

# The New Zealand Herald

HD Oz **billionaire** delivers the beef

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**Chinese** shoppers are calling for steak, says Andrew Forrest ... so he's packing a bagful

2014 Bloomberg News Rebecca Keenan May 29 (Bloomberg) - **CHINA** is so desperate for good beef that Australian **billionaire** Andrew Forrest will be taking sample parcels of steak in his luggage on his next trip.

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After recently visiting **Chinese** supermarkets and seeing limited Australian beef available, Forrest, who made his fortune exporting **iron ore** to **China**, returned home and developed a plan, including buying a processing **company**, to boost shipments of the meat from his country, the world's third-largest exporter.

"In **China**, I am being asked, 'Andrew where can I get high quality reliable beef'," says Forrest in the Perth office of his Fortescue Metals Group, Australia's third-biggest **iron ore company**.

When he goes back next month, "I am going to take it in and give everyone a pack".

Forrest, who this year bought Western Australia's only licensed beef exporter to **China**, says Australia could boost its production by 50 per cent if it secures a supply position in the **Chinese** market.

He sees "longer term, higher sustained prices" driven by steady demand from **China**.

**China**, already the world's biggest consumer of meat, could double beef imports by 2018 as rising wealth changes diets, Rabobank International said in December.

Forrest is considering buying more farms or companies to help boost output.

He met **Chinese** premier Li Keqiang last month to discuss an agricultural partnership under which Australia would boost food supplies to **China**.

He is also having talks with Australia's Agriculture Minister, Barnaby Joyce, about the partnership and has contacted state and territory ministers.

Australia, which last year exported 1.1 **million** tonnes of beef, putting it third in the world behind India and Brazil, has an industry worth A\$12.3 **billion** (\$13.4 **billion**), according to Meat and Livestock Australia.

**China**'s meat imports accounted for 9.2 per cent of world meat consumption last year, up from 6.8 per cent in 2000, the Commonwealth Bank of Australia said in January.

"The middle class is now the size of America and it is growing by 28 **million** people a year and if you think about how many extra mouths that means, it's quite mind-blowing," says Rabobank animal proteins analyst Matthew Costello.

"**China** has a declining local production and their herd is declining because of urbanisation."

A 2011 report from the United Nations Food and Agriculture Organisation says the world may need 200 **million** more tonnes of livestock products every year by 2050 as its population grows to 9 **billion** from 7 **billion**.

The **purchase** of Harvey Beef, with the capacity to process 4500 cows a week at its plant 140km south of Perth, marked Forrest's return to the industry.

He grew up on his family's Minderoo ranch, which at 225,080ha is almost double the size of New York City. It was established in 1878 by his great, great uncle, Sir John Forrest, first premier of Western Australia, and his two brothers.

"It is a very easy industry for me to work in because of my childhood and background," Forrest says.

That tie also prompted him to give **millions** of dollars to struggling farmers in the state.

"We have now stepped out of that and said it hasn't helped. It is not the long-term solution. The long-term solution is to change the market."

Forrest joins bigger **iron-ore** rival Rio Tinto Group in holding agriculture assets.

Rio owns six ranches in the Pilbara region of Western Australia and says that with 24,000 head of cattle it is the largest owner in the state.

**China**'s food industry has been racked by scandals ranging from tainted milk to the substitution of rat meat for mutton, driving consumer preference for imported fresh food.

"Food safety is a really big concern and for very good reason," says Forrest.

When people in the Asian region wanted to eat meat, "they need to know the origin is clean, secure and trustworthy".-Bloomberg

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