Producing beef in Australia

Low production costs and high animal health standards ensure this country's position as a major player in the global meat market. Half of the 130,000 farms »Down Under« run cattle. Over 2 million tonnes beef are produced annually, 65 % of which is exported.

Up north, extreme weather conditions on grazing lands mean cattle production is extensive. Down south, often-fertile soils support feedlot beef enterprises.
Over half the subcontinent's 769 million hectares is farmed (409 m ha) but only 28 m ha grow arable crops. The 27 m head of cattle including around 12 m suckler cows are run mainly in the north and east of the country with 30 % of beef finished in feedlots, the rest on pasture. When forage is in short supply during drought phases more cattle are taken off the pasture and finished in the feedlots.

Around 40,000 farming businesses specialise in beef production. Most important state in this context is Queensland, running some 12 m head, 2.4 m of which are concentrated in the main beef region around Rockhampton. The prevailing high temperatures in Queensland and neighbouring Northern Territory mean Brahman cattle and their crosses are favoured while European beef breeds are most common down south.

Last year Australia produced 2.3 m t beef which makes it the seventh largest producer of this commodity worldwide – although a long way behind the leader USA with its annual output of 12 m t and the next two in the league: Brazil (9 m t) and China (5.8 m t). Most beef from »Down Under« goes for export. Per capita consumption in Australia runs at 35 kg which, with 22 m consumers, accounts for just 35 % of domestic production. Australia, which also runs 72 m sheep on its farms and exports 55 % of the mutton and lamb produced, actually exports around 1 m t of beef annually, making it the second largest operator in this market after Brazil (1.6 m t).

Low production costs. Australia's beef production costs as assessed by the international network »agri benchmark Beef« (administered by the German Agricultural Society DLG and the Institute of Farm Economics of the Johann Heinrich von Thünen-Institute vTI, Brunswick) are between 200 and 280 €/100 kg slaughterweight (sw). These are comparable with North and South American costs which, in particular for land and labour in Brazil and Argentina, have increased steeply in recent years. How do these costs compare with Europe? Well, production on a typical German beef feeding farm with a yearly production of over 200 bulls costs between 280 and 550 €/100 kg sw, depending on the management system.

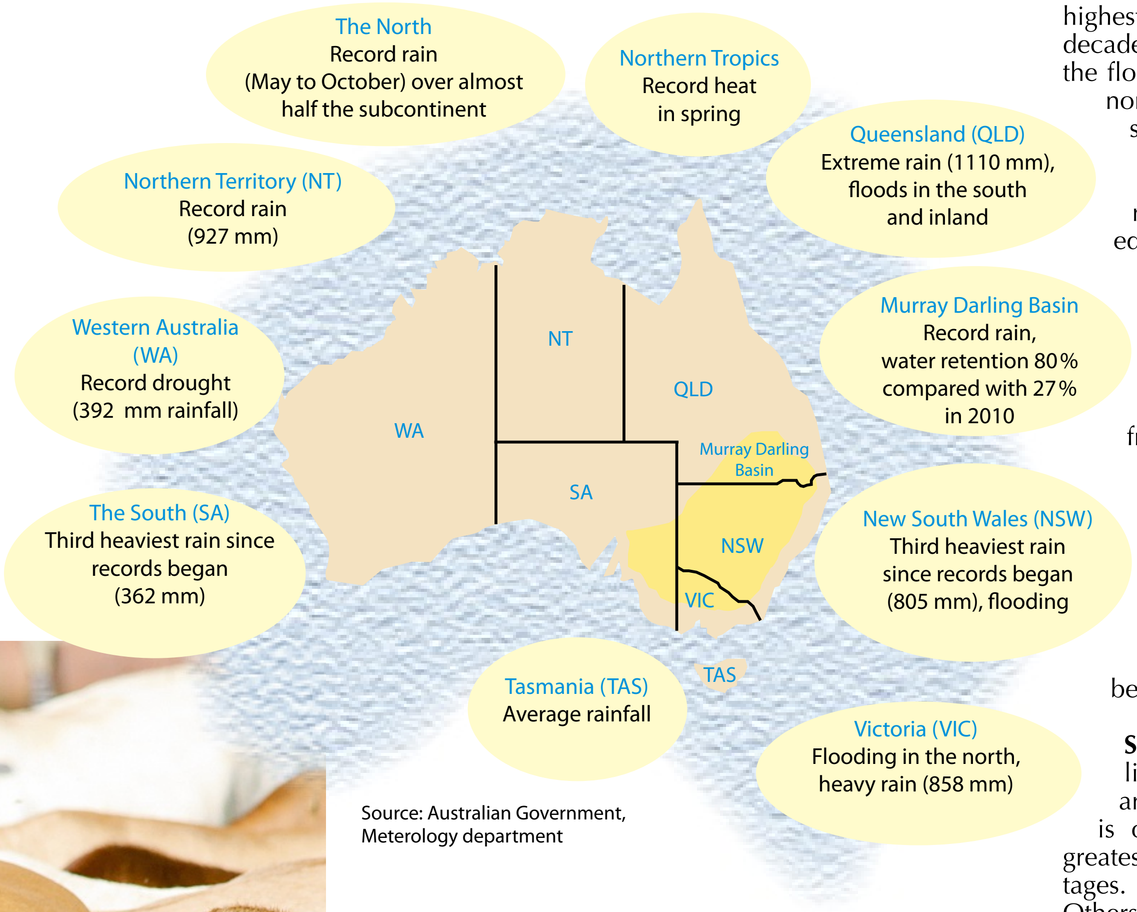
Beef export markets. Main customers for Australian beef are Japan, the USA and South Korea, whereby three important markets can be identified. One comprises Japan and South Korea buying mainly high-price fresh and vacuum packed beef. Another features the USA importing mainly frozen meat in the form of forequarters, mostly from pasture fed beasts. Once in the USA these are processed and mixed in a precisely defined ratio with beef from American feedlot cattle for hamburger production. For the required hamburger quality, the well-marbled feedlot meat needs to be mixed with leaner beef – and the forequarters from Australian pastured cattle prove ideal for this.
The third market involves the offal which is mainly exported frozen to Indonesia. In past years the rising demand for meat in this region resulted in a further market developing there: for live cattle exports from Australia. In 2010 around 600,000 head were shipped, mainly from Western Australia and

The climate in northern Australia means that mainly Braham cattle originating from India, and their crosses, are pastured there.
Aufgrund des Klimas werden in Nordaustralien hauptsächlich die aus Indien stammenden Brahmanrinder und ihre Kreuzungen gehalten.
En raison du climat nord-australien, les races les plus utilisées viennent d'Inde. Il s'agit de bovins purs ou croisés Brahma.

the Northern Territory. Most of the animals were then finished in feedlots at their destination for a further 120 days to a slaughterweight of 320 kg, the rest being immediately slaughtered.
The great importance of live animal exports in this respect is due to cool chain failings in marketing and lack of refrigeration in the households of Indonesian consumers, who prefer fresh meat as a rule. But at the beginning of June this year Australian ABC TV ran a documentary on Indonesian slaughterhouses that process Australian cattle.

Shortly afterwards the Australian government reacted to the unsatisfactory animal treatment thus exposed by banning live exports to Indonesia. In the medium term, however, it is expected that this trade will resume, with shipments stabilising or even rising.

Climate catastrophe 2010



Source: Australian Government, Meterology department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Climate and currency course. Challenges that cattlemen in Australia increasingly have to face include climate change and associated floods and droughts, water availability, scarcity of available farmland, the strong dependence of the sector on the world market and the influence of currency exchange rates.
Following several years of continuous drought over large parts of the country, Australia was hit by the highest level of rainfall for a decade during last year. But the floods, especially in the north and east of the subcontinent at the end of 2010 and beginning of this year, resulted in only limited livestock losses and feed shortages. The good news was that the increase in available moisture brought high forage production from pasture right through to mid-2011. And this situation is momentarily helping stock farmers to expand their herds and increase pasture beef production.

Summary. In Australia, livestock epidemics are hardly known. This is one of the country's greatest production advantages.
Others include a professionally organised meat production and marketing system, well-established trading relationships as well as the high quality of the meat itself which is backed by traceability systems. These advantages will help ensure that, despite the often difficult climatic conditions, Australia has every likelihood of remaining one of the most important players in the international beef market.

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Σ Australien ist mit 65 % seiner Produktion der zweitgrößte Rindfleischexporteur nach Brasilien. Doch der Abstand hat sich verringert. Ob Australien weiter aufholen kann, hängt von den Futterkosten, dem Wetter und den Währungsschwankungen ab.

Σ Avec 65 % d'export, l'Australie est le deuxième exportateur mondial de viande bovine après le Brésil. L'écart entre les deux pays a diminué. Est-ce que l'Australie peut mieux faire ? Cela dépendra du coût de l'aliment, du climat et des variations monétaires.