

# Emerging Asia Outlook

a new multi-client study analysing the animal health market potential for seven key emerging Asian countries

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In recent years, multinational animal health companies have been extolling the virtues of their emerging markets strategies, which have yielded strong growth following sales and marketing investments in these hitherto peripheral markets.

Vetnosis has invested six months analysing the animal health market potential for seven key emerging Asian countries in **Emerging Asia Outlook**, a new multi-client study published on 16<sup>th</sup> March 2012. **Emerging Asia Outlook** covers seven key emerging Asian countries, namely: China, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam.

*Resilient and sustainable economic growth prospects*

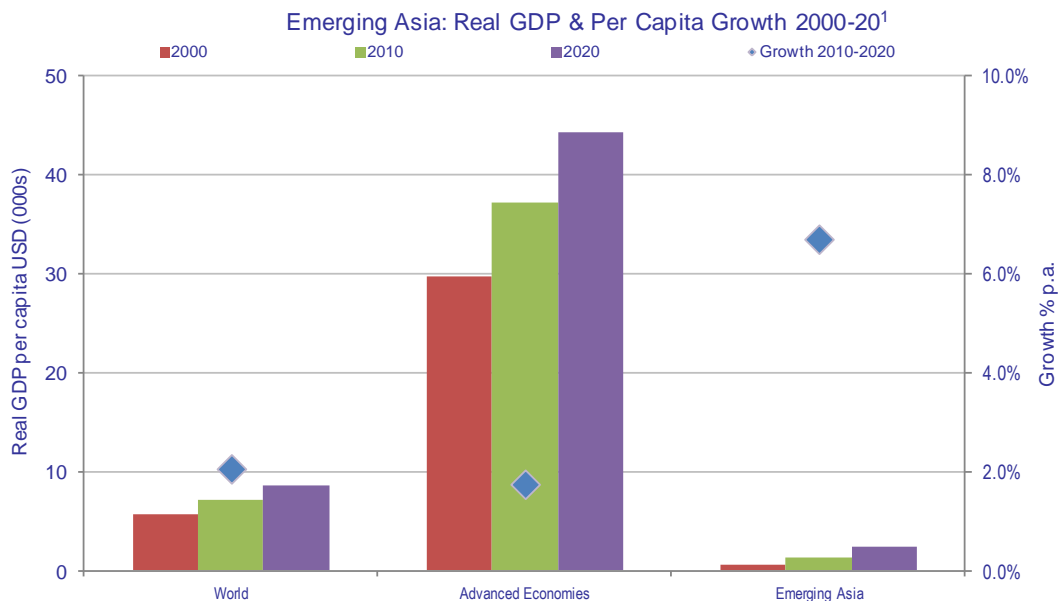
Emerging Asian countries have proven to be more resilient to the global economic downturn that has plagued advanced economies since 2008 with strong recovery already demonstrated and sustainable strong growth prospects for the next decade<sup>1</sup>.

*Positive Animal Protein Consumption Growth Drivers*

In 2010, these seven emerging Asian countries accounted for 46% of the global human population and 34% of global meat consumption.

Rapid population growth, favourable demographic trends and strong per capita income growth in the outlook period are aligned to deliver strong animal protein consumption growth, which offers significant opportunities for animal health companies.

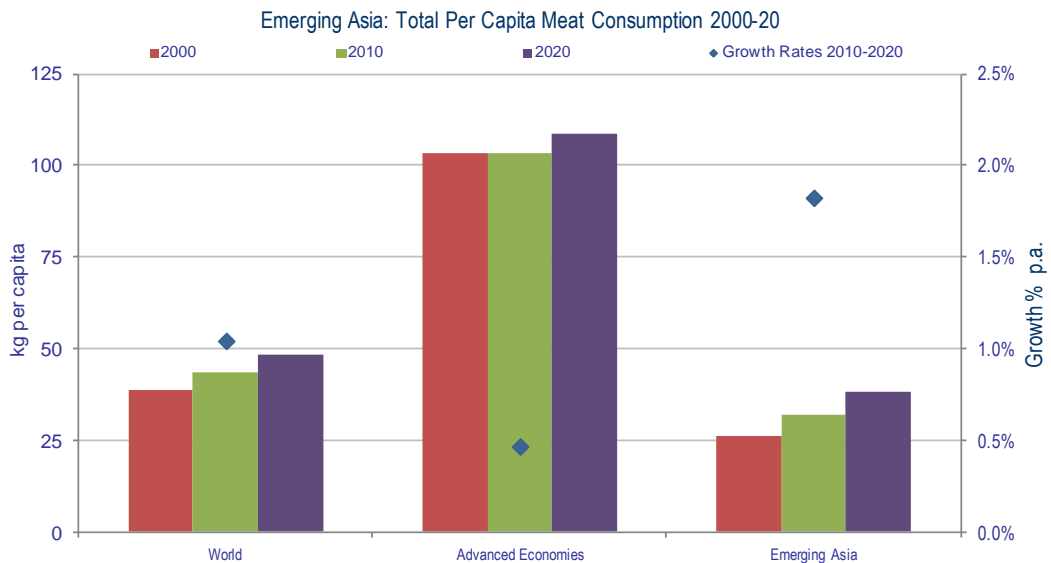
Although real GDP per capita in emerging Asian countries remains low compared to advanced economies, real GDP per capita growth is forecast to be three times faster than advanced economies and reach levels that trigger robust animal protein consumption growth.



<sup>1</sup> IMF

*Significant  
Diversity by  
Country*

**Emerging Asia Outlook** covers a very diverse range of countries exhibiting a wide variation in population demographics, terrain and climate, political systems and policies, religion, economic development, per capita income, future economic prospects and animal protein consumption traditions and cultures.



Total per capita annual meat consumption varies from 4.9kg to 59.8kg in the emerging Asian countries with pig meat and bovine meat consumption significantly influenced by religious beliefs and practices. The contribution of fish and shellfish is significant but dairy products consumption is limited by consumer choices, including a high lactose intolerant population, high costs, poor infrastructure and unfavourable climate.

Animal protein production growth will be influenced by individual country's economic development, religious preferences and ethnic makeup, trade policies, agricultural infrastructure and potential.

*Animal Feed  
Constraints*

The availability of animal feed and/or arable land and water resources are key constraints on agricultural production throughout these emerging Asian countries.

Trade agreements may become increasingly important in meeting the needs of consumers for animal protein. The competition between domestic animal protein production and imports will increase in the outlook period as will the availability and access to imported feedstuffs.

*Commercial  
Production*

Backyard and small scale farming is a significant component of the livestock and poultry sectors in all emerging Asian countries, however, commercial production is growing strongly with large scale integrated poultry and pig operations ranging from a small to dominant share of production.

The development of commercial production is a key driver for the animal health market in emerging Asian countries, which we have analysed in our study.

*Agricultural  
Policies range  
from promoting  
self sufficiency to  
encouraging  
imports*

In many emerging Asian countries agricultural policy has previously aimed at self sufficiency in food production, often through protectionist tariff rates on agricultural imports, however, economic reform and trade liberalisation is leading to the opening up of agricultural markets and increasing trade but at different rates.

Whilst some emerging Asian countries are well placed to develop animal protein export markets, which will require increased attention to animal health, others are expected to see increasing imports.

Food safety laws remain weak, or are not enforced in many emerging Asian countries while they are being tightened in other countries in response to food safety scandals.

Government policies towards animal health, disease eradication, livestock research and development, and improving the veterinary infrastructure all impact animal health market potential and are evolving rapidly.

Differing policies towards foreign investment in the food chain across the emerging Asian countries are influencing the development of food processing, distribution and retailing, which is impacting animal protein consumption and production. Although traditional 'wet markets' remain prevalent throughout emerging Asian countries, the development of Western style supermarkets and fast-food chains is increasing animal protein consumption and creating more opportunities for imports.

*Conclusions*

There are considerable opportunities for animal health companies in emerging Asian countries, however, each country presents its own set of challenges and opportunities to be carefully evaluated.

To learn more about each of these emerging Asian countries we recommend **Emerging Asia Outlook** as a pivotal source of data, analysis and comment on the future potential of these animal health markets.

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