



Wagyu in Australia



MINTRAC Paddock to Plate National Training Conference 6th April 2016



We will cover

- Japanese origins
- Benefits to the Australian beef industry
- Wagyu Population size and growth
- Australia's international position



Japanese origins

Japanese origins of Wagyu



- Regional isolation has produced a number of different blood lines with varying conformation.
- These breeding differences have produced a Japanese national Wagyu herd which comprises **90% black, 10% red**.



Japanese origins of Wagyu

Black Wagyu

- **Tajima or Tajiri**– originating from the Hyogo prefecture, these cattle were used to pull carts and ploughs so they developed larger forequarters and lighter hindquarters. Generally smaller framed with slower growth rates, but produce excellent meat quality with large eye muscle and superior marbling.
- Considered ideal for the production of F1 cattle for slaughter.
- Generally regarded as producing the best quality meat in all of Japan.

Itoshigenami TF148

Excellent marbling, small, low milk





Japanese origins of Wagyu

Black Wagyu

- **Shimane or Fujiyoshi**— from the Okayama prefecture, medium framed with average growth rates and good meat quality.
- **Kedaka or Tottori**— Wagyu from the Tottori prefecture were originally pack animals in the grain and timber industry, so they are larger animals with straight, strong back lines and generally good growth rates. While their meat quality is variable, they provide the best blood lines for milking ability.

Japanese origins of Wagyu

Red Wagyu



- The red Wagyu (Akaushi) blood lines, Kochi and Kumamoto, have been strongly influenced by Korean and European breeds, particularly Simmental.



Japanese origins of Wagyu



- National Wagyu registration currently records:
 - 61,000 members
 - 484,000 calf registrations annually
 - 570,000 registered female breeders
 - 450,000 cattle on feed



Wagyu to Australia

- 1993 – 1998 Australia led export of over 200 males and females from the best of each of the bloodlines
- Cattle exported to USA and then to Australia
 - as Australia did not have import protocols
- Japanese farmers exerted pressure and Wagyu declared a “national living treasure” closing further export of genetics

Wagyu Breed Descriptions



Fullblood

Purebred

F₃

F₂

F₁

Wagyu Breed Content Classification	Definition
Wagyu Fullblood 100%	The offspring of a Wagyu Fullblood sire and a Wagyu Fullblood dam whose forebears originate from Japan and whose pedigree shows no evidence of any crossbreeding.
Purebred Wagyu F ₄ 93+%	Has greater than 93% Wagyu genetic content. For example, the result of at least four generations of crossbreeding using a Wagyu Fullblood sire and a Crossbred Wagyu F ₃ dam.
Crossbred Wagyu F ₃ 87+%	Has greater than 87% Wagyu genetic content. For example is the result of at least three generations of crossbreeding, using a Wagyu Fullblood sire and a Crossbred Wagyu F ₂ dam.
Crossbred Wagyu F ₂ 75%	Has 75% or higher Wagyu genetic content. For example is the result of at least two generations of crossbreeding, using a Wagyu Fullblood sire and a Crossbred Wagyu F ₁ dam.
Crossbred Wagyu F ₁ 50%	Has 50% or higher Wagyu genetic content. For example the first generation of crossbreeding a Wagyu Fullblood sire and the dam of another breed.

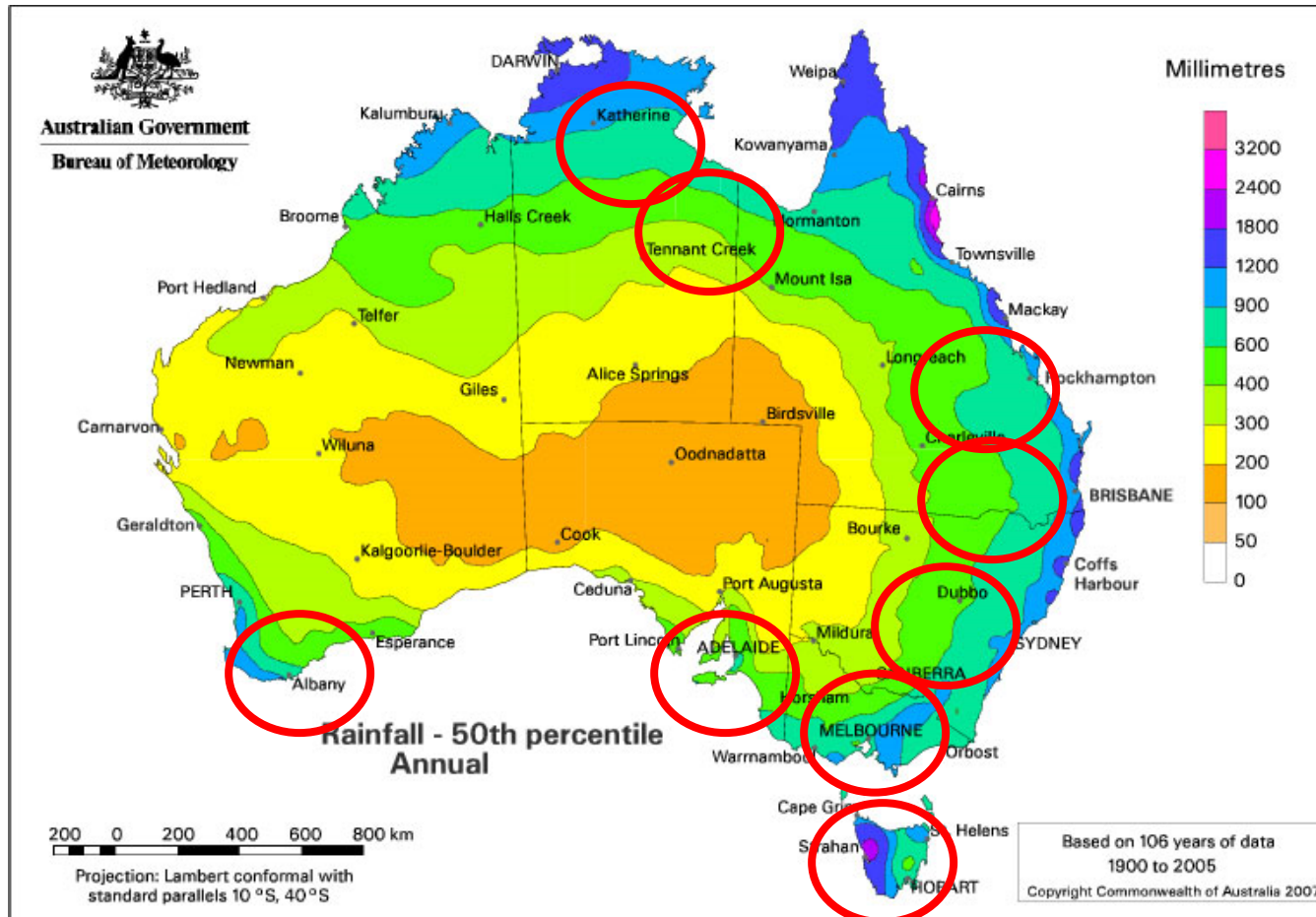


Benefits to the Australian Beef Industry

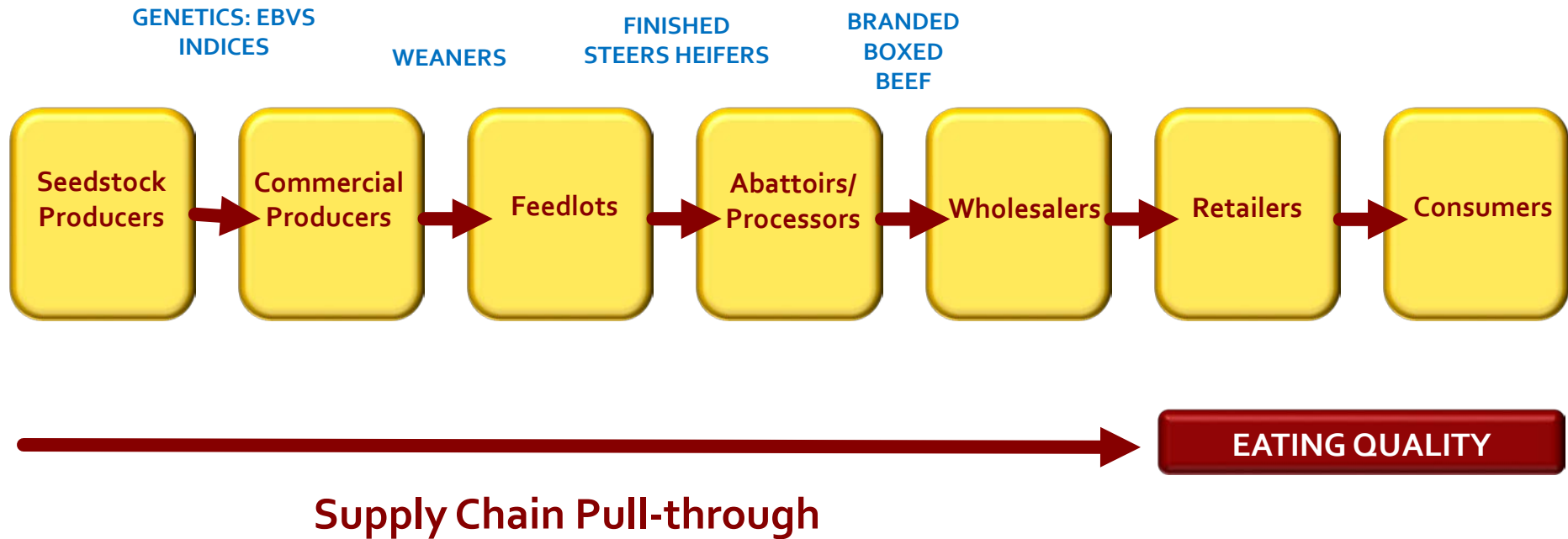
Australia – huge climatic range: Temperate to Tropical



Wagyu operates in Temperate and Tropical climates



Wagyu Beef Value Chain





Benefits: Commercial Producer

- **PROFITABILITY!**
- ***Indicative prices*** (ex GST) at this time are:
 - Wagyu Fullblood 100% feeder steers 300kg @ \$6.50/kg = \$2000
100% premium over Angus (350kg @ \$3.30) – the benchmark
 - Crossbred Wagyu F1 50% feeder steers 300kg @ \$5.50 - \$6.20/kg = \$1650 - \$1860
40% - 60% premium over Angus



Benefits: Commercial Producer

- Wagyu are more virile and fertile than Bos indicus and Bos taurus breeds.
- Wagyu have high calving ease compared to other breeds.
- Wagyu have excellent temperament.
- Good mothers when mature.
- Cow longevity, with cows remaining productive up to 13+ years of age.





Benefits: Commercial Producer

- Bull longevity, with bulls often used at 13+ years of age, resulting from their frame and athleticism preventing them from breaking down at earlier ages as other breeds readily do at 6 years of age.
- Leaner than Angus (so more efficient, contributing more nutrients to protein and marbling than to subcutaneous fat)
- No problems with eye cancer.
- Ability to handle a range of climatic conditions.



In the North



In the hot, broad-acre, northern environment:

- Wagyu bulls retain their energy, and vigour better than other non *Bos indicus* breeds.
- Wagyu are more virile and fertile than *Bos indicus* and *Bos taurus* breeds.
- Good walkers, with very few bad feet issues
- Polled Purebred bulls save dehorning





Benefits: Feedlots

Wagyu perform well in feedlots

(Fed between 350 - 650 DOF)

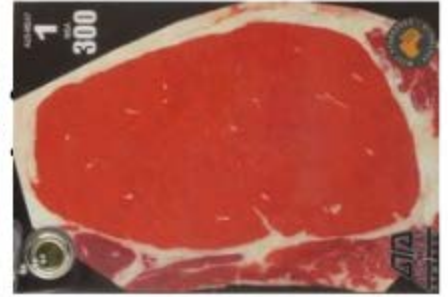
with particular benefits being:

- Cope well with stress & travelling
- Excellent temperament for the feedlot environment
- Resistance to Bovine Respiratory Disease
- Handle heat stress better than many British breeds; and almost as well as Bos Indicus in a feedlot situation.

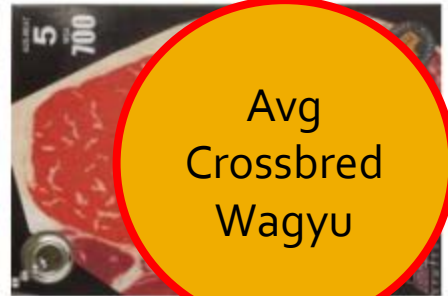




Benefits: Processor High AUS-MEAT Marbling Scores



Avg Bos
taurus



Avg
Crossbred
Wagyu



Avg
Wagyu
Fullblood





Benefits: Processor

- Wagyu carcasses are highly valuable
- Have strong dressing percentage and high retail beef yield.
- High marbling delivers premium carcass value:

450 kg carcass – *indicative prices* at this time are:

EYCI	\$5.80/kg	
MS 3	\$7.00/kg	\$3,100
MS 4	\$8.00/kg	\$3,600
MS 5	\$9.00/kg	\$4,050
MS 6	\$10.00/kg	\$4,500
MS 7	\$11.00/kg	\$4,950
MS 8	\$12.00/kg	\$5,400
MS 9	\$13.00/kg	\$5,850
MS 9+	\$15.00/kg	\$6,750





Meat Standards Australia (MSA) grading

- 25% of Wagyu MSA graded in top 1%
- 75% of Wagyu MSA graded in top 5% of eating quality of Australia's beef production

Wagyu demonstrates exceptional Eating Quality

Ref: Meat Standards Australia report to 2014 Wagyu National Conference

Target Markets – Wagyu beef



- 10% - 20% sold domestically – “Wagyu brand” rapidly established in last 10 years, so virtually every quality restaurant offers Wagyu
- 80% - 90% sold export:
 - Asia: Japan, China, Hong Kong, Singapore, Taiwan, Korea
 - USA
 - Europe
 - Middle East





Wagyu population size and growth

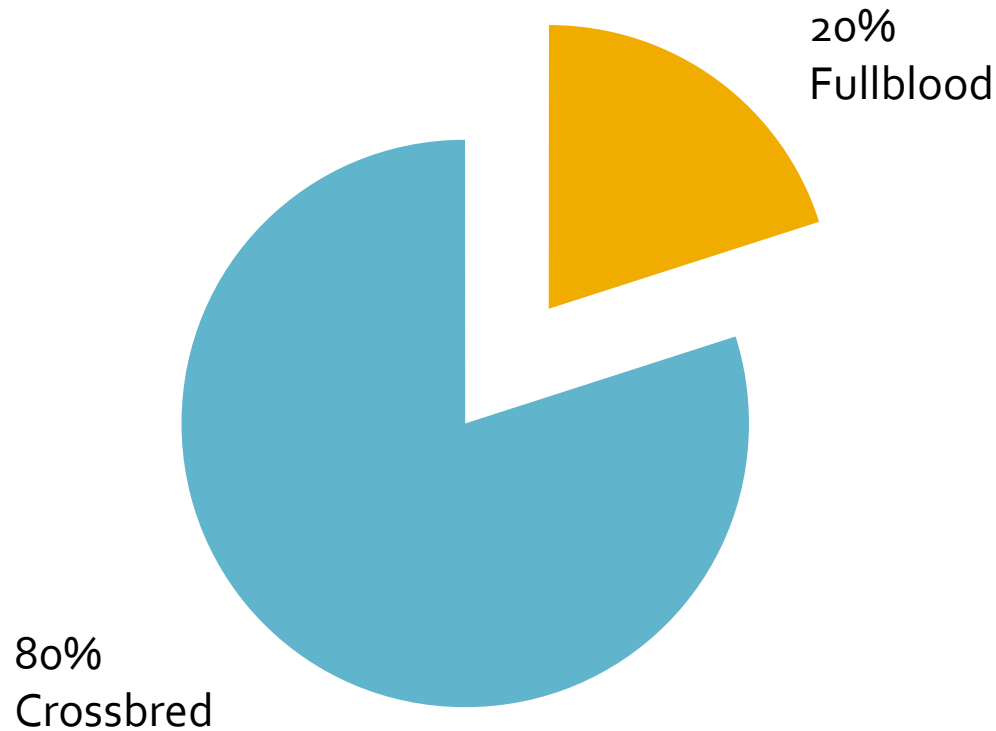
Wagyu in Australia's National Herd



- National beef herd 29.1 million (ref. MLA)
- Beef cows & heifers 13.3 million (ref. MLA)
- 300,000 Wagyu joinings ie. 2%
- 20% Fullblood/Purebred 60,000
- 80% Crossbred 240,000

30% growth pa

90,000 Wagyu on Feed



Ref: 2014 Strategic Survey, Australian Wagyu Association

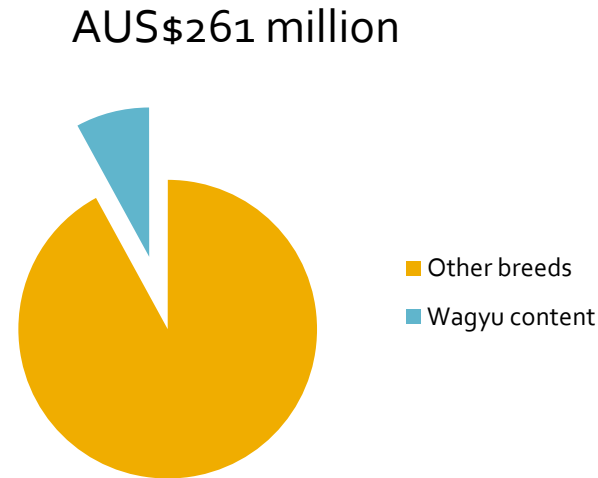


Wagyu Highest Value

- 2.6 million head Australian feedlot turnoff pa
- 90,000 Wagyu content



3% of feedlot cattle turnoff



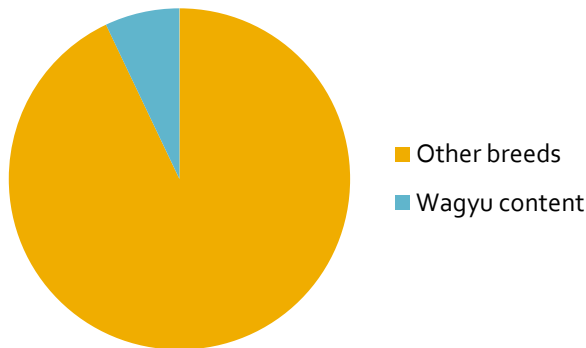
8% of feedlot carcass value



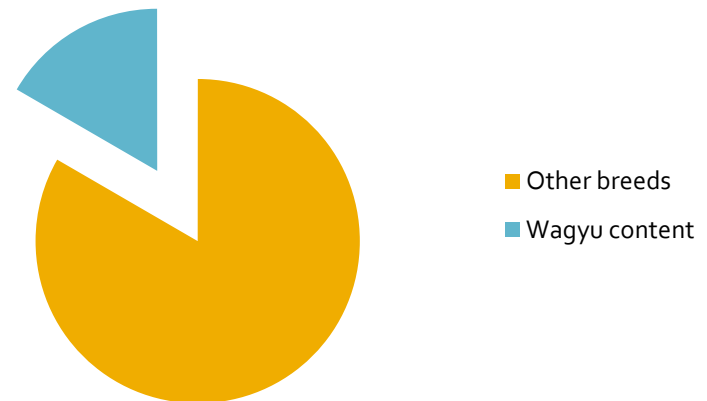
5 year projection

- 2.6 million head Australian feedlot turnoff pa
- 200,000 Wagyu content

AUS\$580 million

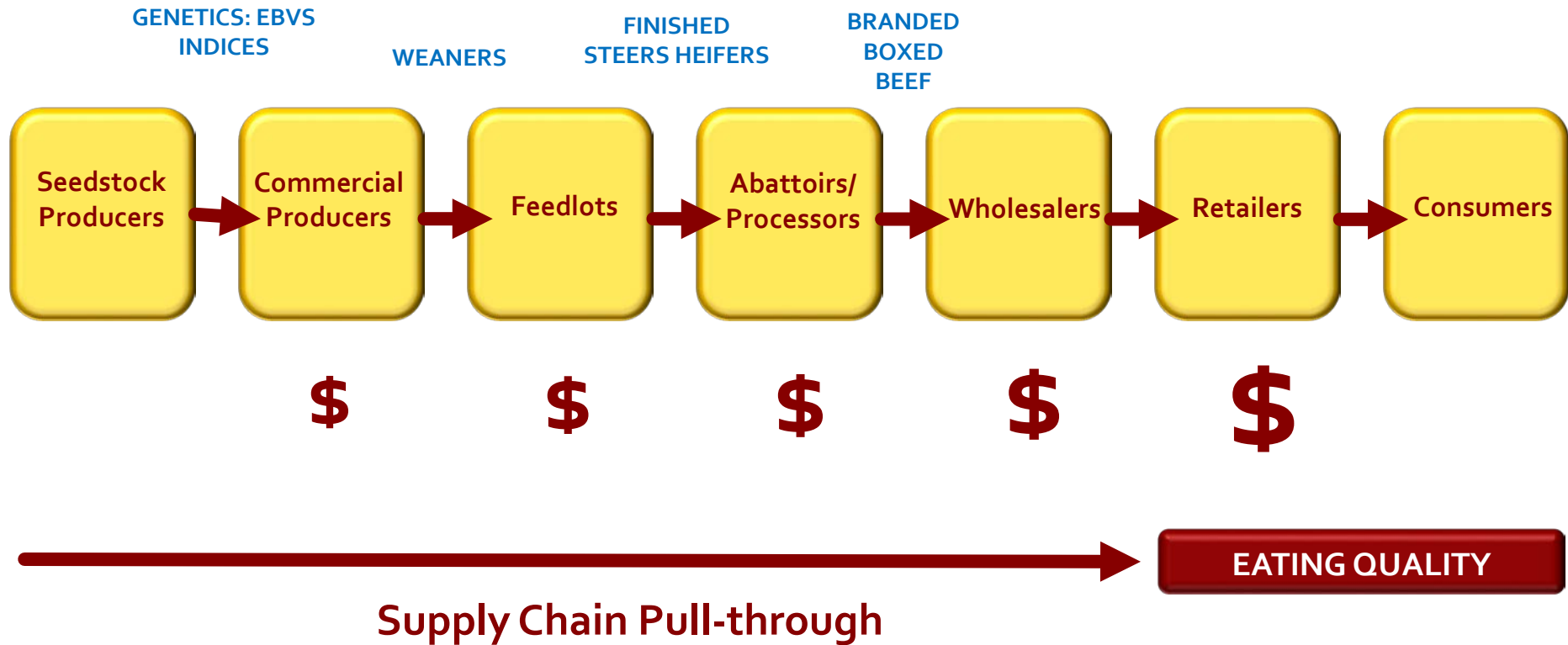


8% of feedlot cattle turnoff



20% of feedlot carcass value

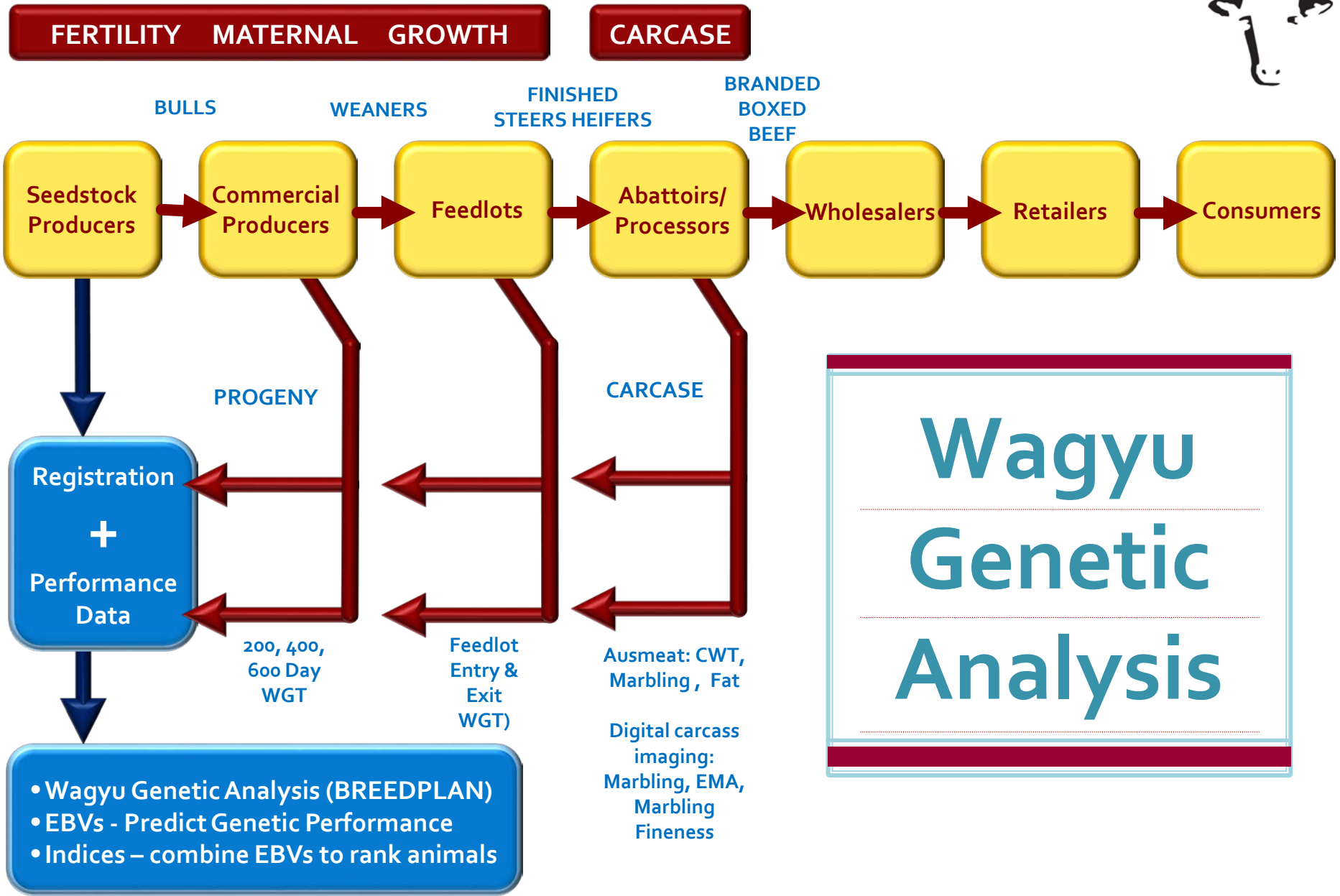
Wagyu Beef Value Chain





Wagyu buyers

- AA Co. (QLD, Dalby, Emerald)
- Cabassi & Co. (QLD, Casino)
- Direct Meats (NSW, Casino)
- Greenham Tasmania
- JBS Australia (QLD, Toowoomba, NSW - Mungandi, Carroona, Griffith, Yanco)
- Macquarie Downs (QLD, Leyburn)
- Margaret River Premium Exports (WA)
- Mayura Station (SA, Millicent) – Fullblood only
- Rangers Valley (NSW, Glen Innes)
- Stanbroke Pastoral Co. (QLD, Chinchilla)
- Warmoll Foods (NSW, Casino)
- Edwards Livestock – live export
- Wellards – live export



Wagyu Breeding Guide



Sire and Dam Summary / APRIL 2015

Wagyu Breeding Guide



Build your Herd with Confidence





Wagyu Breed Verification

- Wagyu truth in labelling demanded by customers and ACCC, driving demand for Wagyu Breed Verification
- AUS-MEAT requested development of:
 - Wagyu Breed Descriptions as trade descriptors
 - Wagyu Breed Verification Program
- ***Wagyu Breed Content Test***

Australia world leader in Wagyu Beef Exports



Australia exports 80% - 90% of Wagyu content beef production:

- 2014: 20,000+ tonnes
- 5 year projection: 40,000 tonnes



Japan:

- Market target to triple exports in 5 years
- 2014-15: Estimate 1335 tonnes (shipped weight) – up 21% from previous year (Ref. MLA)
- MAFF registered seven items – including KOBE BEEF and TAJIMA GYU/BEEF – under its new Geographical Indication protection law (entered into force from 2015)

Market share: 7%

Market share: 93%



Australia world leader in Wagyu Genetics

- Australia is the international market leader in Wagyu genetic analysis, improvement and production
- Australia initiated the World Wagyu Congress of international Wagyu associations in May 2015 to “***Facilitate the development of the Wagyu breed internationally with goodwill and integrity***”

Wagyu – transitioning Australia to premium beef production



By 2050:

- World:
 - Population 9 billion
 - 3 billion middle class – with *capacity and willingness to buy premium products*
- Australia:
 - Population 40 million
 - Capacity to feed 100 million
 - Export food to 60 million – *aim for PREMIUM product for middle class – Wagyu Fullblood and Crossbred*



Thank you



Graham Truscott
Chief Executive Officer
Australian Wagyu Association