

# China's Middle Class Hungry for Best Beef

*CAB finally enters largest Asian market.*

*by Miranda Reiman, Certified Angus Beef LLC*

What's obvious at the local sale barn is true in the beef export market, too: more buyers looking for the same thing is a boon to the seller who has it.

The first shipments of the *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) brand arrived in China in November, ushering in the potential for a new, powerful buyer for high-quality U.S. beef.

The People's Republic of China has moved from importing a modest 8,372 million metric tons (mt) of beef in 2019, to 28,389 million mt through mid-November. That moves them

to the seventh-largest target for U.S. beef overall by late fall. This is the result of the Phase One trade deal with China brokered last January, where China will import \$200 billion more than 2017 levels.

It's important for the brand to be involved as the market develops, says Bruce Cobb, CAB executive vice president of production.

says Cody Jones, CAB vice president of international, noting four of the brand's top 10 export markets are in

the Pacific Rim. "It's a country where people love beef and they have the money to spend on high-quality beef."

COFCO Premier Foods Shanghai began conversations with the brand in March and became the first licensee in China by late summer.



认证安格斯

"The marketplace has been accessed by all of our competitors around the world for many, many years and we have not been able to participate in it," he says. "It represents the single largest export demand growth opportunity in the history of our industry."

Historically, Asian markets contribute significantly to the brand's international business. CAB has long-established partnerships in Taiwan and South Korea, and maintains a satellite office in Japan.

"China is just the missing piece of the puzzle as it comes to our popularity in Asia,"

The company has a strong online presence for selling high-end perishable imports, but also services retail and foodservice distribution channels throughout the country.

"China has a large number of middle-class families," says Wang Xuefeng, vice president of COFCO Import Food Ltd. "The demand for high-quality, imported food — especially beef — is growing. In past years, most imported beef was grass-fed, no marbling."

After COVID-19 travel restrictions halted any chance to meet face-to-face, the company got to know CAB and Jones via in-depth Zoom calls.

"His professional team shared the Certified Angus Beef history, founded in 1978, the vision and culture, the membership, market position, and strong marketing support for overseas partners, and it was really what we were looking for," Wang says.



Before the first shipment of product arrived in China in late fall, COFCO did a soft launch of the brand at the largest food show in the country.



In September, COFCO did a “soft launch” of CAB at the prestigious SIAL Food Show in Shanghai, which helped with building anticipation for the shipments which arrived later in the fall.

The 400 million middle-class consumers buying “more and more high-quality foods,” Wang says, led to \$70 billion in U.S. food exports to China in 2018. “We are very optimistic about growing the brand.”

CAB trans-created its logo into simplified Mandarin, and there’s a Chinese website in the works to make it easier for consumers to find out more, but many already recognize the brand, he says.

Millions of Chinese travel overseas each year, Wang says, noting they have a familiarity with U.S. grain-fed beef.

## Making more to sell more

As Wang tries to secure enough product to fill regular orders, he has a

plea for cattlemen: “Raise more cattle for the China market.”

In March, China lifted barriers that required participation in the special USDA Export Verification Program for the country, adopting the common maximum allowances for hormone residuals, but maintaining its zero tolerance for the beta-agonist ractopamine. Although beef from implanted cattle can go to China, it’s being sourced through special supply arrangements.

“There is no one single path,” Cobb says.

That could be an affidavit or processor-level testing, or cattle that come through non-hormone treated cattle (NHTC) or natural programs.

“The beef industry has talked for years about the idea of, ‘How much quality is too much?’” Cobb says.


“But when we’ve got someone with the middle-class buying power that China has — asking us for more — that sends a signal back. We need to produce more CAB.”

Driving quality production higher

keeps domestic customers supplied, while allowing for growth overseas.

“All of a sudden we have a big new buyer

on the world’s stage. It’s just like a sale barn, when you go in and there’s five buyers one day, and next week’s there’s 20,” Cobb says. “It’s a more dynamic marketplace.”

It’s a boon to the producer. 

“Thanks to all the cattlemen, cowboys, ranchers and their families’ hard work, people have the opportunity to enjoy *Certified Angus Beef*.”  
— Wang Xuefeng,  
vice president of COFCO