



# Eyes on China

*The world's most populous country offers vast opportunities for American agriculture.*

*by Kindra Gordon*



China's growing middle class is seeking to include more protein and higher quality food in their diets. Pictured is Shanghai, China's most populous city of more than 23 million.



With nearly 1.4 billion people, China represents the number one market for U.S. agricultural goods – and that market is projected to continue growing. By 2025 China is anticipated to have 225 cities each with a population of at least one million people. For perspective, the U.S. currently has only nine cities with over one million people.

Thus, China has a lot of people to feed, and its expanding middle class is seeking more protein and higher quality food — spelling opportunity for America’s agricultural industry.

With four times the population of the United States and one-third less land, China isn’t able to produce enough food for its growing population and must turn to other countries for help. Currently, U.S. beef trade into China is stalled because of political wrangling on trade policy.

But, trade experts remain optimistic. China is the largest market for U.S. agricultural exports, with a primary focus on pork and poultry, and many believe beef can capture the growing market — eventually. Particularly, as the standard of living and quality of life increase in China — including the development of many five-star hotels — demand pull is expected for U.S. beef.

### Consumerism rising

As the Chinese middle class improves, allowing more disposable income, the economy in China is thriving. Some examples: China Mobile (owned by the Chinese government) is now the largest cell provider on earth, with three times as many subscribers as AT&T and Verizon combined. Automobiles have also ridden the wave of Chinese consumerism with 2013 auto sales topping 21 million units; U.S. auto sales hit 15.6 million units last year.

And these are not just any old automobiles. Tom Seitz, an Assistant Professor of International Studies at the University of Wyoming, says, “I’ve never seen so many Bentley cars at one stoplight as I have in China.”

Seitz, who has traveled to Asia almost every year since 1981, says the changes he has seen in China, and much of Asia — with tremendous development taking place in much of the region — are almost unfathomable.

He explains, “The transition away from socialism since the late 70s has brought 100 million people out of poverty over there.” He acknowledges that for the densely populated continent, there are still a lot of improvements to be made, but for many, life has become more comfortable.

The transition from poverty to the middle class means a projected 300 to 400 million Chinese will move from rural areas into waiting high-rise apartments. Many of these concrete giants are already built and sitting vacant. This migration is the equivalent of the entire U.S. population moving from the farm into a city. It’s an important prediction because consumption of better food, such as beef and milk, increases significantly among city dwellers.

Seitz confirms China’s and other Asian countries’ interest in beef is real. “There is a growing demand for beef. It is viewed as a healthy food,” he reports. And, along with that, Seitz says “luxury beef” is especially in demand because status is very important in Eastern culture.



### Where will the food come from?

China wants to produce much of its own food supply for this future growth. Thus its agricultural industry — particularly swine operations, dairies and some beef operations — is working quickly to modernize. Of the effort, one Chinese insider put it this way: “Europe took more than 100 years to modernize; The U.S. took 80 years to do it. Mexico did it in 50 years. China is trying to do it in 10 to 15 years. So, of course, they are going to have some challenges.”

One challenge is simply feed supply for livestock. The Chinese have figured out growing corn and corn silage, but have had less success in growing alfalfa hay and other crops. They have also not yet accepted genetic engineering in crop production, which could potentially give them yield and production gains.

Transporting feeds and livestock is also a challenge they face, as is access to a skilled, agricultural-knowledgeable workforce.

Seitz does credit the Chinese with developing their infrastructure to accommodate their growing livestock and food industry. He reports that they’ve invested in slaughter and storage facilities and their supermarket distribution is expanding rapidly.

For the future, Chinese demand for beef looks to be strong and growing. China’s middle class has recently been estimated near 300 million and is expected to grow to 620 million by 2022. It is evident United States ranchers, feeders and processors stand to gain significantly from an access agreement for U.S. beef exports to China. **HW**

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