina because of the football Team (60%)



Awareness of Argentina

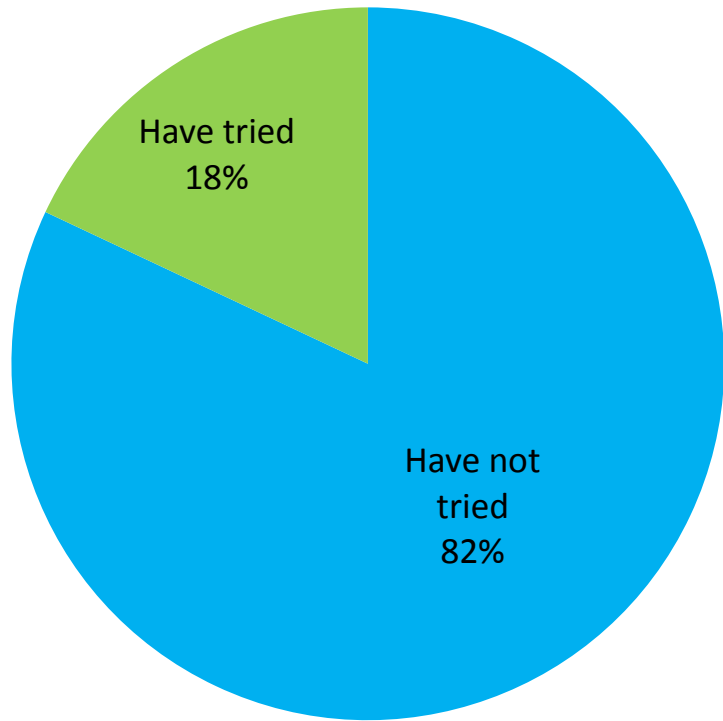


Association with Argentina

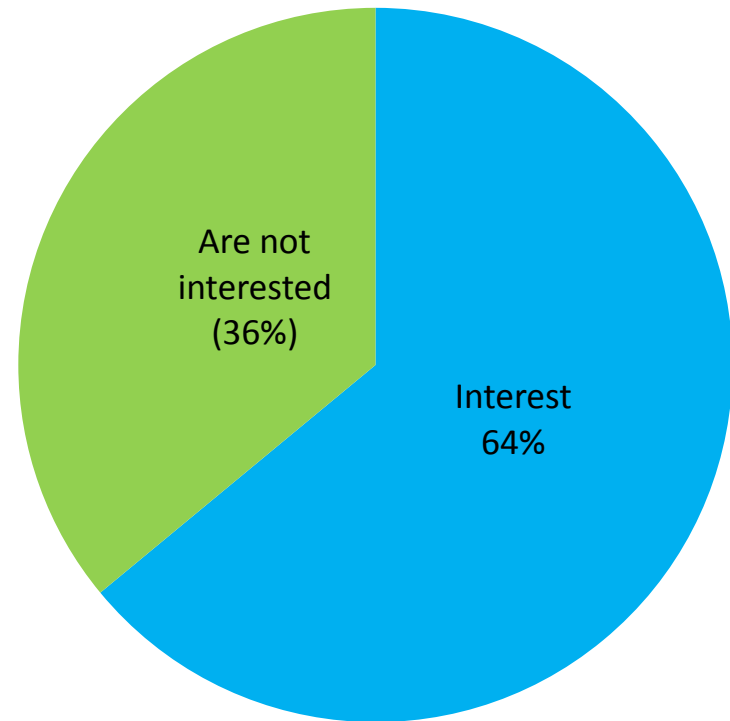
Experience with Argentine beef

Have consumers tried Argentina beef and are consumers interested in trying Argentine beef?

- 18% of respondents have tried Argentine beef
- There is a good interest to try Argentine beef as 64% of respondents would like to try
- Some of the respondents mentioned that they may have tried Argentina at restaurants without their knowledge, since some of the restaurants only said it is imported beef.



Experience with eating Argentina beef



Interest in Argentina beef