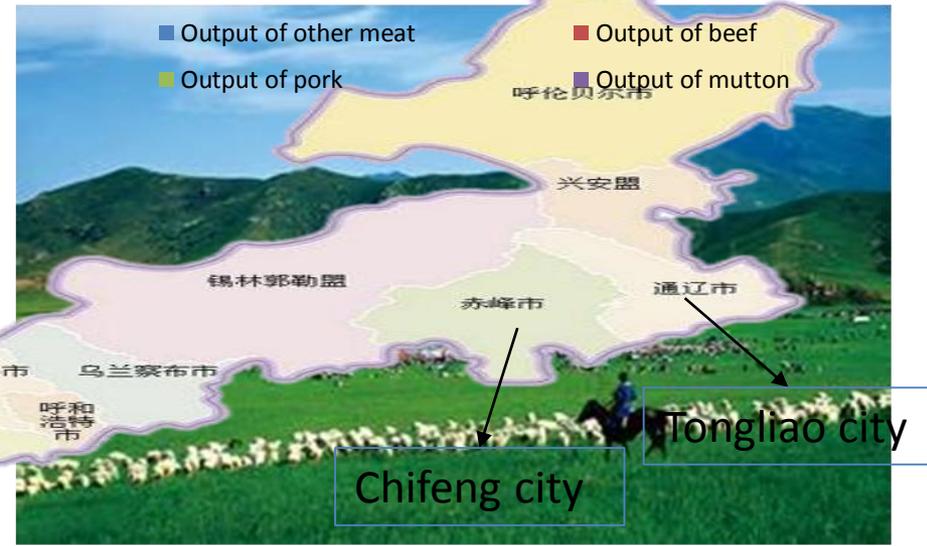
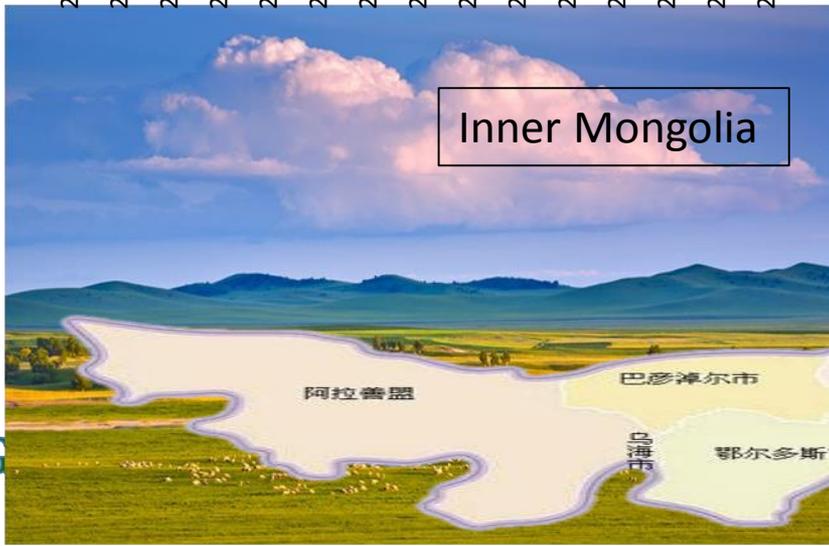
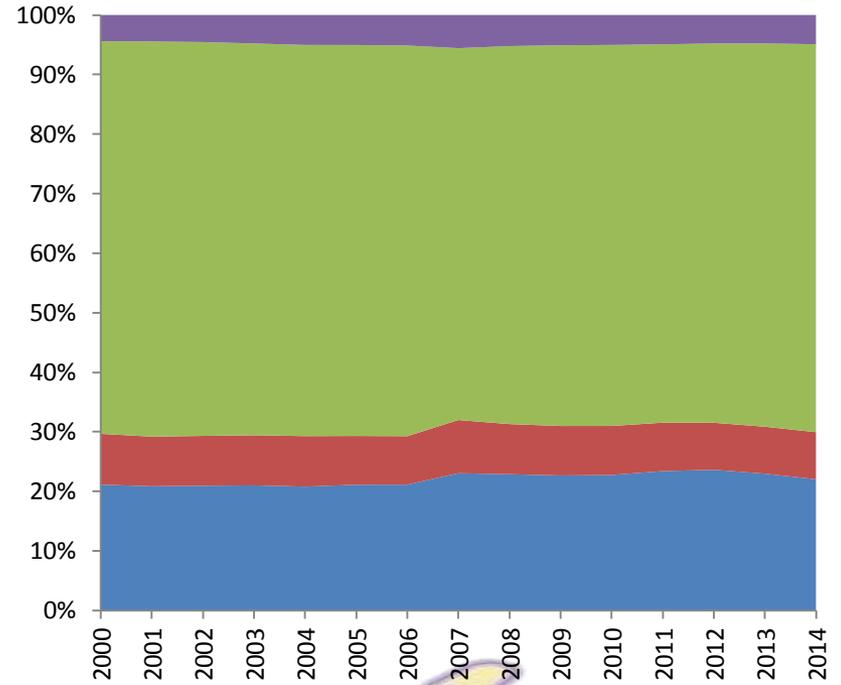
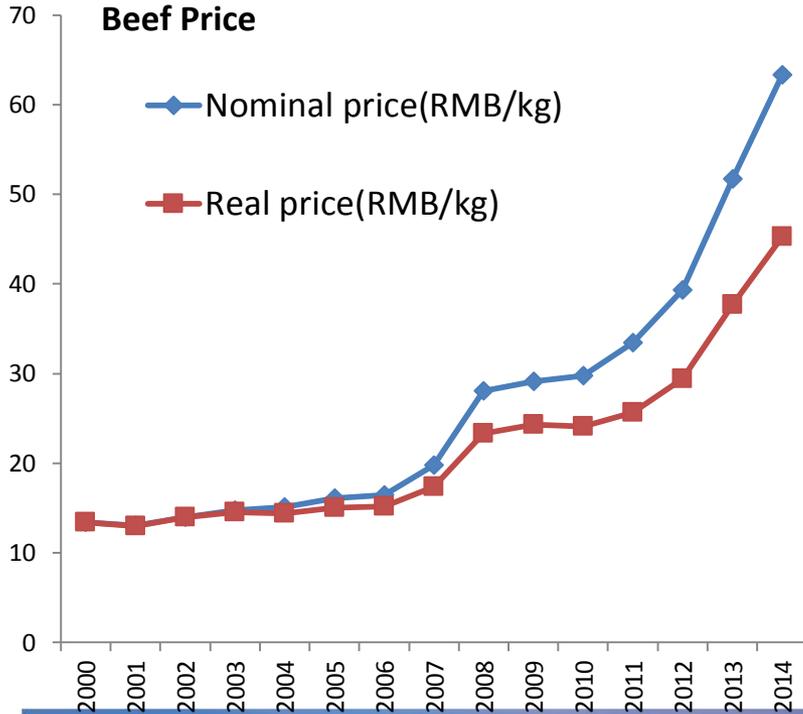


# **Smallholder Inclusive Business Models: Case Study in Cattle/Beef Industry of China**

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June, 2016. Bali

# Cattle/beef industry and Inner Mongolia case in China

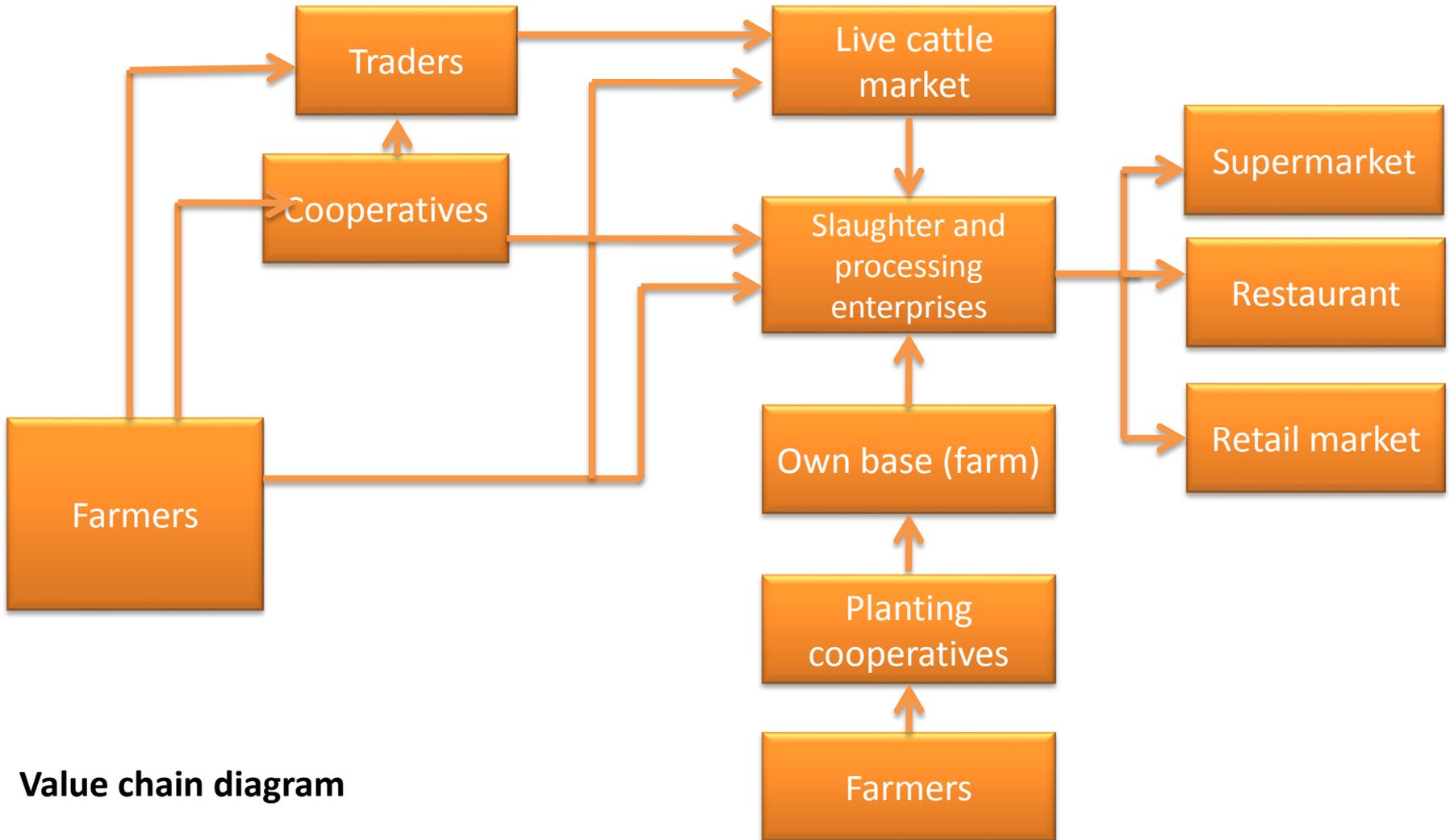


# Overview Inner Mongolia case-Kerchin

- Why **Kerchin**, leading enterprises, top 3 in beef processor;
- To examine the relationship between the company, cooperatives, traders and smallholders;
- To find if the model is inclusive.



# Inner Mongolia Kerchin Cattle Industry Co., Ltd.

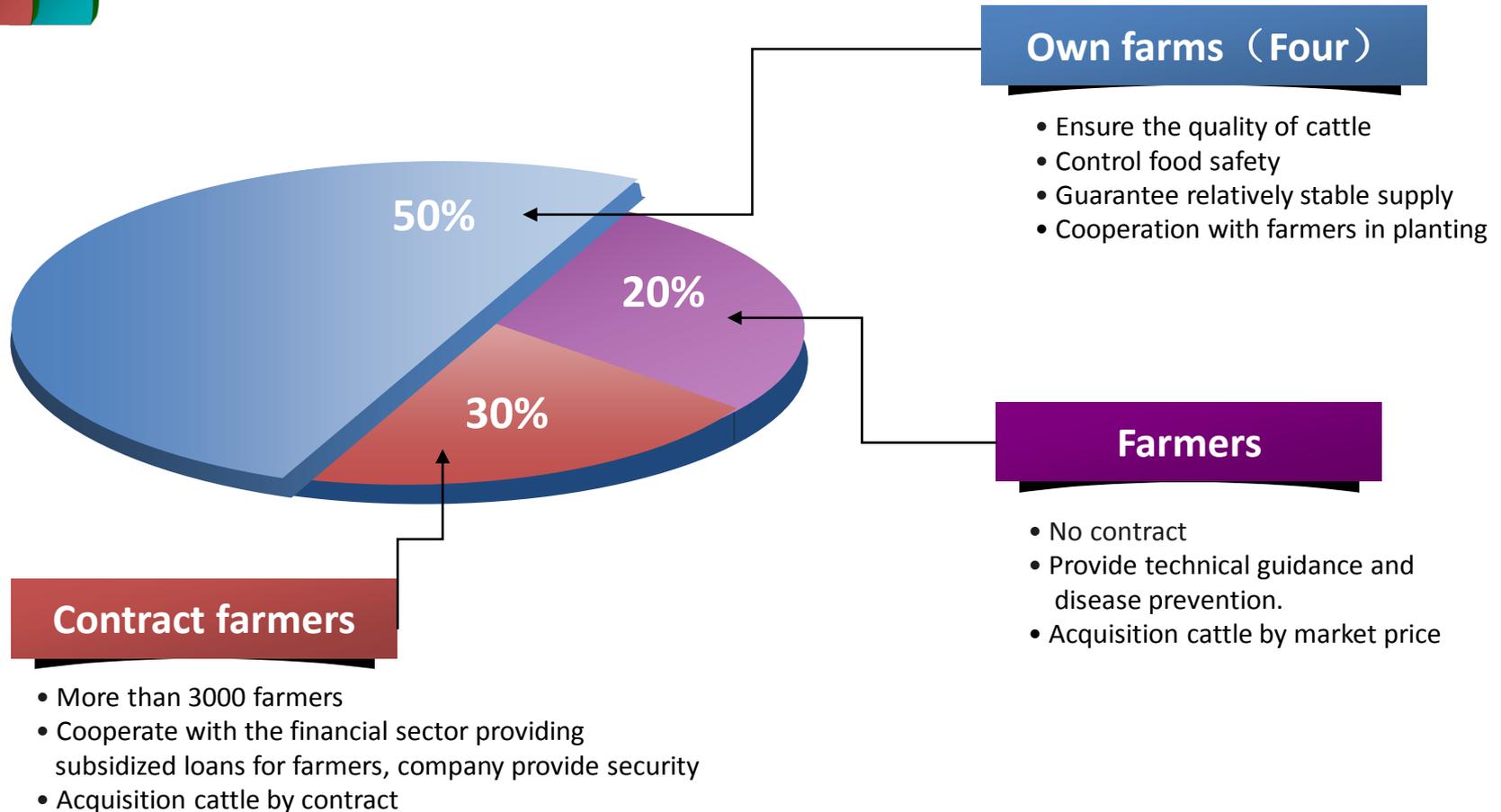


Value chain diagram

# Inner Mongolia Kerchin Cattle Industry Co., Ltd.



## Cooperation mode with farmers



# The success of Inner Mongolia model

## Success

Kerchin  
Company



## Competiveness

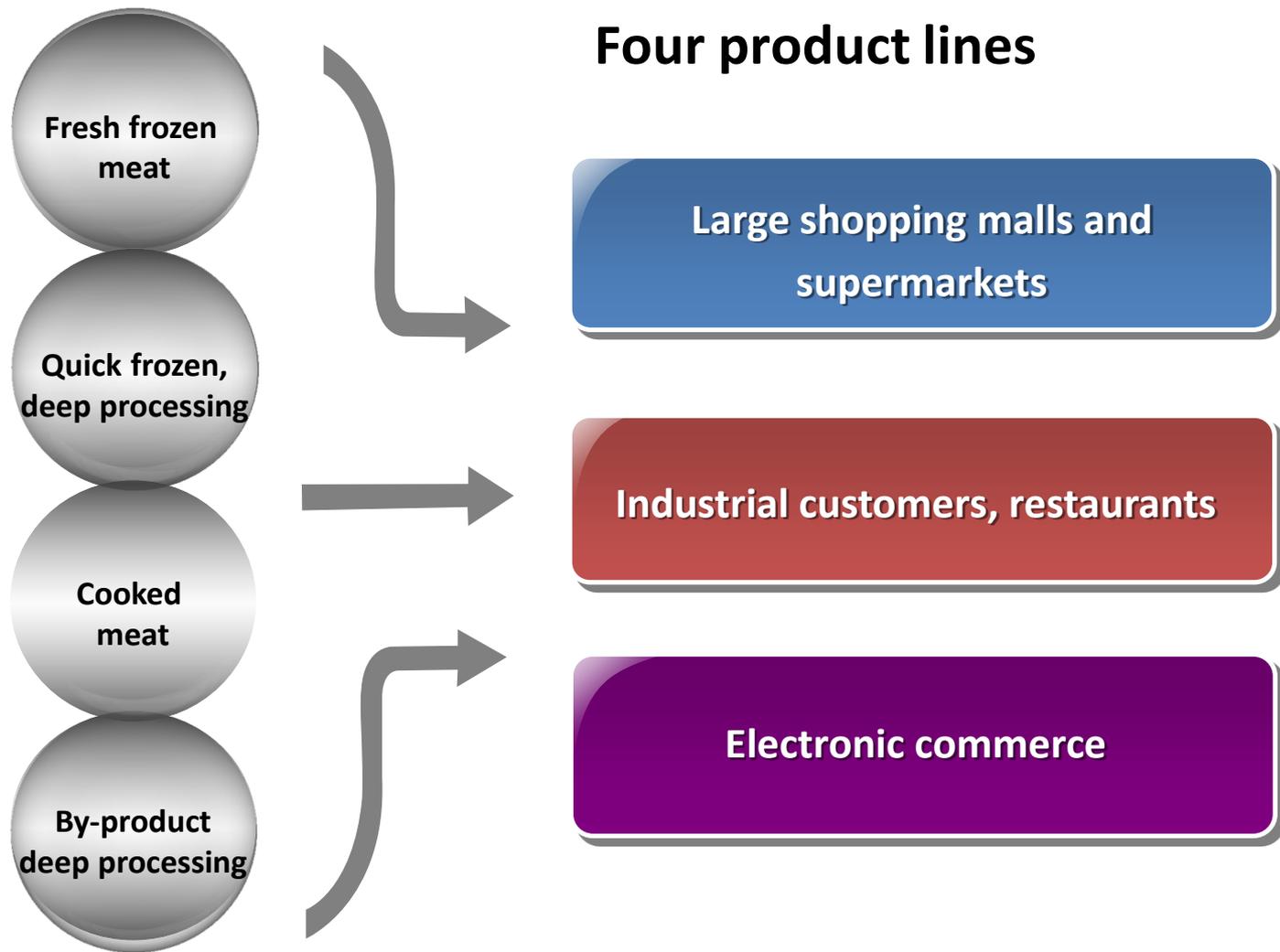
- Big slaughter, brand reputation, Olympic supplier;
- Certification, HACCP, ISO14001, Halal, Organic (part);
- Advanced technology and equipment;
- Efficiency, diversified products, minimized waste, market segmentation (meat bar).



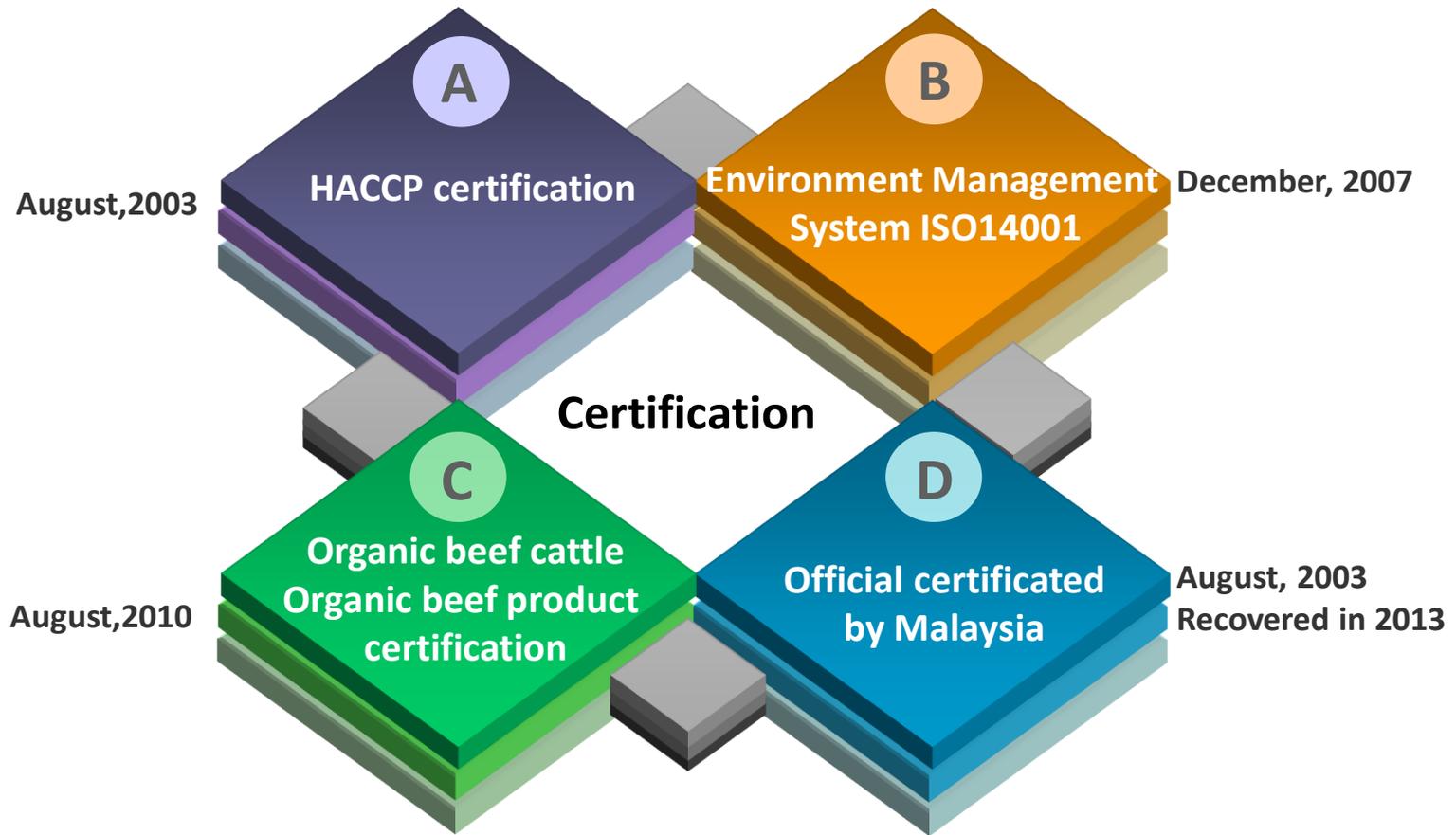
## Inclusive

50% from own production;  
30% contract farmers , sell, loan, technical services;  
20% others, selling, service;  
Job creation, animal, feed, marketing, other services;  
Social benefit, not migrate to urban

# The success of Inner Mongolia model



# The success of Inner Mongolia model



# The roles and contributions of key players

## ➤ **Farmer cooperatives:**

- Increase the “power” to negotiate with input suppliers , traders and beef processor;
- Increase the economics of scale of “individual” farmer into group;
- As a place for training, tech, share information about price, disease control, market shares.
- **Business Entities, provide with:**
- Market access and differentiation of products;
- Loan to contract farmers;
- Services to cattle farmers technician from the company;
- Job opportunity for locals; and
- Develop and strengthen the beef sector in China.

# The roles and contributions of key players

## ➤ **Other Gov't, provides**

- Information and extension, public services, infrastructure;
- Subsidy to cow, scaled farms, cooperatives, credit recycling use of manure; and
- Develop the standards and regulation.
- Bank, provides
- Loan from public, cooperative and private. **Feed company:**
- Work together with extension company, officers or themselves in providing technical assistances for cattle farmers.

## ➤ **Traders (middle man),**

- Market access; and
- Information sharing.

## ➤ **Producers**

- Provide cattle: quantity and quality.

# Challenges for this model in the future

- Continue to adapt the market change, such as demand innovation, competitiveness from local and exporter;
- Continue to adapt the change in supply chain (regulation, public services, technology innovation );
- Improve payment system;
- Strengthen the relationship with farmers.

# Discussion

- New industry, high demand potential Capital intensive sector, and business potential.
- Long way to go in term of small holder inclusive.
- what we can learn from other cases?
- Dissemination.

**Thank you for your attention!**