



THE FIFTH QUARTER

Beef and Lamb Offal Specifications for China

Beef and lamb offal is widely consumed in China at levels that vary between different regions of the country. The type of offal consumed depends on factors such as climate, regional taste preferences, cooking method preferences, seasonality of supply and cultural beliefs.

Low value offal items, which would normally be sold cheaply for rendering or pet food, could potentially be exported to China for greater returns. In 1999-2000 Australia exported 358 tonnes of beef and sheepmeat offal to China and this grew to 2,119 tonnes in 2000-2001.

On the whole, the specifications for beef and lamb offal in China are quite similar to the specifications already published in the AUS-MEAT Handbook of Australian Meat. However, many of the factors that influence the consumption

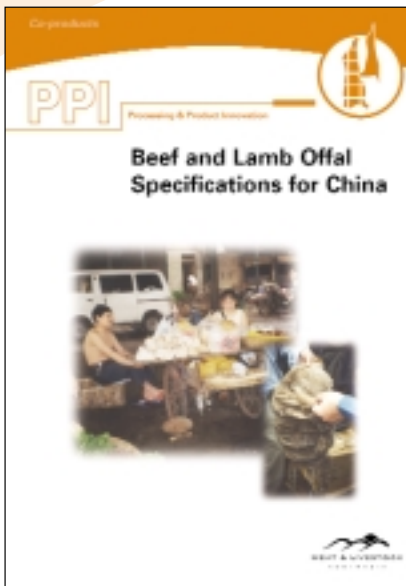
of offal also have an impact on the technical specifications for some beef and lamb offal in China.

The recently published *Beef and Lamb Offal Specifications for China* report highlights what these specification differences are and, where possible, explains what the reasons are for the differences. Many preferences that are customer specific have also been highlighted in the report.

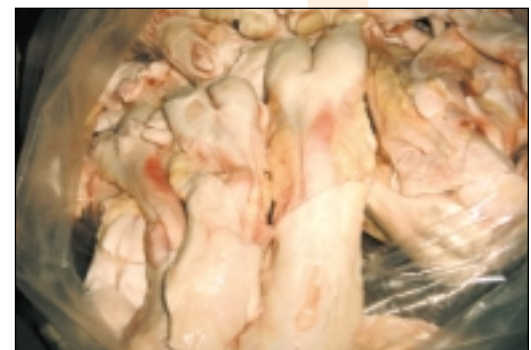
Some of the specifications for offal that were discovered in the compilation of the report have raised the awareness that Australian meat processors may have difficulty in meeting some of the specifications for the Chinese market due to regulatory barriers in Australia. The Chinese market specifications for salted omasum, tendons, pizzles and lamb kidneys all raise some questions that will need to be addressed with Australia's meat inspection body, AQIS.

If changes can be made to the AQIS inspection protocol for these products without jeopardising safety, then these products may have more appeal to buyers of imported product in China and/or yields to the meat processor in Australia may increase.

Meat and Livestock Australia (MLA) is keen to explore any of these opportunities with individual meat processing companies.



Tendon after bleaching and soaking in water



Imported tendons

The objective

In May 2001, a delegation of people representing the Australian Meat Industry visited China. The objective of the study mission was to visit regional offal markets in China, identify the product specifications that are demanded by these markets, and assess the ability of Australia to deliver under current production and regulatory conditions. *Beef and Lamb Offal Specifications for China* presents the delegations findings for the use of Australian processors and exporters.



Salted omasum imported from Pakistan and being cleaned on the streets of Chengdu

Project background

The delegation and resulting report was a joint project between Meat and Livestock Australia's Processing and Product Innovation unit and its South Asia Regional Office to facilitate improved market access and trade of edible offal into the China market.

MLA's South Asian Regional Office has identified edible offal as a major opportunity for Australian processors. However, there are a number of impediments to rapid entry of Australian processors into these markets. Two of these impediments are:

- A lack of understanding of Chinese market specifications, since most offal recovery has traditionally been for European, Japanese, and other Asian markets.
- AQIS requirement for a HACCP-based process design for the recovery of each of these offal items. These process designs must be developed in a risk management framework with product end-use taken into account.

The industry benefit will come from improving demand for Australian edible offal in China.

Research methodology

Representatives of Meat and Livestock Australia (MLA) pre-arranged meetings with major wholesalers in the cities of Dalian (Liaoning Province), Chengdu (Sichuan Province), Shenzhen (Guangdong Province) and Hong Kong. These meetings were generally held in a formal setting where the Chinese wholesaler would outline the main offal items that he was interested in importing and the specifications he required. The Australian party then asked questions and prompts were given to determine the specifications of other offal products that were traded domestically but not necessarily imported. Where possible, these meetings usually finished with a visit to the wholesaler's warehouse or factory to view samples of product.



Intestine being bleached

Frozen spinal cord



Omasum presented on the table for a hot pot dinner in Chengdu

MLA representatives also arranged visits to wet markets and cold stores in all of the cities visited. All traders who were questioned at these outlets were cooperative and willing to disclose information about the product they sold.

All information gathered by the participants on the mission was then collated upon return to Australia for compilation of *Beef and Lamb Offal Specifications for China*.

Research limitations

Due to the small number of wholesalers and traders visited it is possible that the specifications determined in the report may be biased by the requirements of particular individuals or companies.

Where possible every endeavour has been made in the report to try and highlight what can be classed as a

customer point of specification and what can be classed as a standard across the market.

It is also important to note that the research has not analysed the commercial viability of exporting offal items to China. By focussing on the technical aspects of the offal market in China, other issues such as pricing and distribution channels have not been explored.



Diaphragm membrane skewers ready for the Japanese market

Pizzle and testes at a wet market in Shenzhen



Dried pizzles at a market in Chengdu

Consumer attitudes and preferences

Cultural background

In the urban areas of China eating out is very popular. It is not uncommon for many people in the large cities of China to eat out at restaurants 3-4 times per week. For the rising affluent class in China it is more convenient to eat out at restaurants than to cook and eat at home. Eating out in China is usually a great social occasion to meet with friends, family or business acquaintances.

The predominant cooking styles in the areas visited on this mission lend themselves to a relaxed social atmosphere when eating out. Typically various plates of food are placed in the middle of the table and the guests then share the food on the plates by picking up pieces with chopsticks and placing the food in the hot pot or on the barbecue plate.

Dim sum dishes, which are popular in the South of China, are also placed in the middle of the table and guests similarly share the food.

The increasing wealth of people who live in the cities and have greater access to opportunities is driving this trend to eat out. People who live in rural areas, however, do not generally eat out as much. Rural areas are usually poorer than the cities and so consumption of meat or offal items tends to be less in these areas.

China consumes the widest variety of offals. In fact some offal items are so prized by the Chinese, they are more expensive than primal cuts of meat.

Regional variations

Although most of the offal items can be found in wet markets and restaurants all over China, some items are more popular in particular regions. This variance is due to differences in weather, supply, favoured cooking methods or taste preferences.

North east China is one of the major offal consumption markets due to local diet habits and weather conditions. The demand for offal in this region is constant throughout the whole year. Hot pot with meat and offal and stewed meat are major dishes in autumn and winter while barbecue is most popular in spring and summer. Products like beef paddywhack, beef tripe and beef aorta, which are suitable for hot pot are in high demand during the winter months from November to February. Products like lamb kidney and lamb testicles suitable for barbecue are in high demand from May to September. In fact lamb products are most popular in the North of China, perhaps due to the colder weather. Indeed, even most of the lamb products that are imported in the South of China are destined for the North.



Imported ligament (frozen and layer packed)

Paddywhack at hot pot dinner in Chengdu



Ligament. The pen in the picture shows the desired cutting line with a square cut

Aorta being expanded in a chemical bath



Imported aorta. Note the blood clot and black spots on some of the pieces

In the area known as Huabei (Beijing, Tianjin, Shanxi, Hebei and Shandong) hot pot is the most popular cooking method. Items consumed include black omasum and scalded omasum, aorta, lamb brains and testes. Paddywhack, lamb kidneys and testes are popular where the barbecue cooking method is being used. Soup is also popular in this region and generally all sheep offal is used in the soup. Stewed sheep liver is regarded as a luxury item and is considered to be healthy for your eyes. Sheep liver is predominantly sourced from inner Mongolia.

In Huanan (Shanghai, Jiangsu, Zhejiang, Hunan, Hubei) stewing is the most common method of cooking. Tendon and omasum are the most popular offal items.

In Huaxinan (Sichuan, Guizhou, Yunnan) tripe and omasum are the most popular offal items using the hot pot for cooking. The consumption of sheep offal is seasonal and is at its peak in the beginning of winter. The seasonality of the sheep offal may best be explained by the Chinese concept of "Yin and Yang". In simple terms, it is believed that everything must be consumed in balance, so if you have a lot of fatty food ("Yang") then you must consume non-fatty food ("Yin") to maintain the balance.

In the South (Guangdong, Guangxi, Hong Kong) steaming is the most popular method of cooking to create dim sum dishes. Scalded honeycomb, tripe, omasum, tendon and beef intestines are popular offal items in the South. Ox tail is popular in Hong Kong for soup.

Ethnic issues

China has 56 officially acknowledged ethnic groups or nationalities. Of these, people of the Han nationality constitute around 93% of the population. The other 55 ethnic groups are termed minorities.

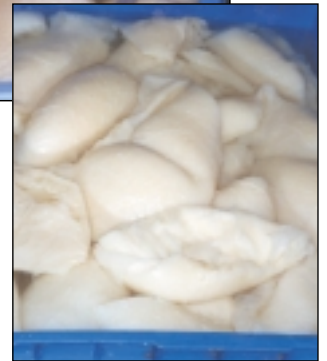
The ethnic groups tend to be big consumers of offal items and also consume what are regarded as "less mainstream" items. For example, the Muslim minority groups such as the Hui or the Uyghur are big consumers of beef and lamb offal and also eat items like beef eyes, which are prepared by stewing.

In China's north east the main minority groups are Koreans and Mongolians. In Chengdu in the western province of Sichuan, the Tibetans are the main minority group. This influences some consumption patterns where goat meat or offal is commonly consumed instead of sheep offal at the start of winter.



Expanded honeycomb tripe

Omasum being expanded in water in Shenzhen



Beef and Lamb offal specifications for China

By examining the specifications for individual beef and sheep offal items in China, the report is aimed at detailing the opportunities that these modified items present to processors and exporters.

Beef and Lamb Offal Specifications for China can be ordered from MLA's website (www.mla.com.au) or from the contact details listed below.

Contact

Lewis Atkinson

Meat and Livestock Australia

Tel: (07) 3844 4612 Fax: (07) 3846 6001

Email: latkinson@mla.com.au



165 Walker Street, North Sydney NSW 2060

Tel: (02) 9463 9333 Fax: (02) 9463 9393 www.mla.com.au

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