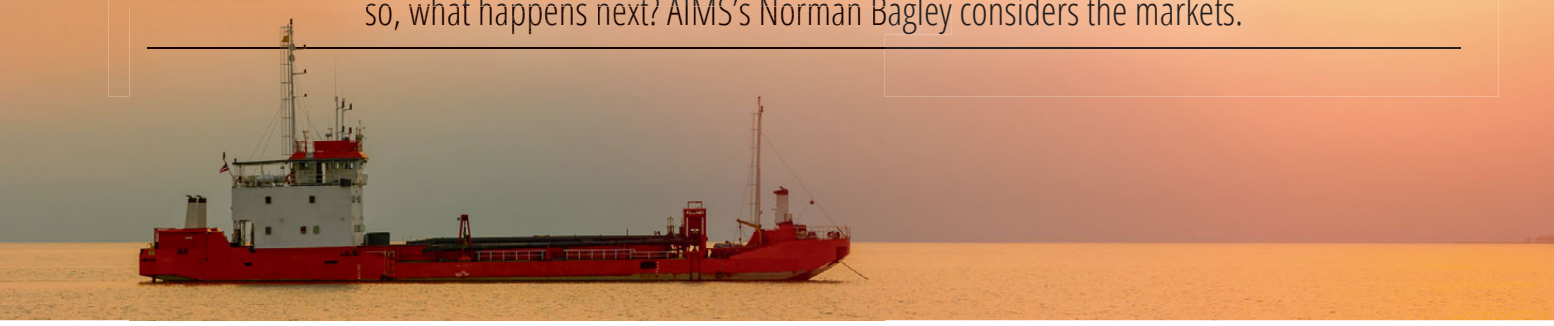
A slow boat to China

Brazil had filled its 2026 beef quota for China by the end of September this year; so, what happens next? AIMS's Norman Bagley considers the markets.





At the start of December, the European Union will be publishing an update to its Agricultural Outlook 2026-2035. Back in the spring, when the document was first published, the authors noted that "uncertainty is becoming a structural feature of EU agriculture".

So, while the world's economies lurch from conflict-led crisis to weather-driven crisis, every developed and most developing nations will be heeding the EU report's other main observation that "strengthening resilience is essential for the sector's future".

It has been some while since any buyer anywhere has been able to source cheap beef, not so much due to there being any sort of over supply but more as a result of beef becoming a tool for voter appeasement.

Trump has shown himself to be happy to cast aside his traditional rural voter base in order to increase imports of beef from Brazil and neighbouring countries in the hope of diluting the high price for American beef, which has been caused by the US cattle herd being at a multi-decade low. As well as to try to shore up support from a broader voter base, who are increasingly feeling the pinch from higher cost-of-living prices driven by the wars in Europe and the Middle East.

The result has been shipments of beef from Brazil to the US rising by 42.8% month on month in September and a whopping 462.9% year on year.

However, while Brazil's Government has reported a small drop of 0.3% in beef exports month on month in September, its year-on-year shipments have fallen by 38%.

It is, of course, way too soon for the effects of Mercosur to have impacted on these figures.

But I am in no doubt in thinking that European Commission President Ursula von der Leyen will be keen to keep the ban on Brazilian beef in place for as long as possible in order to keep the vocal and politically charged European farmers on side as she and the Commission drive forward their Industrial Accelerator Act (AKA "Made in EU") and its objectives, which include the need to enhance supply-chain security and accelerate decarbonisation across the European Union.

Some commentators believed that the UK would find an appetite for the Brazilian beef that the EU was turning away, but with UK buyers appearing to show loyalty to the Commonwealth with imports from Australia and New Zealand, that has not materialised in any meaningful way.

And let's not forget von der Leyen's musing over associated membership of EU for Canada and the possible free market status that could be afforded to Canadian beef.

All of which brings us to China and the quotas and tariffs it has in place for Brazilian beef.

China's General Administration of Customs confirmed on the 29th of September that Brazil had reached its "annual safeguard" quota for beef for the year, and that from 3rd October, imports would be subject to a 55% tariff.

Despite some "Please Sir, can we have some more" manoeuvres whereby Brazil would use some of Uruguay's unfilled quota, President Xi Jinping was having none of it. Why?

In short, both the Chinese and the Brazilian Governments have stated that they wish to be the world's biggest agricultural superpower, thus making tariffs and quotas destined to be in the hands of poker-faced negotiators.

Meanwhile, with just a few weeks until Brazil's 2027 Chinese quota re-opens, there is currently somewhere out in the Atlantic a slow boat to China loaded with Brazilian beef.

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