Solidaridad
Environment and Sustainability in China

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- A metaphor for China’s economy in the past 4 decades:
  - The BUS shown in the 1994 Hollywood film SPEED

- China’s New Normal:
  - Clean water and green mountain is mountain of gold and silver
Dynamics of China’s environmental movement:

1. A leadership that understands the problem and is taking serious measures;

2. A system that is so big and diffuse and has so much momentum for growth;

3. Civil society and media on the side of environmentalism for the first time in the history.
Several pieces of suggestions for future cooperation:

1. Engage with Chinese government (not only just associations, but the core departments who make decisions);

2. Get the evidence chain solid between deforestation here and purchasing by China;

3. Borrow experiences from EU-South America cooperation;

4. Be innovative (like many years ago, Brazilian government proposed Clean Development Mechanism (CDM) under Kyoto Protocol.)
CHINA AS A MARKET: TRANSITION TO GREEN GROWTH

Isabel Nepstad,
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- China’s consumption habits and trends
- China’s Beef Industry: domestic production and trade
- Key issues and policies in the industry
- Trends and new developments
# Overview

## Drivers
- Population Growth
- GDP Growth
- Urbanization
- Globalization

## Outcomes
- More demand for animal-source foods
- Increased production and productivity to meet demand
- Structural changes in the livestock sector
- More movement and trade in livestock and products

## Concerns of Sustainability
- Food Security
- Livelihoods
- Animal health and animal welfare
- Resources, climate change, and environment
POPULATION CHARACTERISTICS

1.4 Billion People

- 17.5% Between the ages of 0 and 14
- 12.78% Between the ages of 15 and 24
- 48.5% Between the ages of 25 and 54
- 10.75% Between the ages of 55 and 64
- 10.8% 65 years of age and older

Source: World Facebook
The younger generation (18-35 years-old) contributes the most significant portion to consumption in China.

More than 788 million people in China have access to internet via mobile devices, more than 900 million people in China participate in e-commerce shopping.

According to Alibaba’s China Household Table Consumption Trends Report published in 2017, 60.5% of all fresh food available in China is sold online.

73% of consumers are ready to pay extra for food deemed healthier and 58% of the middle class (20-49) are willing to pay more for ethical brands.
China is the 3rd largest beef producer in the world, holding 10% of the global market share.

With only 11% of its land currently arable, with up to 40% of its rivers and 20% of the land polluted, China is limited in its ability to produce homegrown food products.

Currently beef demand in China outpaces domestic production and China must rely on beef imports.

Domestic beef also has higher prices in comparison to imported beef.
CHINA'S DOMESTIC BEEF PRODUCTION & CONSUMPTION

Beef Consumption reached 7.94 million metric tons in 2017

Source: China Animal Agriculture Association
CHINA’S DOMESTIC BEEF PRODUCTION

7.35 million metric tons in 2018

Source: China Animal Agriculture Association
Production efficiency challenges:

• The industry is highly fragmented and varies across China with mainly backyard farms that lack expertise and experience.

• Constrained by land, feed, water and supply chain issues.

• Less government support for beef production in comparison to pork and poultry production sectors.

• More stringent food safety policies will favor companies with scale.
CHINA’S BEEF IMPORT VOLUME

1.06 million tons in 2018

Source: China Animal Agriculture Association
## CHINA’S BEEF IMPORTS

**Beef import volume to China 2012 – 2019e**

<table>
<thead>
<tr>
<th>Year</th>
<th>Official imports</th>
<th>Smuggling imports*</th>
<th>Total</th>
</tr>
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<tbody>
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<td>2012</td>
<td>79,000</td>
<td>600,000</td>
<td>679,000</td>
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<tr>
<td>2013</td>
<td>283,000</td>
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<tr>
<td>2014</td>
<td>295,000</td>
<td>800,000</td>
<td>1,095,000</td>
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<tr>
<td>2015</td>
<td>474,000</td>
<td>1,000,000</td>
<td>1,474,000</td>
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<tr>
<td>2016</td>
<td>800,000</td>
<td>1,100,000</td>
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<td>2017</td>
<td>700,000</td>
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<td>2018</td>
<td>1,060,000</td>
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<td>2019e</td>
<td>1300,000</td>
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</tbody>
</table>

*Source: Rabobank, USDA; Smuggling imports* are according to industry information and media publications.*
CHINESE BEEF IMPORTS THROUGH DIFFERENT CHANNELS

Source: Rabobank
CHINA’S 2018 BEEF IMPORTS

Source: China Customs Data
BEEF SALES STRUCTURE

Sales Channels

- Food Services
  - Hot Pot, BBQ, Steakhouses
- Institutional Buyers
  - Food Processors
  - Canteens
- Retail Markets
  - Wet Markets
  - Supermarkets
  - Online Shopping

Source: China Cuisine Association
MAJOR PLAYERS (2018)

E-Commerce

 Alibaba Group

 Importers

 COFCO Meat Holdings Limited

 Producers

 Hao Yue Group

 JD.COM

 PMI Foods

 Kerchin
Thin sliced beef from Australia

Cubed beef from Brazil

Cubed beef from Uruguay
CONSUMERS ARE DEMANDING GREATER TRANSPARENCY & HIGHER QUALITY STANDARDS
ONLINE & OFFLINE: HEMA SUPERMARKET PROVIDES FULL TRACEABILITY SYSTEM FOR ITS CUSTOMERS

盒马食品安全追溯平台

食品追溯信息
- 活体验收 2019-6-1 07:43
- 屠宰 2019-6-1 08:35
- 预冷 2019-6-2 08:00
- 运输 2019-6-2 16:33

非日日鲜商品，商品追溯信息以及包装上的生产日期以实际购买商品批次为准，app上只展示最新追溯信息！
产地介绍

中粮肉食（江苏）有限公司

养殖场采用深井水及优质饲料均达到国家标准，避免环境污染对猪只健康产生不利影响，采用玉米、豆粕、大麦等为饲料主要原料，辅以维生素及矿物质科学的营养配比。拒绝使用瘦肉精等违禁药品，尊重动物的自然生长规律，通过营养配比着重提高猪只自身免疫力，猪只自由采食自然生长，还有动物福利，严格控制抗生素等药品使用，从饲料生产，到生猪养殖、屠宰、加工、冷链物流，做到全程可追溯，用最严谨的态度呵护消费者的健康。
GOVERNMENT POLICIES

Beef Imports:
- Increasing imports of all meat products due to African Swine Fever (ASF), and the U.S. China Trade tensions.
- Strict monitoring and restrictions on imports to control epidemics and spread of disease.
- Limit on imports to support domestic production.
- Increasing the use of technology innovation, AI, and advanced traceability systems to address food safety and quality, and in the long term sustainability.

2019 Agriculture Green Development Agenda Key Points:
- Promote standardization of production
- Monitor and reduce carbon emissions
- Reducing waste and pollution for environmental management of livestock farms
- Protect and save agricultural natural resources: land restoration and water-saving
- Strengthen biodiversity protection in agriculture
- Strengthen the supply of green high-quality agriculture products
CONCLUSION

- Chinese consumers are increasing demand for beef with changing diets, mainly driven by younger consumers.

- Chinese consumers are demanding higher quality and willing to pay more for food that is more ethical, “green” and with greater traceability.

- The industry is focusing on improving domestic production efficiency with technology innovation, while implementing national policies to address climate change and green development.
THANK YOU!
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