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Global Agricultural Information Network

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Horse Market Profile

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Report Highlights:

Horse riding is gaining in popularity among China's ultra wealthy. As a result, imports of live horses are on the rise, although the market is still relatively small. The importance of this trend extends well beyond trade in live horses, however, providing insights into the rise of China's elite, their interests and their spending habits.

The Sport of Parvenus

Horse riding is viewed as a fashionable pastime and as a symbol of wealth. While there is only one horsemanship magazine in China, there are many equestrian themed fashion spreads featured in Chinese magazines, and horse riding is becoming a common theme in advertising for extreme high-end merchandise. Riders develop their interest in horse riding through these chic portrayals in the media and visits to Western horse clubs and ranches.

Riding clubs have become very popular in wealthy cities, and the sport is used by the elite as a demonstration of wealth. As of 2009, there were over 300 equestrian clubs in China, nearly half of them located in or near Beijing. Members of riding clubs are usually wealthy entrepreneurs or expatriates, and their children, with elite riding clubs levying annual fees of about \$20,000. These clubs provide social activities in addition to riding instruction, as many people join these clubs more for the social opportunities they provide than for the actual riding. While the majority of riders are adults, children's riding is gaining in popularity, with some Chinese private schools adding equestrian classes on the perceived model of elite western private schools.

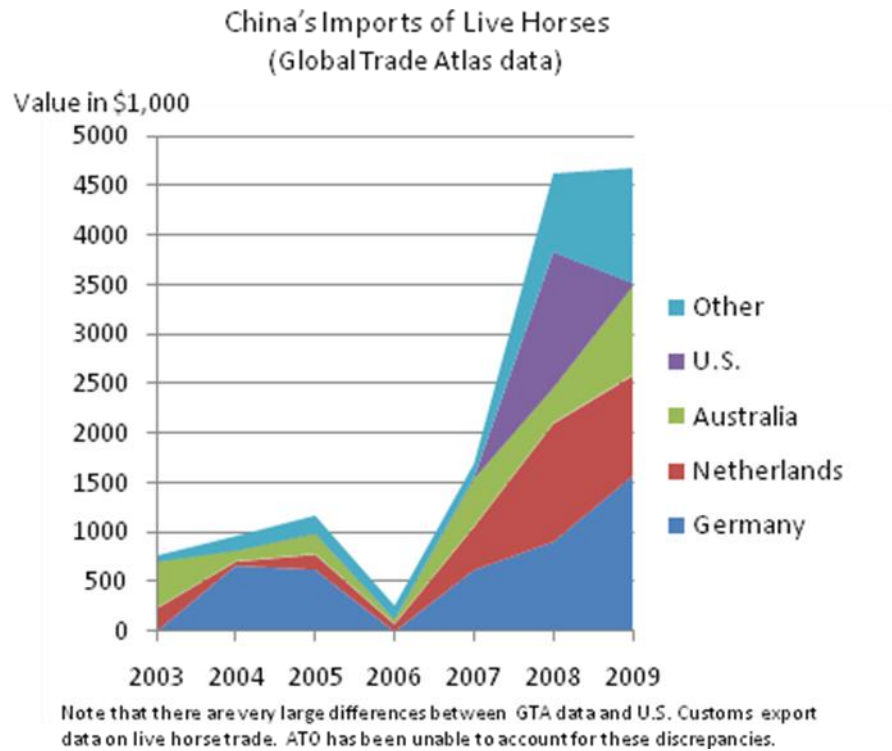
Since most Chinese riders have little information or experience with horses and how to care for them, purchasing decisions by individual buyers tend to be based on appearance, breed or personal preference. However, an increasingly large share of the purchasing decisions are being made by private riding clubs/stables. Apart from clubs, professional equestrian training institutions are beginning to emerge, with China's first equestrian college opening in Wuhan in 2009. These organizations provide training for a wide range of professionals including judges, stable managers and others.

Now It's a Horse Race

Complementary to the rise in interest in horse riding has been a slow re-emergence of horse racing as a sport in China. The obstacles to this are substantial, including longstanding government concerns about betting (which is illegal), and the potential for corruption. However, interest in a revival of horse racing is quite persistent, and the government has floated a possible compromise that would allow a horse racing lottery (horses assigned by random draw), i.e., gambling without betting. The interest in rebuilding the horse racing industry is being driven by investors and provincial and municipal governments, which see high quality tracks as a way to attract international interest and draw wealthy tourists to their cities. The Chinese horse racing industry argues that horse racing could create jobs, raise tax revenues and spark economic growth.

The Chinese government, backed by developers in Dubai, is just beginning the 10-year process of building a Horse City in Tianjin. This racing complex will include a racetrack, international equestrian college, a horse breeding center, an auction base, an animal feed factory, and a 7 star hotel. The city of Wuhan has a three year plan to create a horse city around its existing racetrack, including building luxury hotels to attract more tourists. In the city of Chengdu, a racetrack is being built with assistance from the Australian government.

The success of these horse cities may depend on whether on-track betting is legalized. Currently, a scratch-off lottery system is the only type of gambling legally allowed for horse racing. Despite lobbying by local governments, the central government is unlikely to legalize on-track betting any time soon due to concerns about corruption. However, investors remain undeterred, citing the example of Dubai, which had no horse racing infrastructure in the early 1990s but has since developed into one of the most popular destinations for the sport.



Horse Trading

Data on trade in live horses is widely variable, but generally shows an increasing trend. Still a minor importer, China's imports of live horses have grown extremely quickly off of a small base.

Trade shows for horses and horse related products have grown quickly, providing a wealth of anecdotal information on this emerging industry. The two leading trade shows at present are the Beijing Horse Fair and the Shanghai Horse Show. The Beijing show is more industry focused, while the Shanghai show is more consumer-oriented. A quick review of the Beijing show found the following:

- Interest in certain horse breeds was very strong: the U.S. Livestock Genetics Export Council was present at the show, and reported strong interest in quarterhorses, appaloosas and paints. The U.S. Quarterhorse Association and the State of Kentucky were also present at the show, along with a number of other U.S. companies and associations.
- A wide range of horse related products and services were on show as well as horses. Air transportation services, riding equipment, feed manufacturers, even medical services and dentistry for horses were on display.
- Interest appears to be strongest from the riding clubs/stables. Purchase of live imported horses by individuals remains beyond the means of all but a tiny handful, but a larger number of people are willing to pay for the opportunity to ride the animals through the services of a club.
- There was a strong presence from international competitors, particularly Australia, France and the

Netherlands.

The organizer of the Beijing show, Tarsus, has reported double and triple digit growth in the show over the past three years. The next iteration of the show is scheduled for October 13-15, 2011.

What It Means

China will likely continue to grow as a market for live horses: orders for 14 U.S. horses were placed in 2010 solely on the basis of advertising at the 2009 Beijing Horse Show. The importance of this trend extends well beyond exports of horses and related equipment, however. It demonstrates the growing interest in elite and exclusive activities for China's newly wealthy: horse riding clubs appear set to join private golf clubs as gathering places and activities that set apart those who have arrived. They also could become ideal venues for the promotion of top-end products such as wines, fresh fruit and seafood, and for lifestyle-oriented promotional activities.