supplier snapshot

INDIA

CARABEEF

Trade overview

population

1.5 billion
by 2030

bovine herd

304
million head
the world's
largest

carabeef
(exports)

1.48
million
tonnes swt
in 2014
(up 11% on 2013)

production*

projected to
reach
6 million
tonnes cwt
by 2020

*total of bovine meat

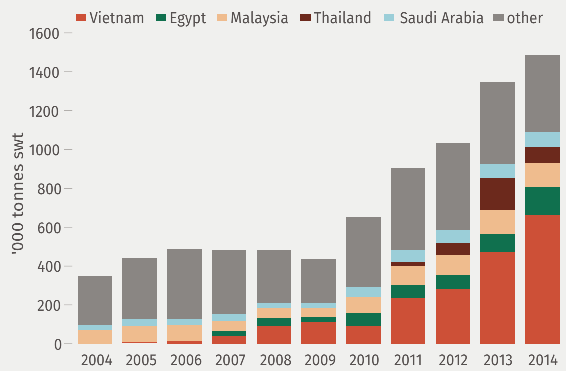
➡ Underpinned by demand for affordable proteins from emerging markets, India has significantly increased its share in the global beef export trade. The country was the largest exporter of bovine meat in 2014, shipping 1.487 million tonnes swt to over 60 markets including Vietnam, Thailand, the Gulf States, Malaysia, Egypt and the Philippines.

➡ India exports carabeef, sourced from water buffalos[1]. Carabeef is similar to beef, although significantly cheaper in price than beef from cattle, and has been viewed as inferior in quality, particularly by those in developed markets. Because of its leanness, carabeef is considered suitable for use in further processing and for some wet cooking cuisine styles. Almost all of carabeef is exported as frozen boneless product

➡ It is projected that carabeef exports will reach approximately 2.2 million tonnes (cwt) by 2020, an increase of approximately 20% on 2014, based on the continuing growth of India's dairy sector, and robust demand from international markets.

[1] Export of cow beef is prohibited under national rules.

Indian carabeef exports



Source: GTA

Key insights

➡ Despite 80% of the population being Hindu or/and vegetarian, beef production in India is forecast to reach 6 million tonnes cwt by 2020 (22% higher than the 2013 volume). One third is expected to be destined to export markets, and the rest to be consumed domestically by Muslim and Christian populations.

➡ While India has grown to, and will continue to be, the largest global bovine meat exporter, the likelihood of the country competing with Australia in its premium markets – the US, Japan, Korea and the EU – is low in the immediate term, due to its FMD status.

➡ In the global trade, Indian carabeef currently occupies the market segments that are either too price sensitive for Australia to service, or requiring a taste profile unique to buffalo meat. The Australian industry's strengths – credentials as a safe and high quality meat supplier with an integrated traceability system, natural environment, brand marketing and innovation throughout the supply chain – should continue to differentiate Australian product from Indian or other low cost suppliers.

This report was compiled based on CIE's 'The Indian buffalo industry' commissioned by MLA and completed in December 2014.
For further information visit us online at:
www.mla.com.au or email us at: marketinfo@mla.com.au

Market trends

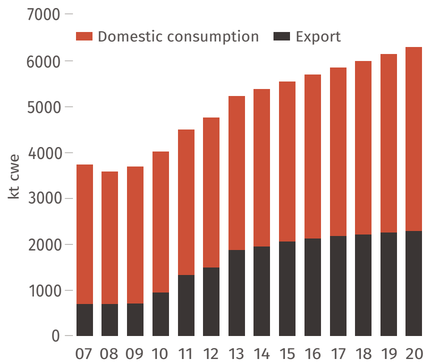
Industry

➡ India has the world's largest bovine population – an estimated 199 million cattle and 105 million buffalos. Buffalo plays a crucial role in India's agricultural sector, providing smallholders with field labour, milk, and cash income when it is eventually sold.

➡ Northern and central states of the country have the largest number of buffalos. Consequently, there is a greater concentration of larger processing plants in the north and central regions. There are different laws between states on bovine slaughter. Carabeef is processed as halal and supplied to Muslim consumers in the Middle East and Asia.

➡ India is one of the world's largest milk and butter producers/consumers. Expanding milk production, routine culling of dry buffalo dairy cows, and comparatively limited demand for beef on the domestic market, will continue to be significant contributors to the export growth of carabeef.

Projected composition of Indian bovine meat production



Source: CIE and ProAnd, GMI model

Consumer

➡ India's population is expected to increase from the current 1.2 billion to 1.5 billion by 2030. The majority (80%) of the population is non-beef eating Hindu, and 50% are nominally vegetarian.

➡ That said, recent estimates suggest that there are over 170 million potential beef consumers in India – almost as large as the population in Japan. Beef consumption is driven by the country's Muslim and Christian population, with estimated per capita volume of 12kg per year.

➡ India's food services industry is growing strongly, with fast food and other casual restaurants entering the market. While the different food and cultural taste of the Indian consumer provide challenges, India's massive population, improvements in the economy and the growth in GDP per capita, are attracting many Western food operators including Domino Pizza, Burger King, McDonald's and Yum! (BMI Research).

12kg
per person
estimated beef consumption per year by
non-Hindu
population in India

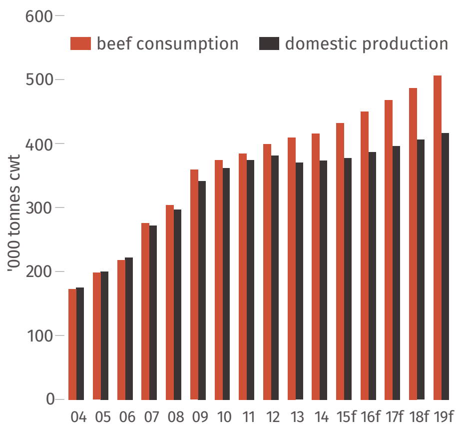
Key export markets

Vietnam

➡ Vietnam had become the largest single destination for carabeef since 2008, accounting for 45% of total Indian exports at 662,686 tonnes in 2014. The majority is sent to Haiphong, a port located 100 km from Hanoi.

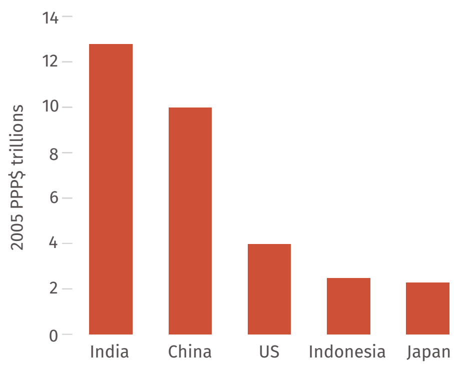
➡ While it is believed that carabeef shipped to Vietnam is not totally consumed within the country, beef demand in Vietnam itself is also improving. Per capita beef consumption in Vietnam increased from 3.5kg per year in 2008 to 4.5kg in 2014, and is anticipated to reach 5.3kg by 2019, underpinned by the country's firm economic growth, rising income and modern diet requirements. Increases in imports from India, as well as Brazil and Australia, are anticipated to meet the growing beef demand in this market.

Vietnam's beef production and consumption



Source: BMI, MLA   f = forecast

Top five countries by expenditure of the middle class by 2030



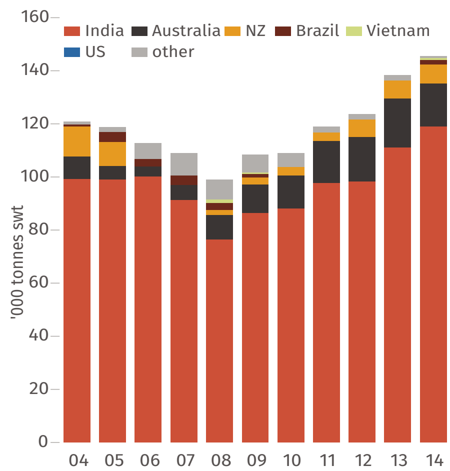
Source: Kharas and Gertz 2010

Malaysia

➡ The Malaysian market imported 118,985 tonnes swt of carabeef in 2014, up 7% from the previous year. India remains the dominant supplier of imported product with an 80% market share, with the balance shared between Australia (11% share), New Zealand and Brazil.

➡ Malaysia has a population of 30.2 million, and Malays form the bulk of the middle and lower income earners in the country, followed by Chinese. Malays are the major consumers of carabeef, as the product is competitively priced, low in fat and suitable for curry style dishes.

Beef imports into Malaysia



Source: GTA

Thailand

➡ Carabeef exports from India to Thailand commenced in 2010 with a small volume (3,854 tonnes swt), and increased to 84,904 tonnes swt by 2014.

Egypt, the Middle East and Africa

➡ Carabeef is particularly appealing to Middle Eastern countries because it readily satisfies halal requirements. This, in conjunction with price, is a large part of the competitiveness of Indian product.

Market access

➡ India is a member of the WTO (World Trade Organization), and 25 regional trade deals are either in place or are being negotiated, including agreements with ASEAN, Japan, and Korea. India currently services around 60 export destinations.

➡ Market access to Japan, Korea, Indonesia and Singapore is denied to Indian carabeef due to SPS (Sanitary and Phytosanitary) issues.

➡ India currently does not have Foot-and-Mouth-Disease (FMD) free status, according to the OIE (world organisation for animal health). This restricts its exports only to countries of similar FMD status (such as Vietnam, Malaysia, Thailand, Egypt, Saudi Arabia and others) or to those where such status is unimportant. Due to the limited outlook for India to resolve this issue within the foreseeable future, access to premium markets such as Japan, Korea, Taiwan, the US and EU remain unlikely.

➡ In May 2013, India and China signed a Memorandum of Understanding (MOU) on buffalo meat and other commodities, however the trading arrangements for the carabeef have not progressed since.

➡ Australia has currently been negotiating the Australia-India Comprehensive Economic Cooperation Agreement (AI CECA) with India. The import tariff for Australian beef into India is currently 30%, although Australia is not able to export beef to India as there is no agreed certification between two countries.

ASEAN import duties for HS 02 from India

COUNTRY	MFN RATE	PERIOD FROM	FROZEN BONELESS HS020230	CHILLED OR FRESH BONELESS HS020130
Brunei	0%	1 Jan 2014>	0%	0%
Malaysia	0%	1 Jan 2014>	0%	0%
Philippines	10%	1 Jan 2014	7%	7%
		1 Jan 2017	5%	6%
		1 Jan 2020>	0%	4%
Thailand	50%	No entries recorded		
Vietnam	20%	1 Jan 2014	15%	15%
		1 Jan 2015	14%	15%
		1 Jan 2019	10%	10%
		1 Jan 2022>	0%	0%

HS 02 = meat of bovine, sheep, swine, fowl and horse
Source: Indian Ministry of Commerce website

Indian carabeef exports – its implication for Australia

➡ The table below compares the top five export markets of the three major bovine meat exporters. India and Australia have so far operated in different markets, and are likely to continue to have a different emphasis in their future export drives – India underpinned by low cost and abundant supplies of dry buffalo cows, while Australia focusing on its product quality, integrity and branding credentials. That said:

➡ **China** – the Australian beef industry may face increased competition if India and China formalise their trade agreement.

➡ **Malaysia** – carabeef trade has already been established in the market, and in-market views suggest that the trade sees greater opportunities in the growth of Australian beef, as long as the price remains competitive against New Zealand and Brazil.

➡ **Philippines and Indonesia** – carabeef trade in the Philippines is limited as it must be heat-treated prior to sale, while Indonesia takes beef only from FMD free status suppliers. While the risk of either government changing its regulations in the immediate future is low, Australia must remain vigilant.

Top export markets in 2014 for three largest beef exporting countries

India (carabeef)	volume ('000 tonnes swt)	value (US$ million)	Average (US$/KG)
Total exports	1,487.0	4,790.2	3.22
Top markets			
Vietnam	662.7	2,225.5	3.36
Egypt	145.7	475.4	3.26
Malaysia	122.8	397.4	3.24
Thailand	84.9	277.9	3.27
Saudi Arabia	72.9	250.8	3.44
% of total	73%	76%	

Brazil (beef)	volume ('000 tonnes swt)	value (US$ million)	Average (US$/KG)
Total exports	1,228.1	4,794.3	4.72
Top markets			
Russia	310.3	1,297.8	4.18
Hong Kong	252	1,174.1	4.66
Venezuela	170.2	903.9	5.31
Egypt	153.7	584.7	3.80
Iran	61.2	272.9	4.46
% of total	77%	88%	

Australia (beef)	volume ('000 tonnes swt)	value (US$ million)	Average (US$/KG)
Total exports	1,287.0	7,003.7	5.30
Top markets			
US	397.9	2,187.4	5.54
Japan	293.8	1,487.6	5.17
Korea	150.9	850.2	5.39
China	124.6	592.4	4.60
Indonesia	53.1	252.1	4.38
% of total	79%	76%	

Source: GTIS, ABS, DA