China and the Global Food Market: Volumes, Specs, and Brands

IFAMA Symposium - Shanghai

June 2012

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Meat Consumption Curves

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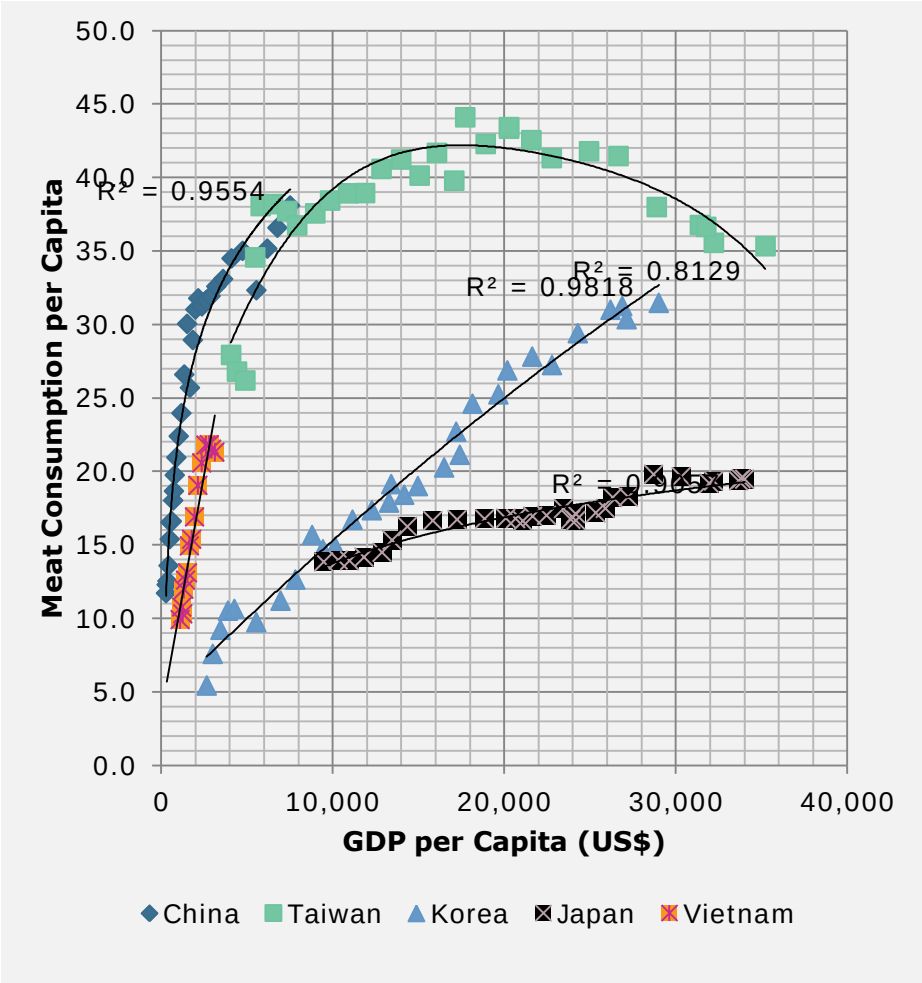
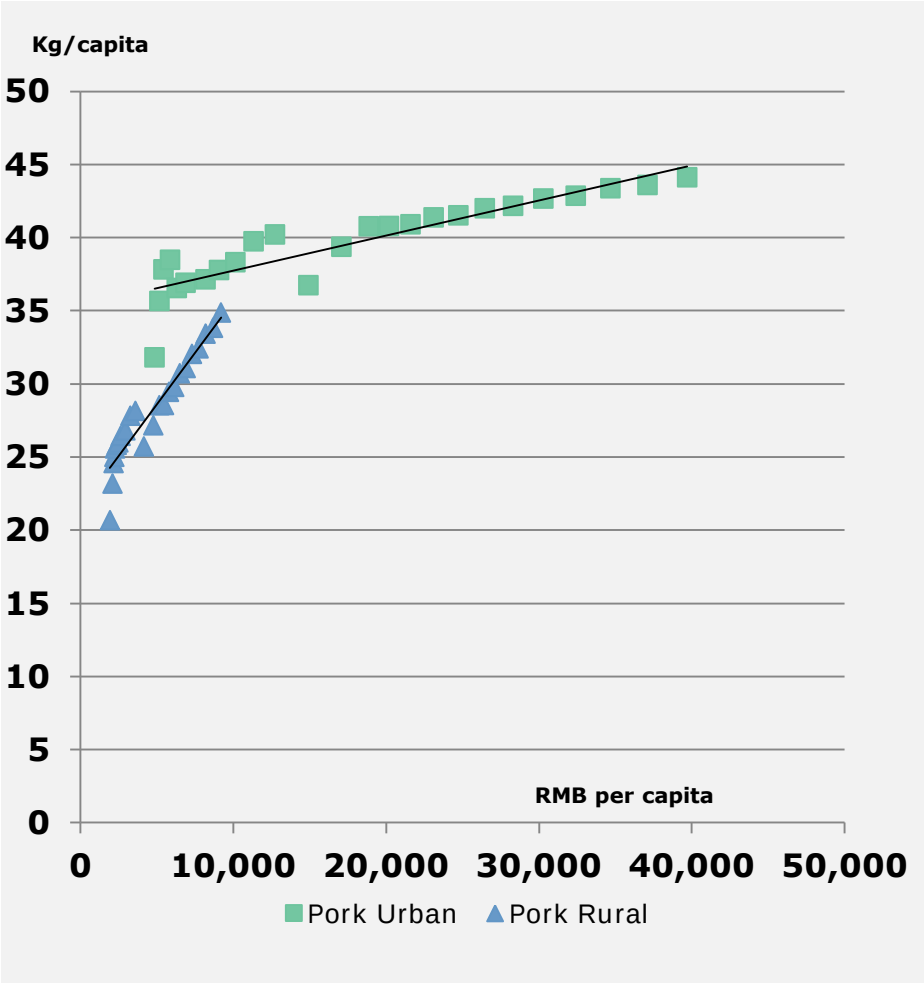
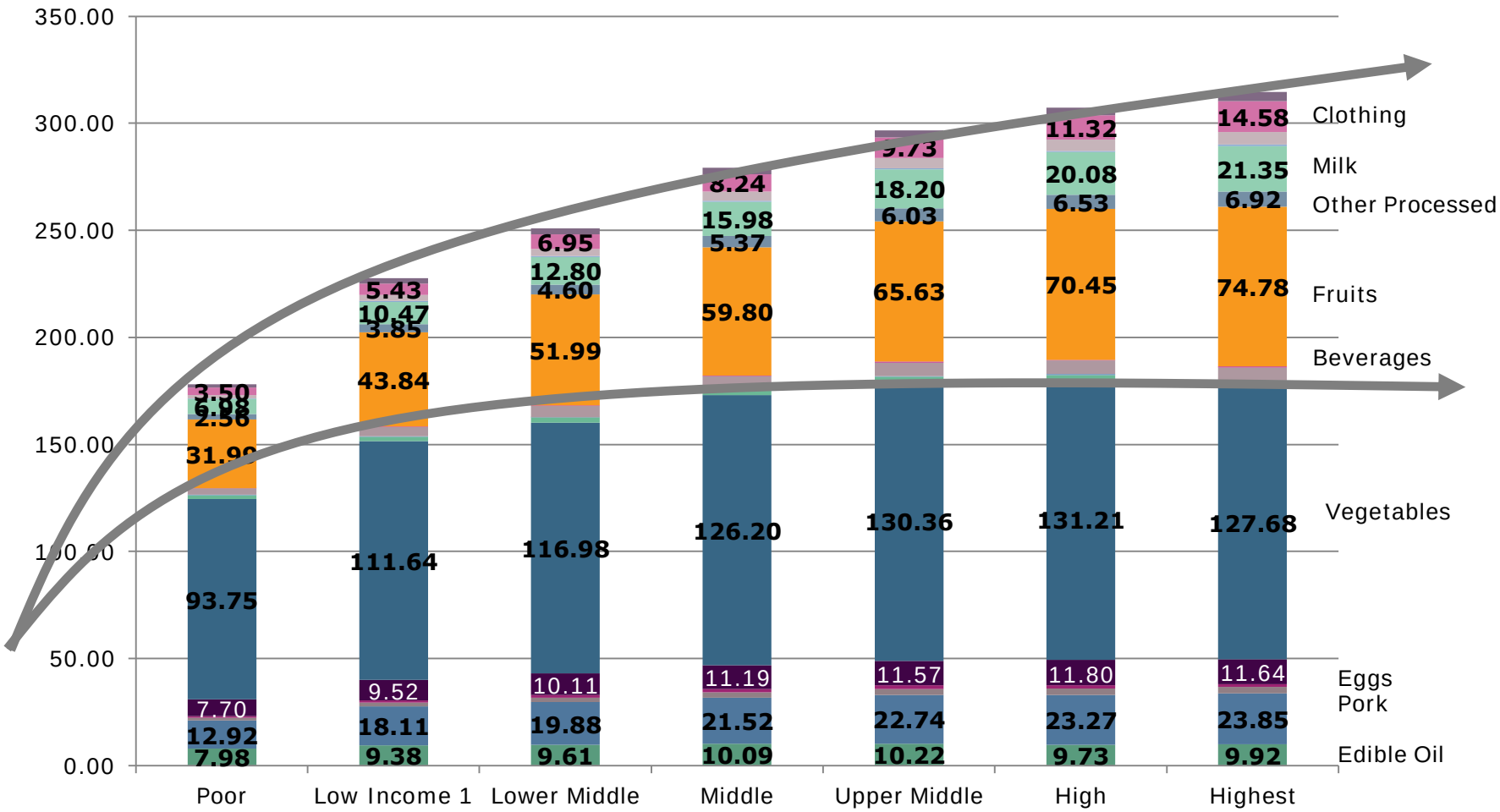
Meat Consumption and GDP per Capita



Pork Consumption in the Urban and Rural Sectors



Income Category versus Consumption Profile



Rural Investment and changing living standards

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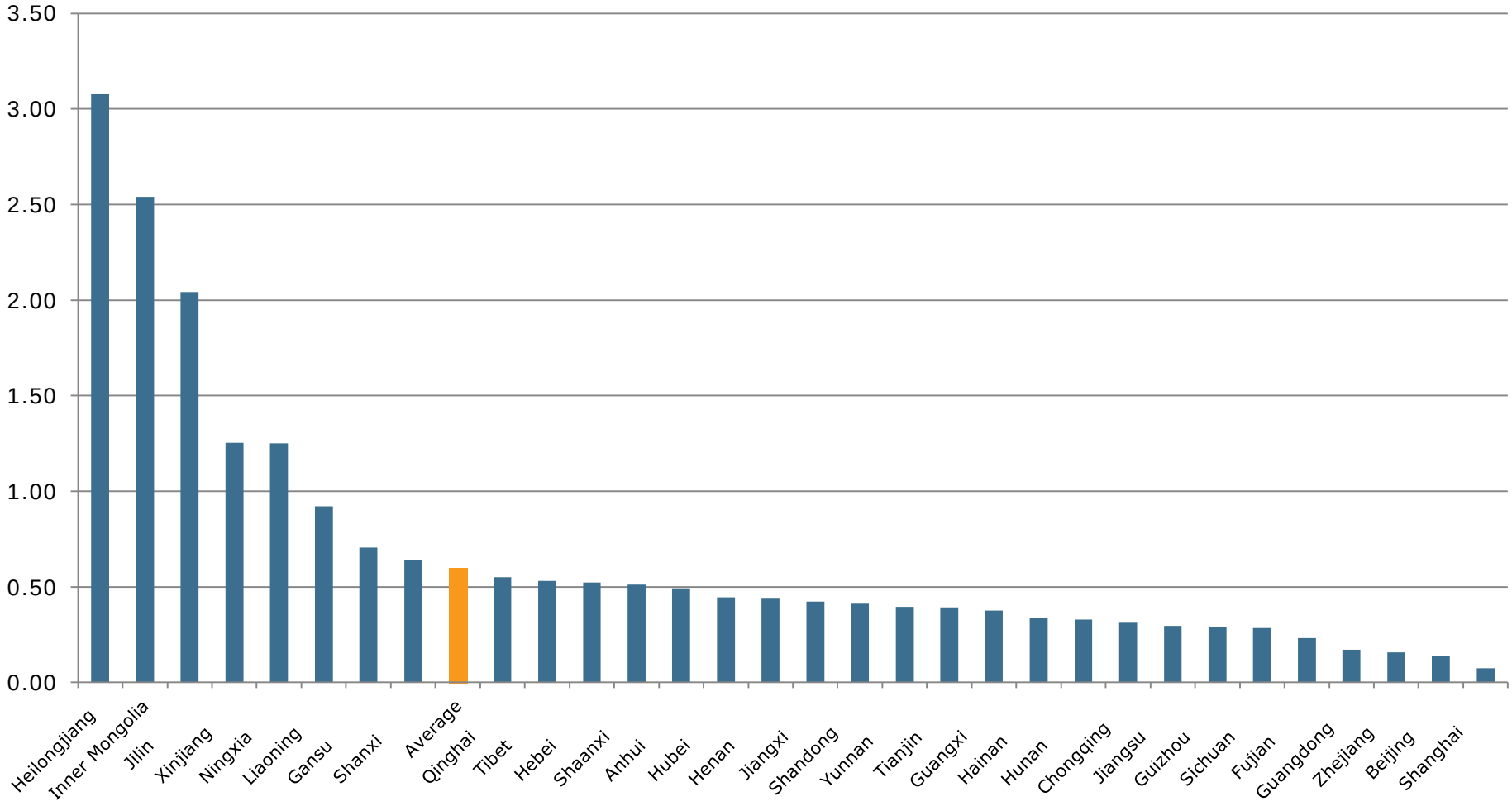
Village in eastern Heilongjiang

New property developments in same village

But responding to demand growth poses problems : Average Cultivated Land per Rural Household (hectares)



Planting and Production

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Rice Planting in Heilongjiang

Aerial planting of rice in California

And capital flows into the Agricultural Sector run against productivity bottle-necks

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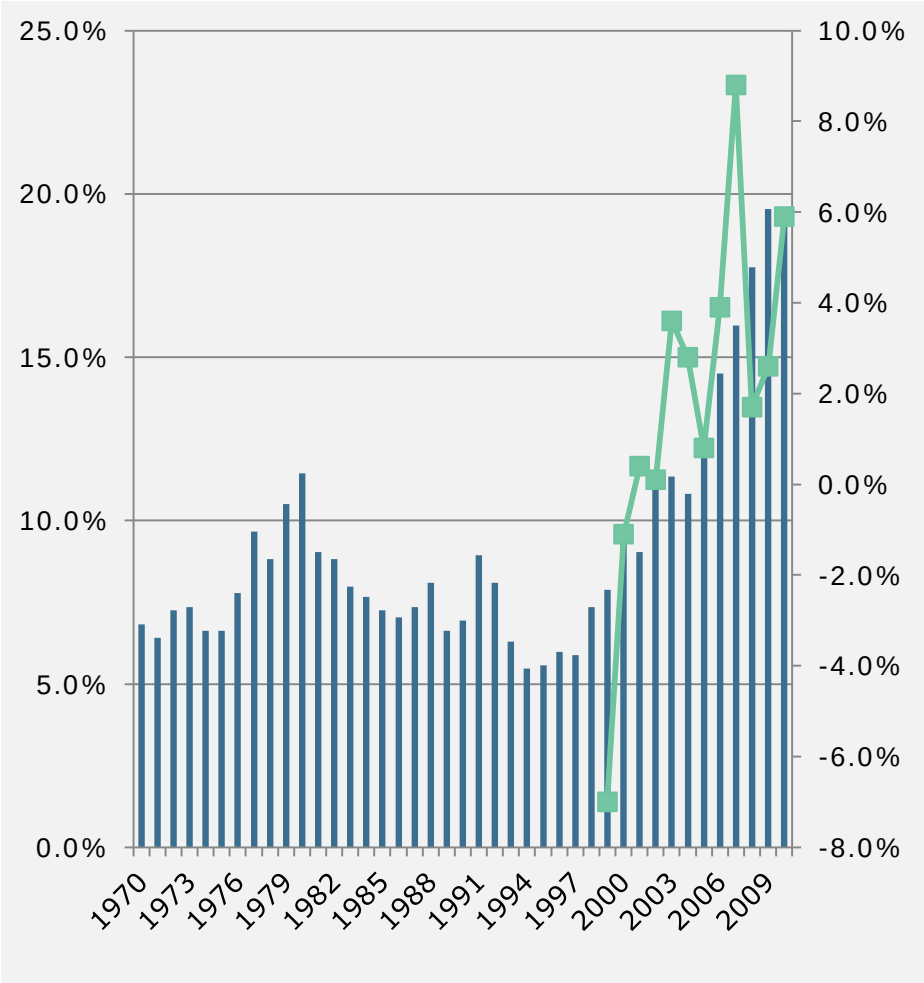
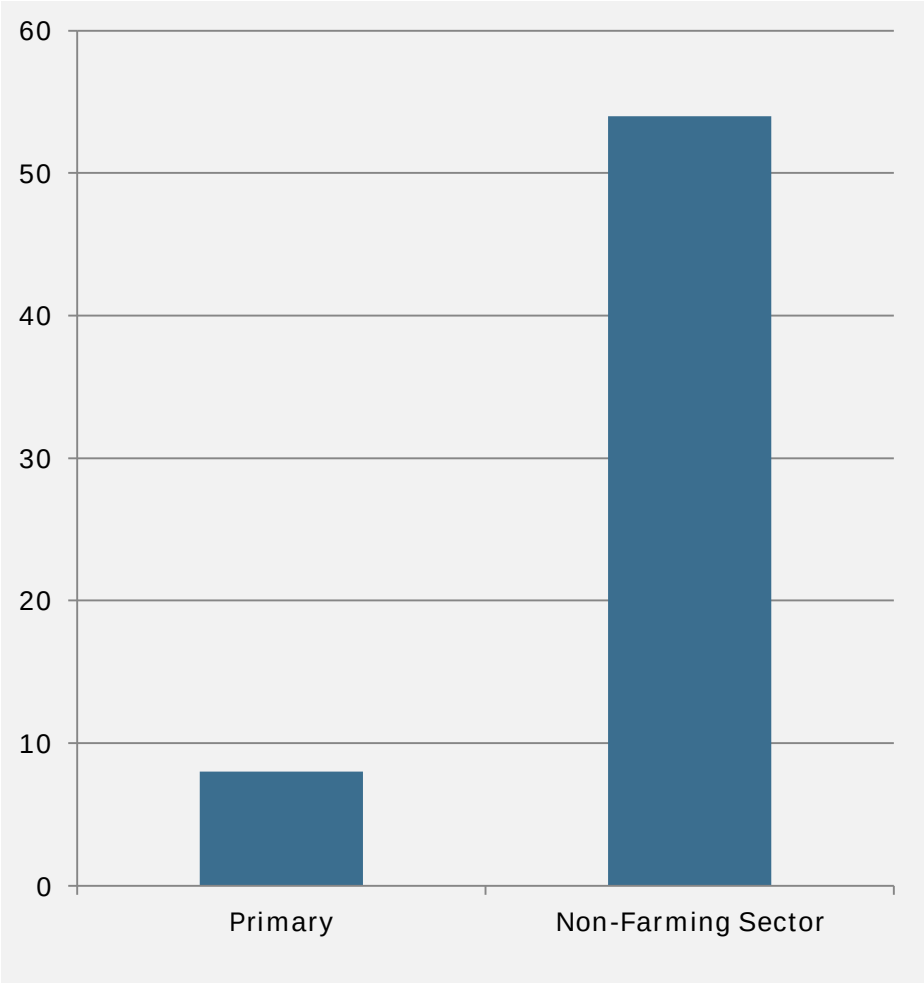
Agricultural Investment as % of Agricultural GDP (LHS); Food PPI (RHS)



Labor Productivity (2005-2010)



Other platform bottlenecks and constraints...

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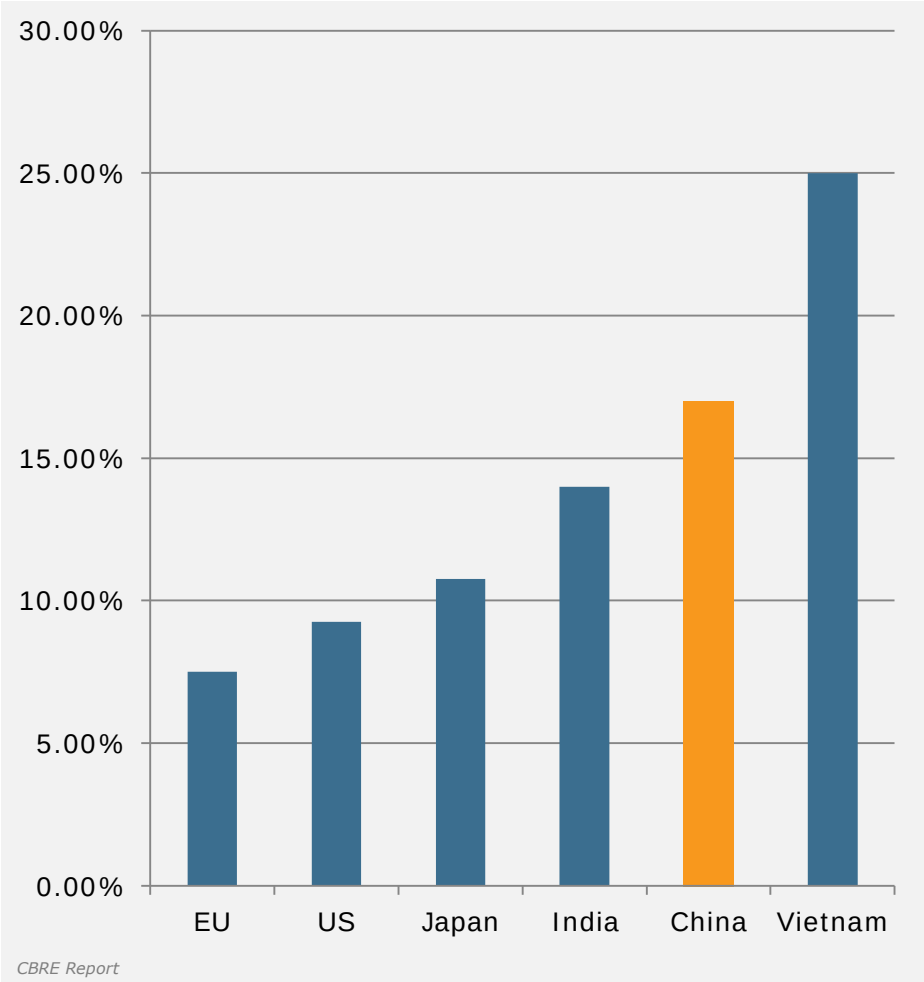
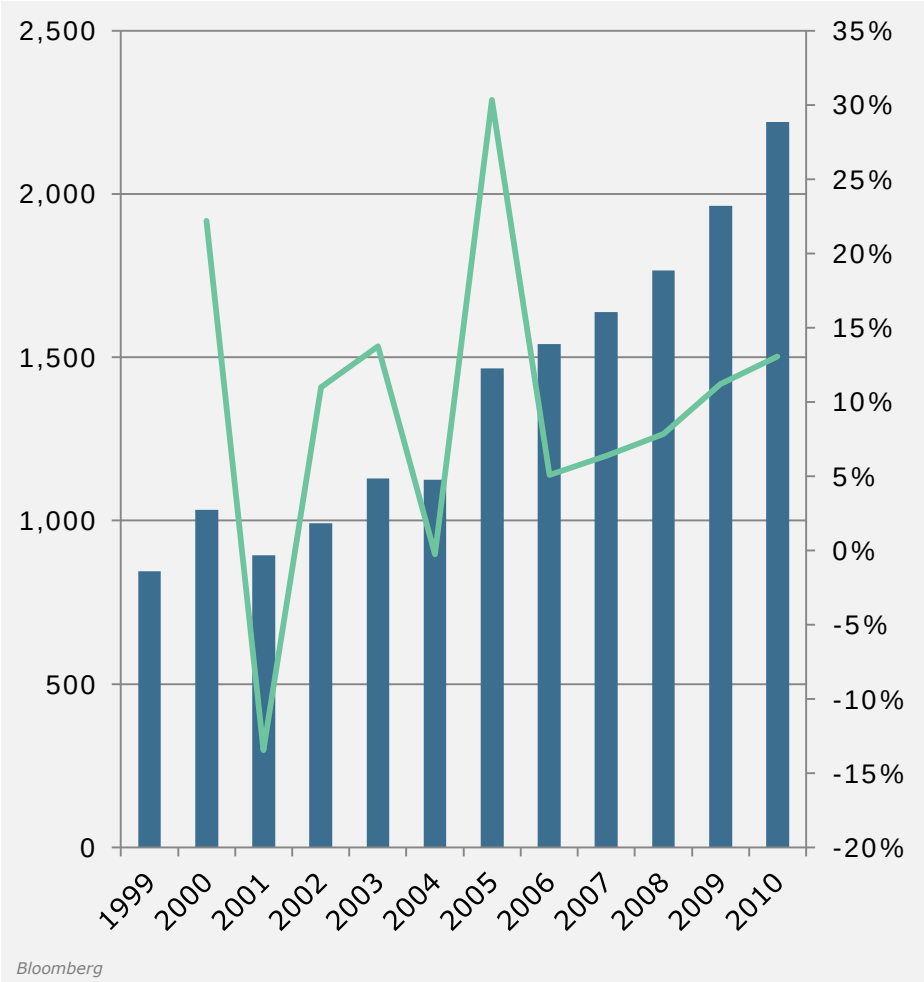
Logistics Cost as a % of GDP (2010)



Rural Cash Income per Capita (RMB/year) and YoY Growth Rate



China – Net Trade ('000 USD) : 1992- 2011

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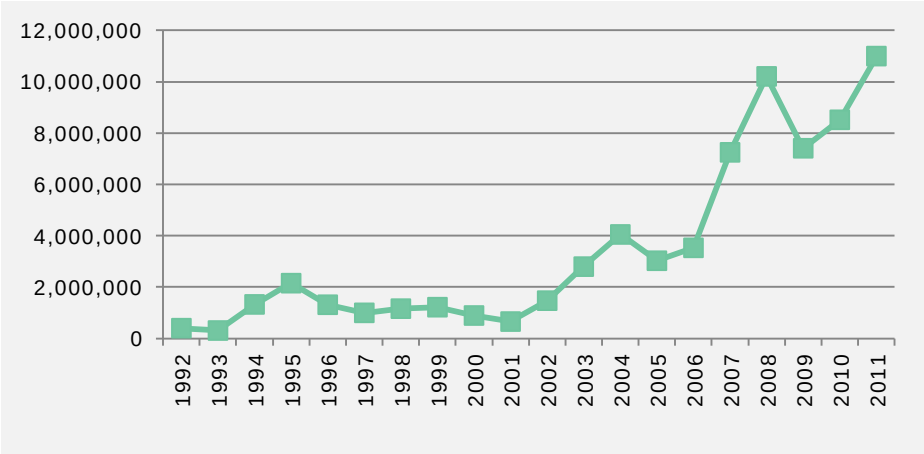
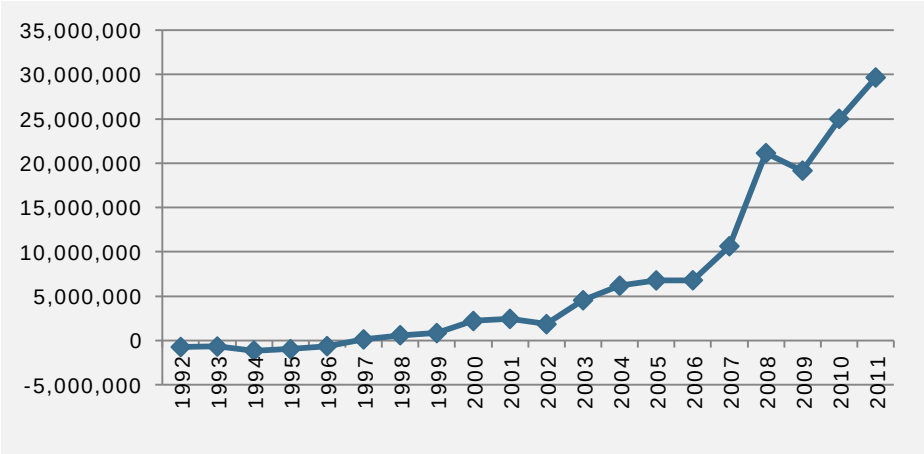
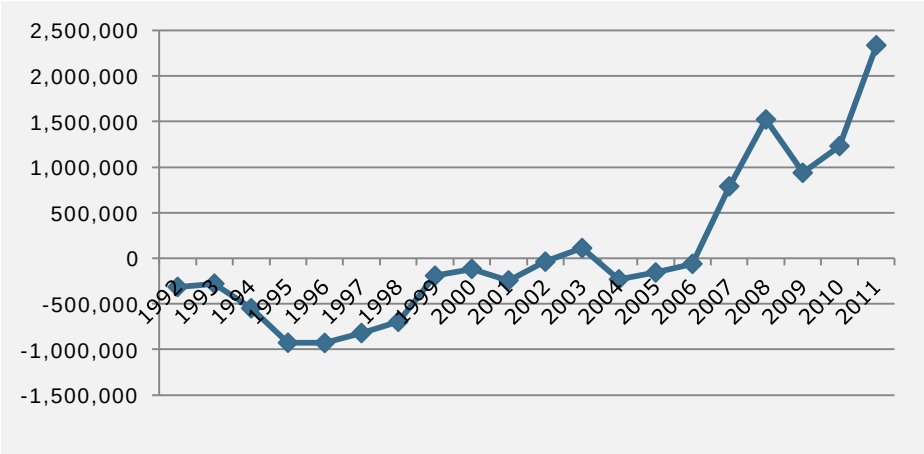
Oils and Fats



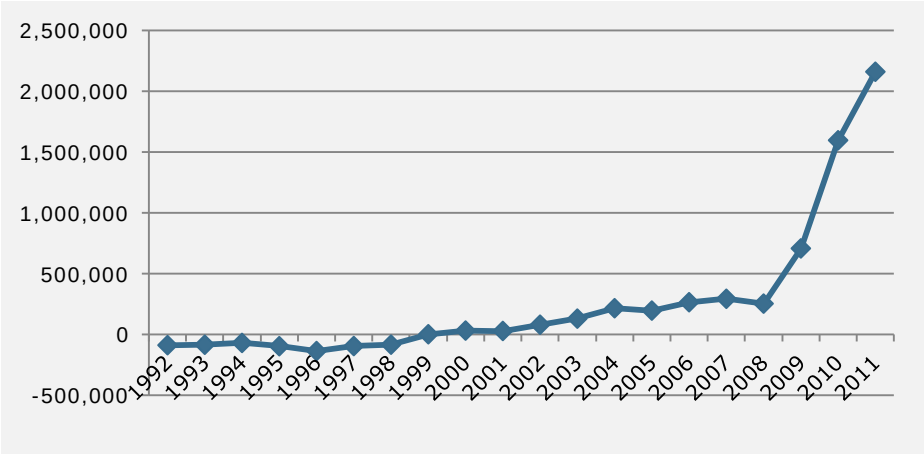
Oilseeds and Meals



Frozen Meat and Products



Dairy Products



China – Net Trade ('000 USD) : 1992- 2011

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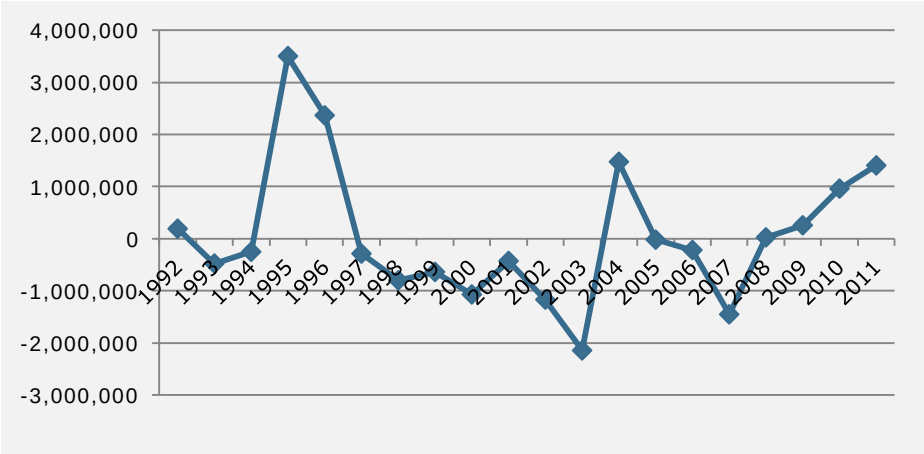
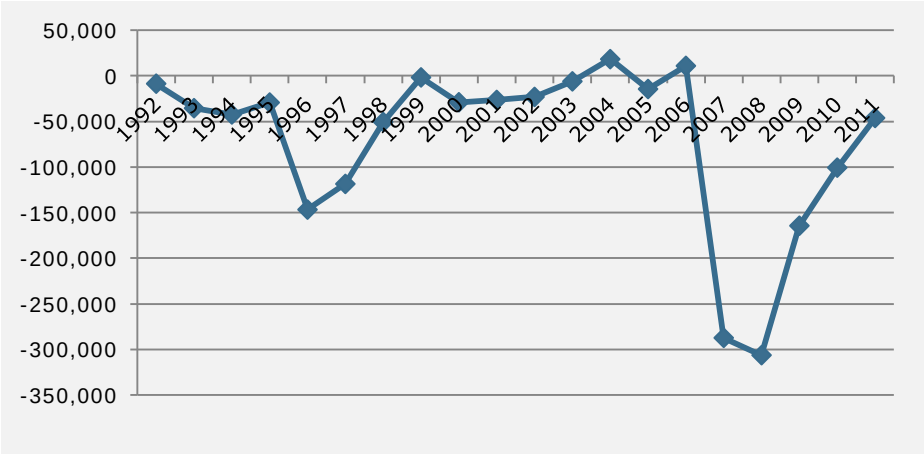
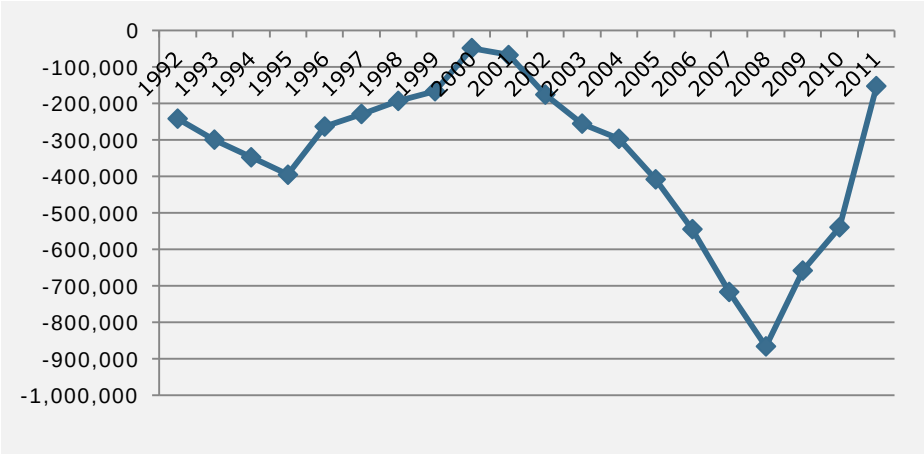
Cereals



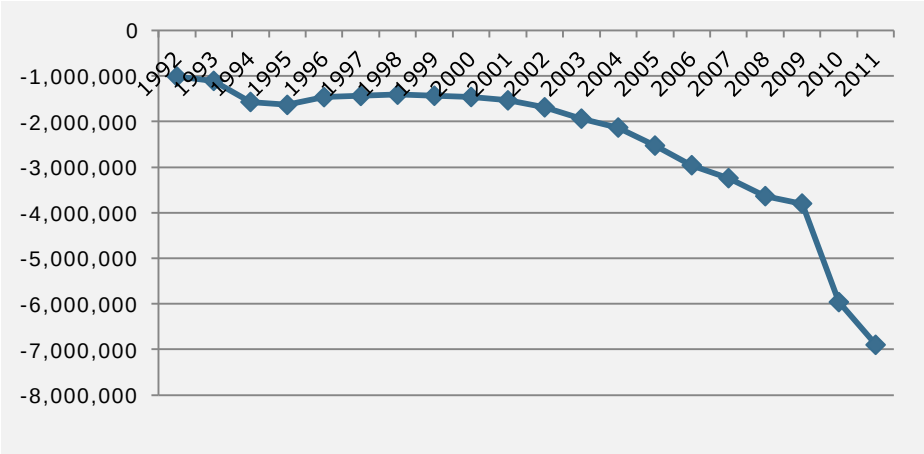
Milled Cereals



Fruits and Nuts



Vegetables and Tubers



World Grain Trade – Weighted by Volume of Trade Flow

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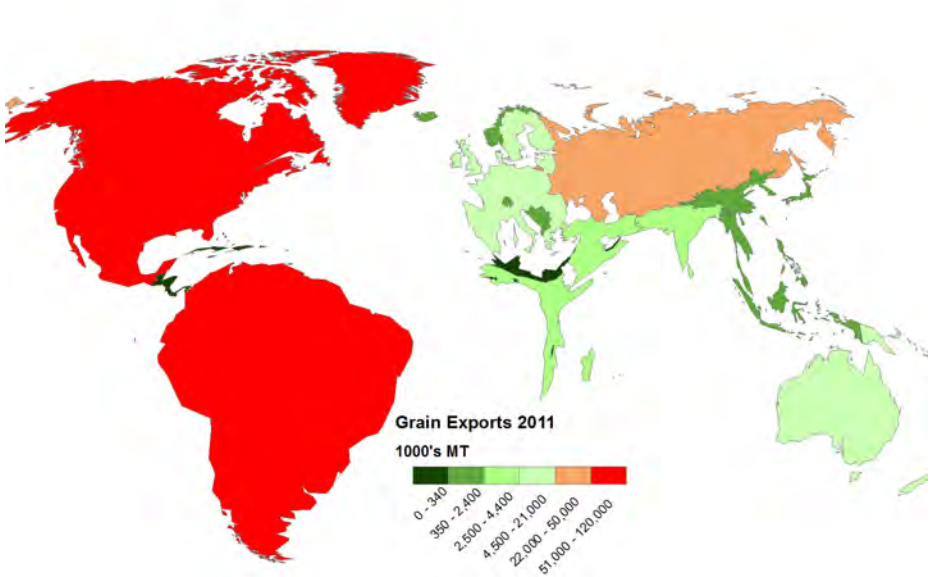
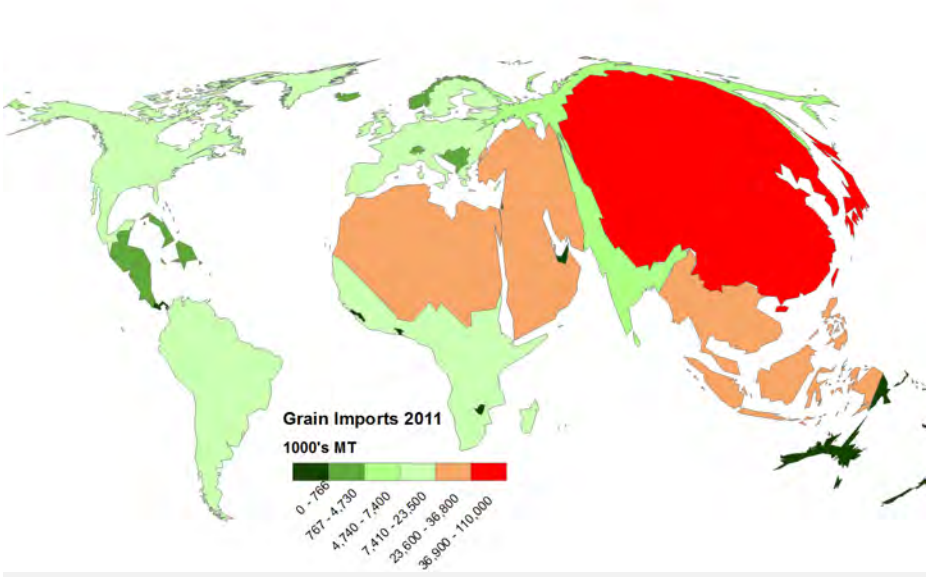
World Grain Exports - 2011



World Grain Imports - 2011



But that's just the volume story…Standardization brings a new element to the balance sheet…

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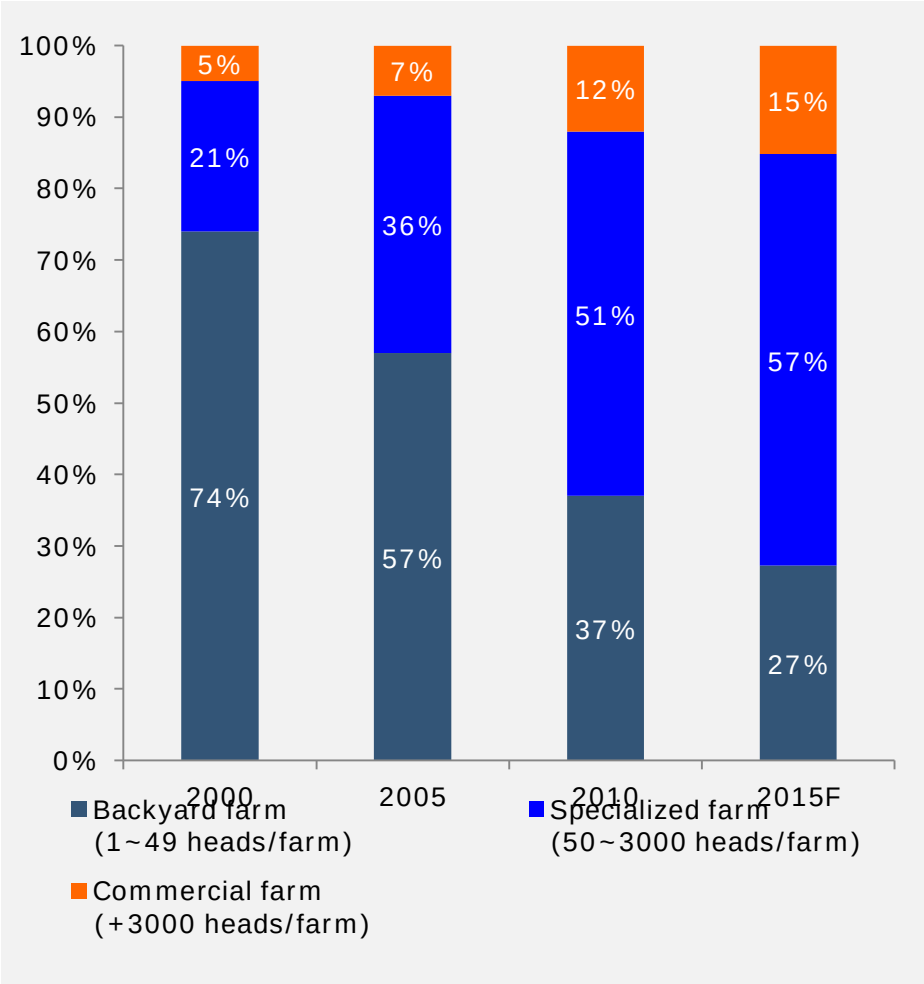
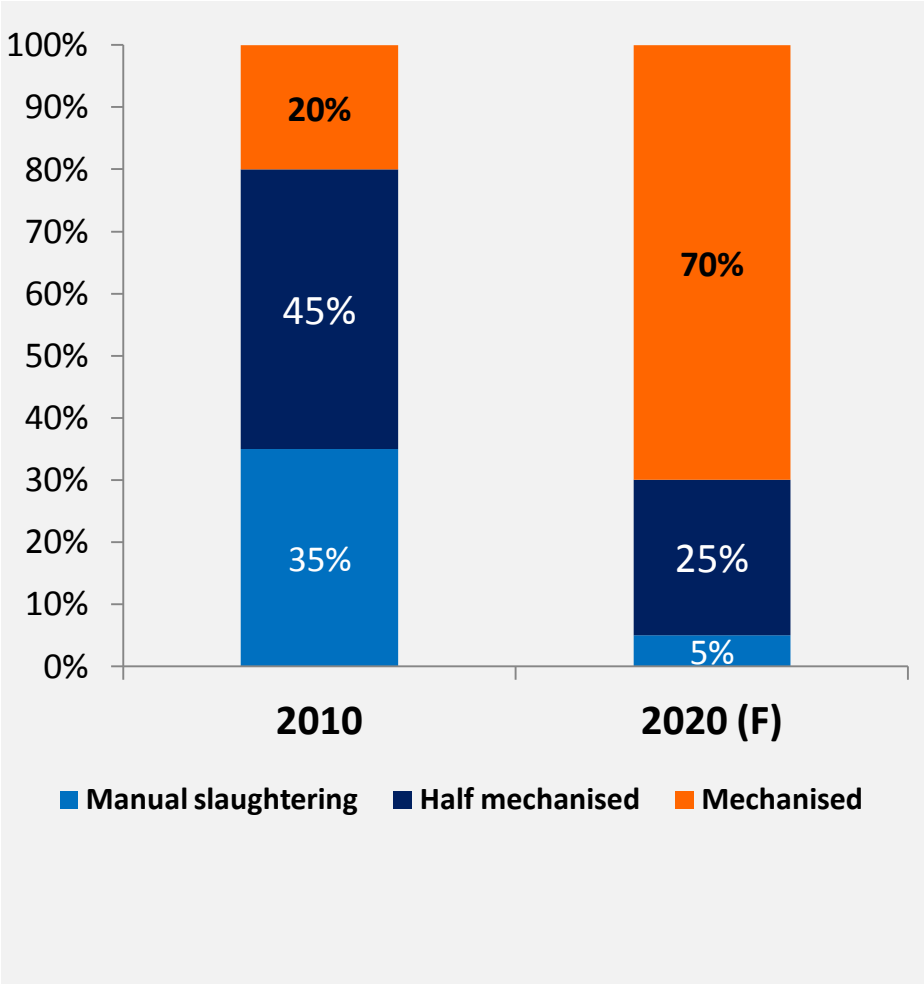
Pork farms – Composition of Sector



Slaughterhouse Capacity



The "Spec" trade story....

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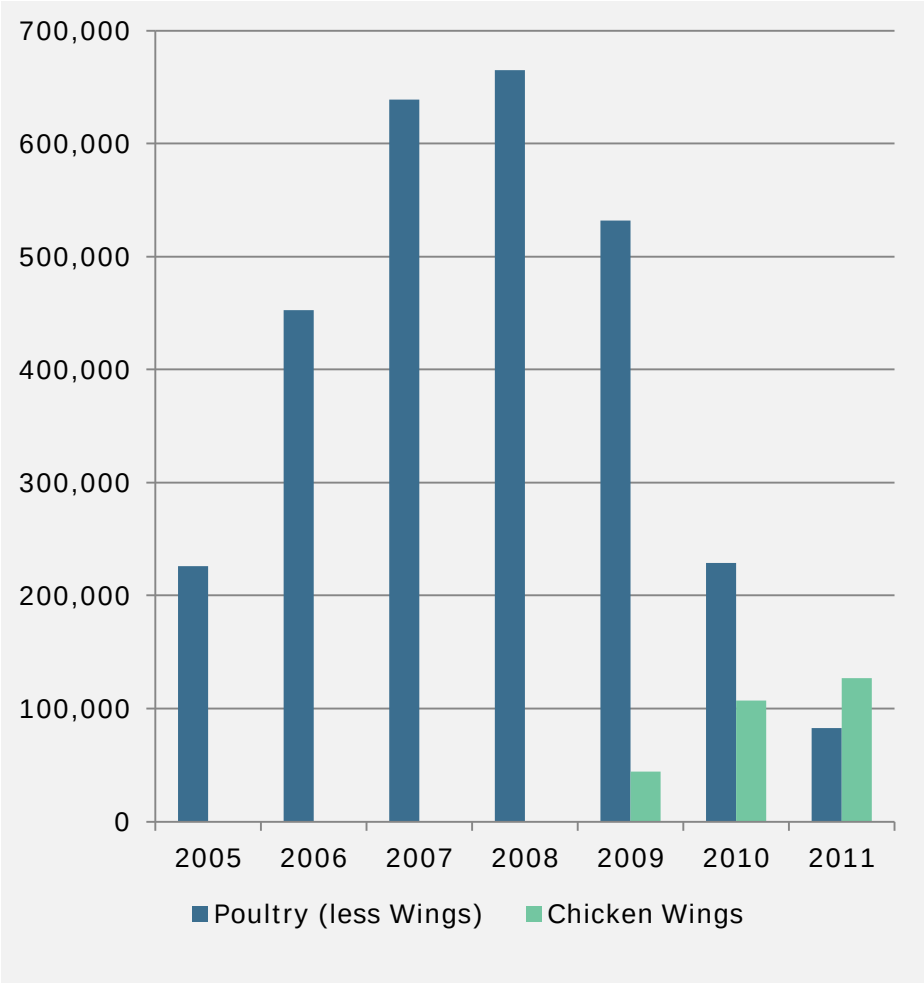
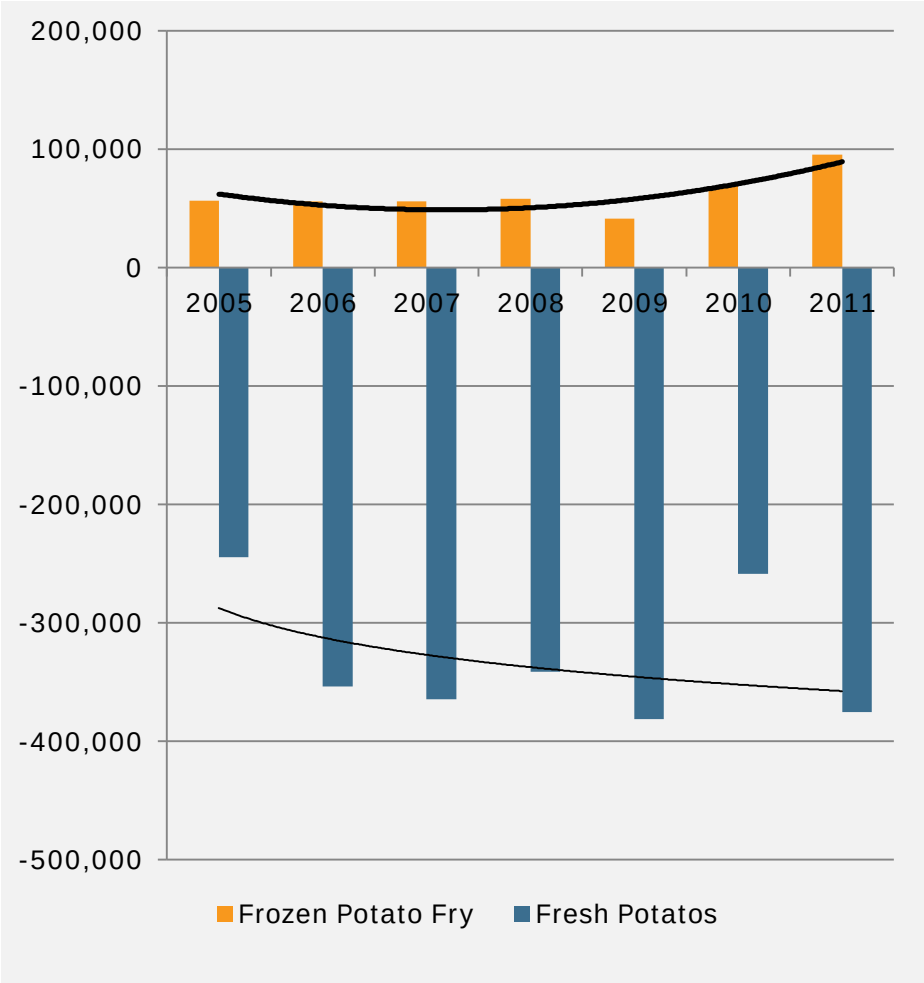
Poultry – Net Trade in Tonnes (2005-2011)



Potatos – Net Trade in Tonnes (2005-2011)



And the evolving Retail channel gives rise to the "Brand" story…if the retail market would just make itself a little more clear….

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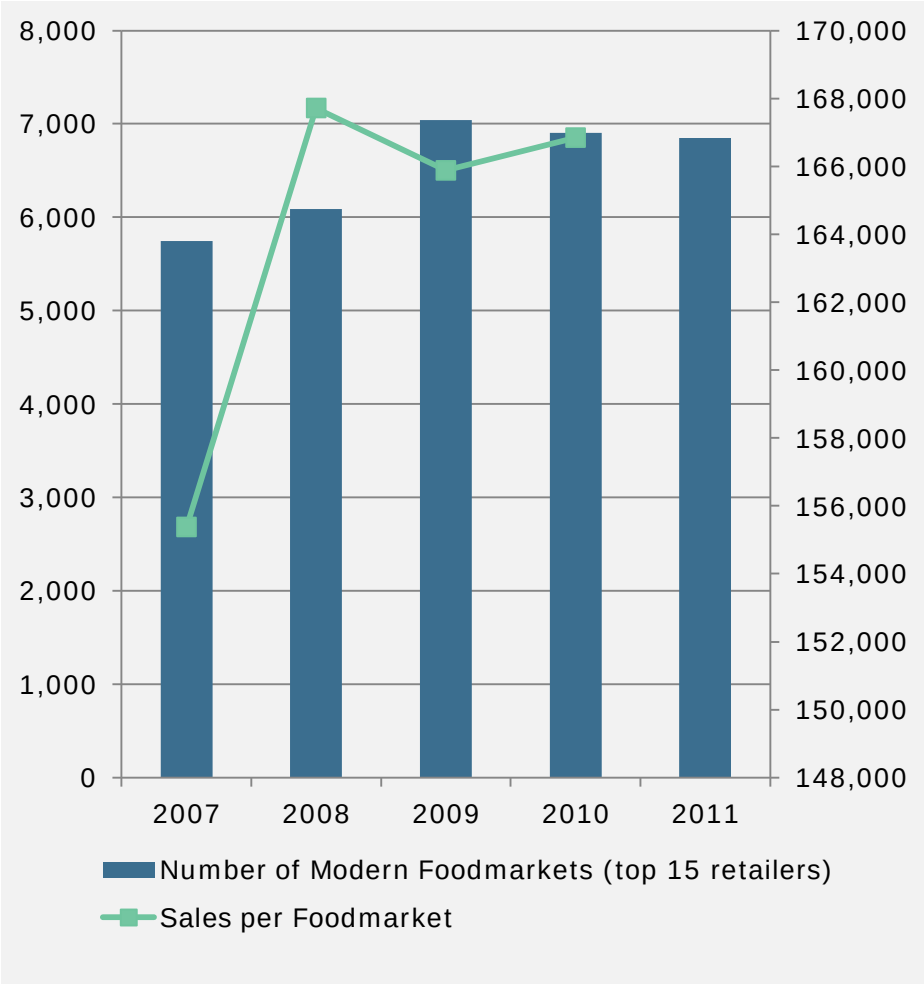
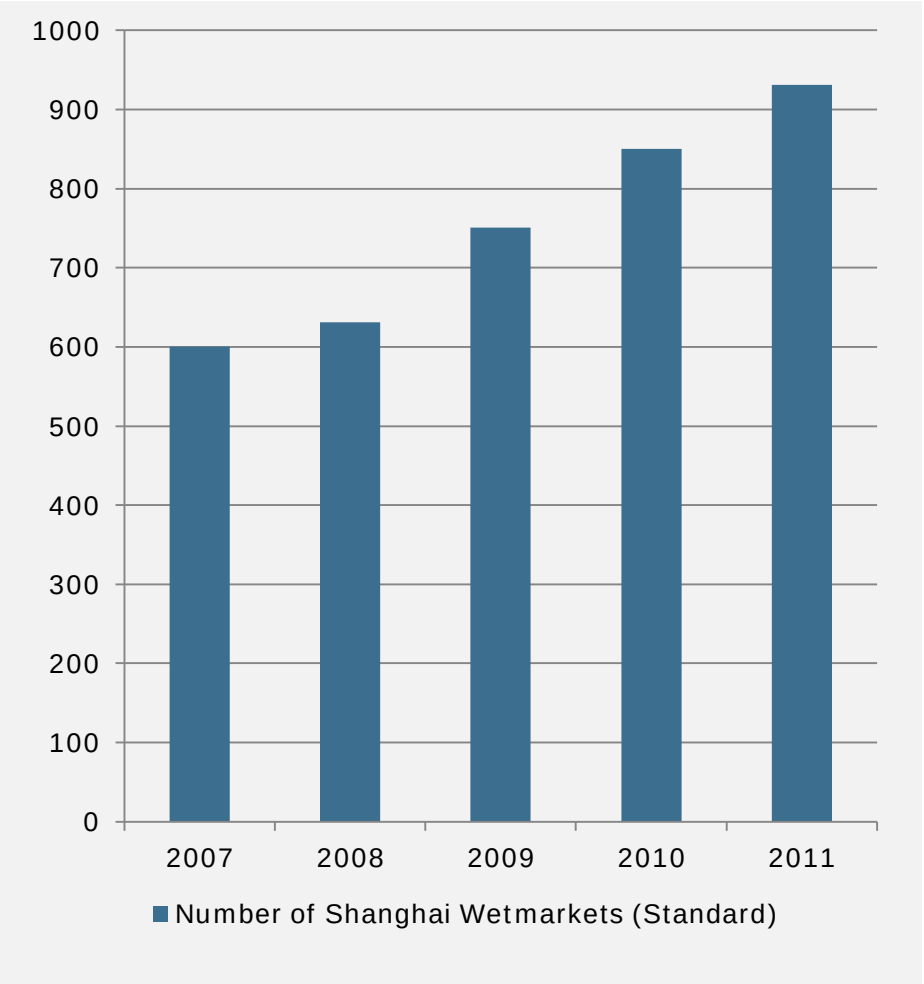
Modern Format Retail in Shanghai



Wetmarkets in Shanghai (Standard grade)



Category management of fresh produce and meats

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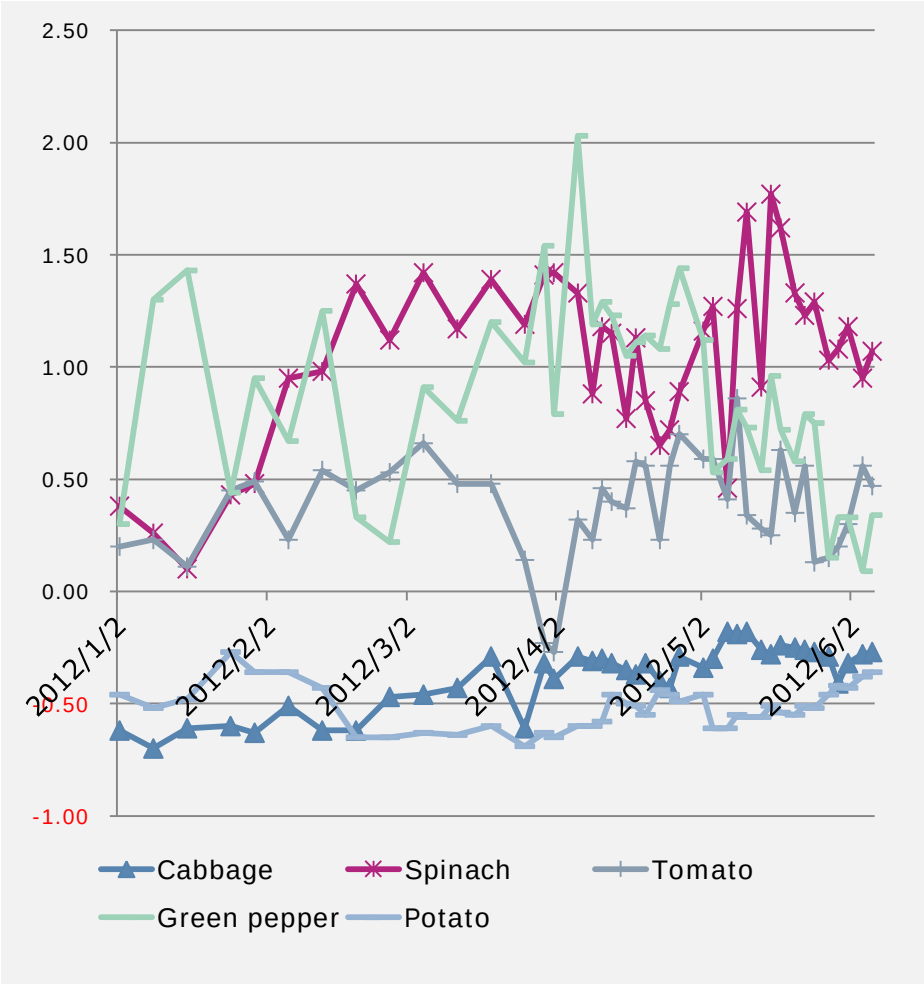
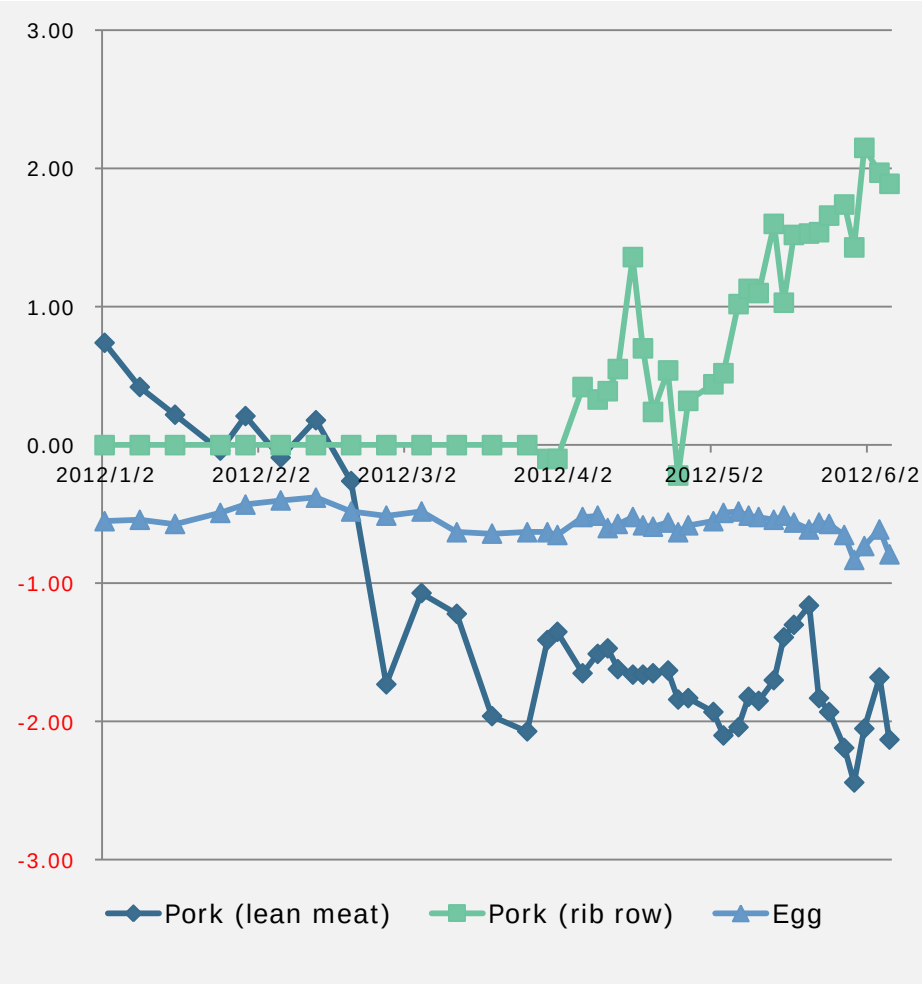
Supermarket premium to Wetmarket



Supermarket permium to Wetmarket



Modern Retail Channels: Market Presence is the key

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Retail Purchase Decisions by kilograms purchased and Expenditure Elasticity n Retail Purchase Decisions

		Poorest Quartile		Richest Quartile
Place of Purchase				
	Traditional Retailing	85.0		165.6
	Modern Retail Outlets	0.4		22.1
	Other Sources	3.6		4.2
Safety Assurance				
	No concerns	39.7		21.9
	Inspection at purchase	57.1		108.4
	Trust to seller	16.3		52.8
	Formal safety assurance	1.7		13.3
Region of Production				
	Domestic production	109.2		178.4
	Imports	3.0		7.1
	Not Specified	2.6		6.4
		Wetmarket		*Modern Retail*
Expenditure Elasticity		0.52		2.5
Distance Elasticity		0.02		-0.65

The Edible Oil Aisle at Carrefour in Shanghai

Food & Agribusiness Research – North East Asia Market Coverage

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