

Competition in the Global Beef Industry



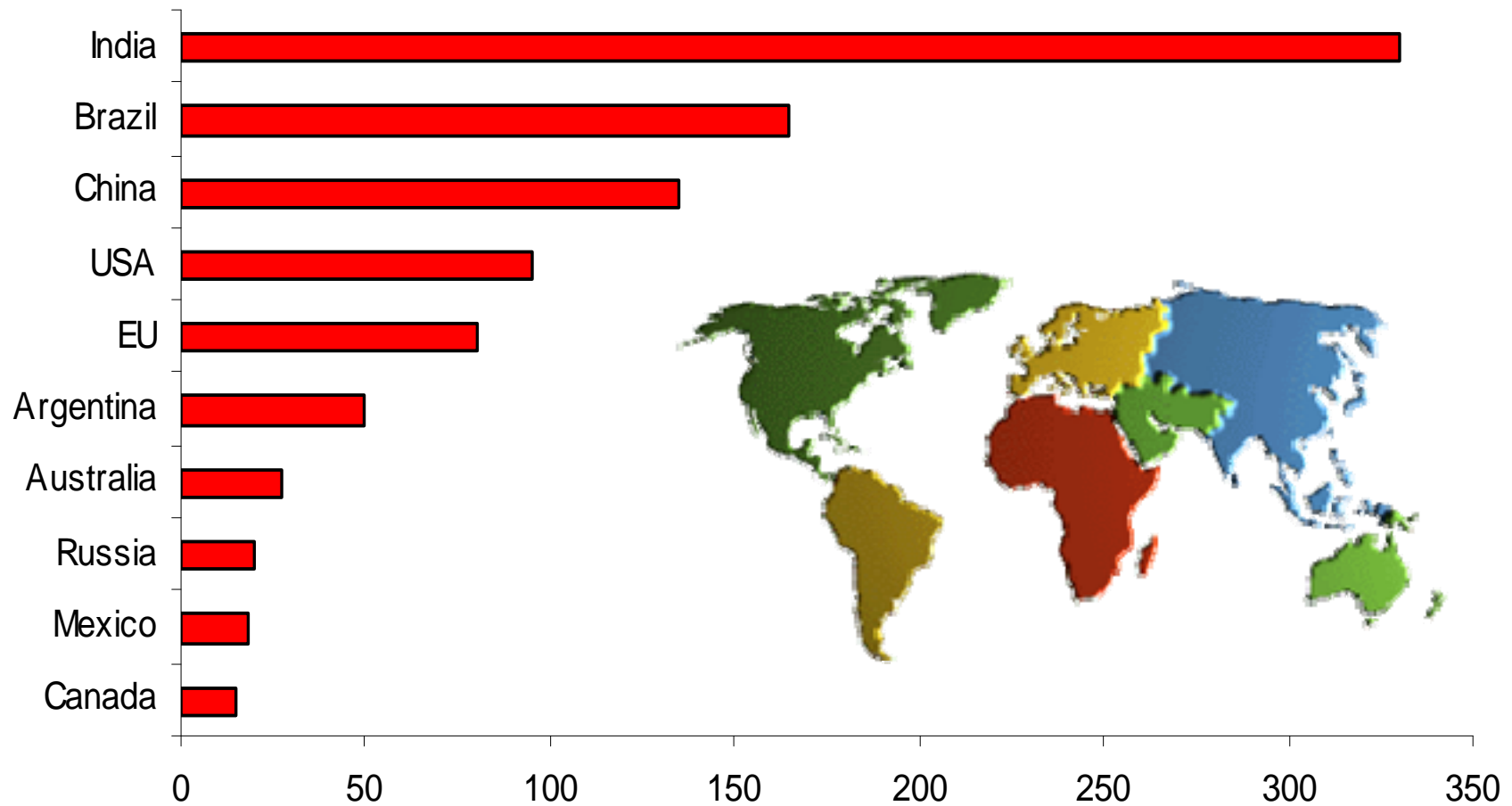
**Clint Peck, Director, Beef Quality Assurance
Montana State University**

The competition is TOUGH





10 Largest Cattle Populations



Source: USDA - 2006

Major Beef Producing / Consuming Countries

PRODUCTION

- **U.S.A.**
- Eu. Union
- Brazil
- China
- Argentina
- Australia
- Mexico
- Russia
- Canada

CONSUMPTION

- **U.S.A.**
- Eu. Union
- Brazil
- China
- Argentina
- Russia
- Mexico
- Japan

Major beef exporting countries

2003

- Australia
- Brazil
- **U.S.A.**
- New Zealand
- Canada
- Argentina
- Uruguay

2006

- Brazil
- Australia
- New Zealand
- Canada
- Argentina
- Uruguay
- **U.S.A.**

Top 10 Beef Importing Regions

% of world imports

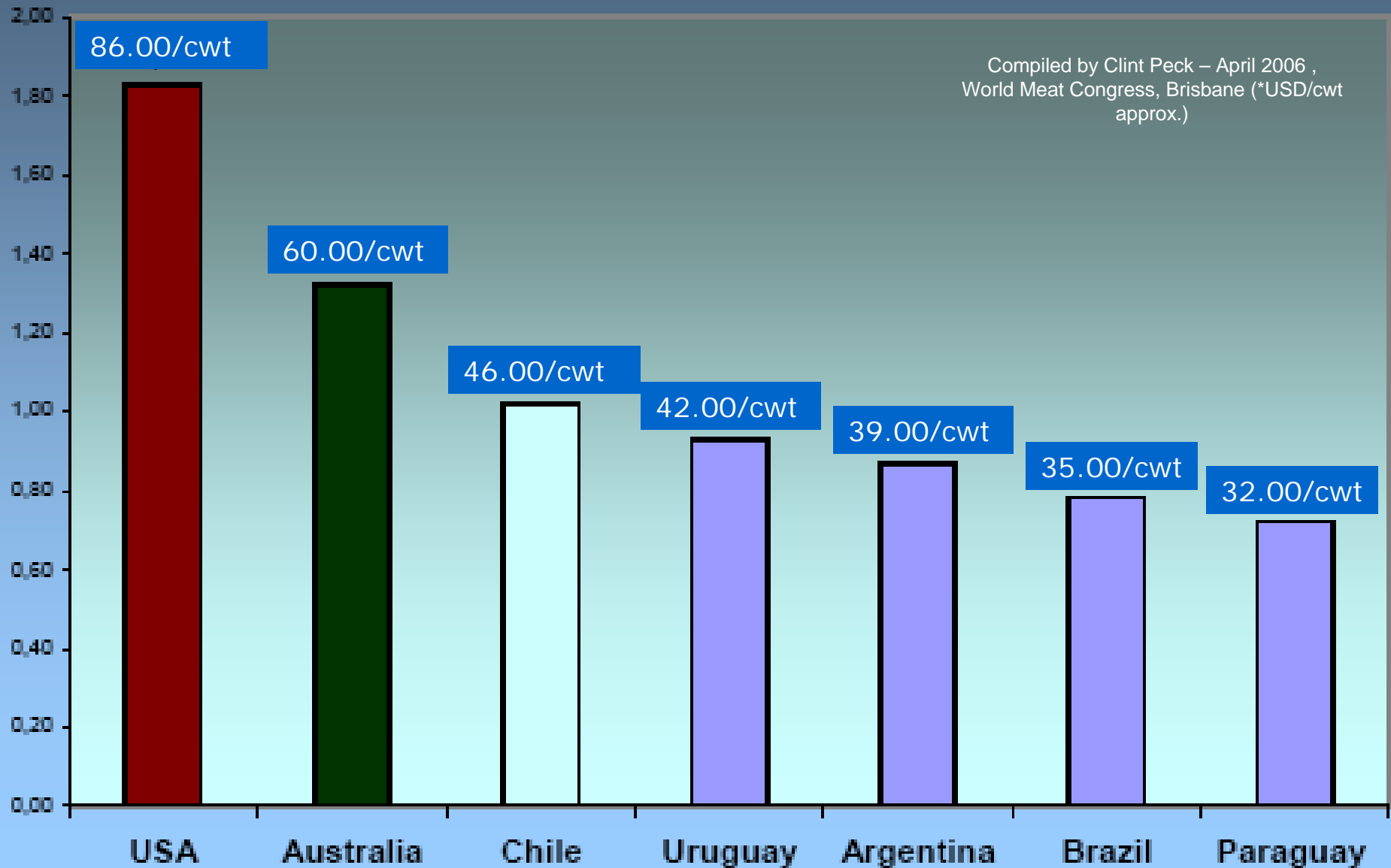
■ United States	31%
■ Russia	12%
■ U.E. 25	10%
■ Eastern Med.	10%
■ Japan	9%
■ Other Far East	6%
■ Mexico	4%
■ South Korea	4%
■ South America	3%
■ Canada	2%

* USDA Foreign Agricultural Service - 2007

The major drivers of
U.S. beef
imports???

Live-Cattle Slaughter Prices in Selected Countries*

Compiled by Clint Peck – April 2006 ,
World Meat Congress, Brisbane (*USD/cwt
approx.)





Ground Beef = 59%* of all fresh beef eatings in the U.S.

*NPD Group's National Eating Trends Service 2004

What differentiates **U.S.A.** beef from the rest of the world...?



Mississippi



West Virginia

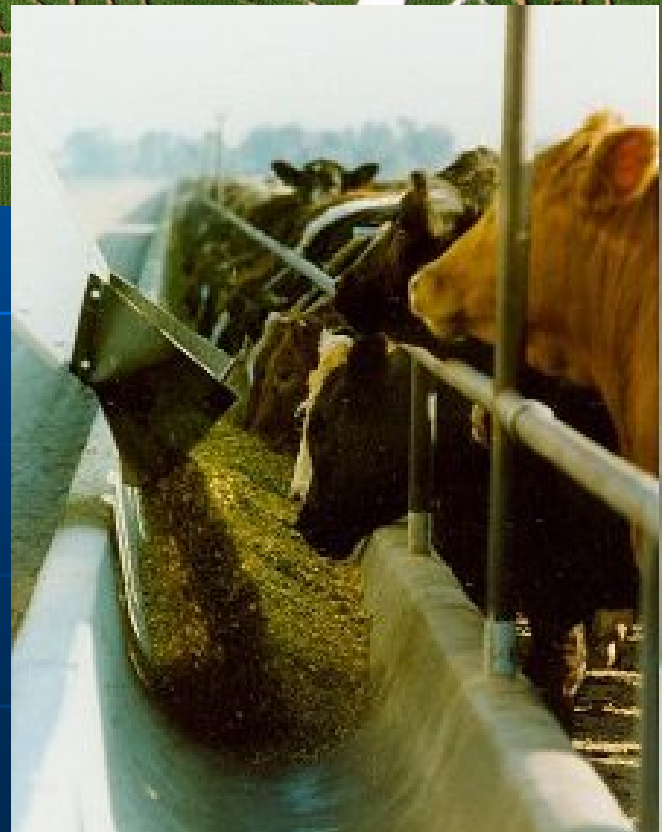


Montana



Hawaii

CORN, baby... Corn!



"Grass" Countries



* Argentina



Uruguay



Oceania



Brazil

The Australian Cattle Industry

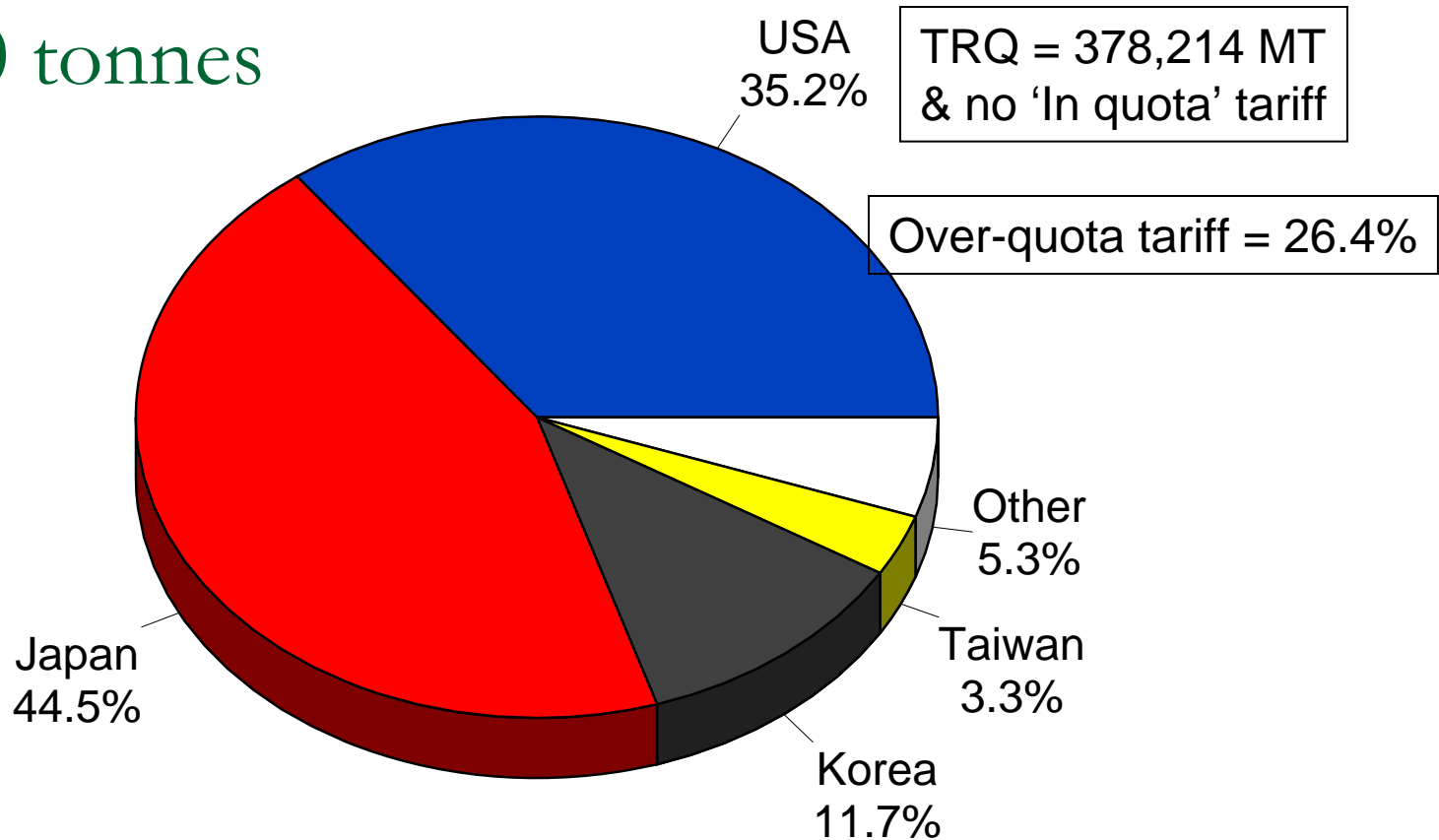
- Weakening prices due to persistent drought and high feed costs.
- Export demand boosted by the absence of competitors.
- 2003-2006 Strong growth in feedlot sector.
- 2007 – 24% drop in on-feed #s...



Australian beef exports by destination

2005

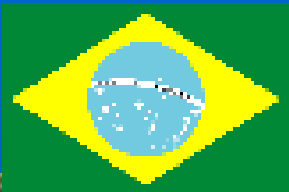
909,400 tonnes



Source: Meat & Livestock Australia



Copyright 1995
A.A. Rand McNally



The Brazilian Cattle Industry

Est. 190 Million Head

- Low cost of production
- 97% grass-fed
- Vast room for expansion
- Poor infrastructure
- FMD, FMD, FMD
- Low productivity





Nelore

85% of Brazil's beef genetics

**Brazil --- Less than 1% of cattle are
“finished” by grain-based feeding...**





Corn

and the

The Principle of the Three “Ps”

#1 - People

#2 - Poultry

#3 - Pigs

And then there's the fourth "P"

Pfuel...

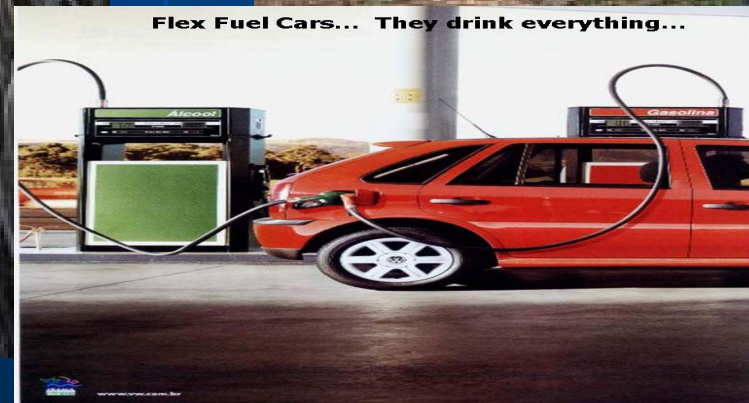


Sugar cane ethanol



Ethanol extracted from sugar cane yields about 830% more fuel than the fossil fuels used to produce it.*

* *Brazil's Road to Energy Independence*
Washingtonpost.com
Sunday, August 20, 2006



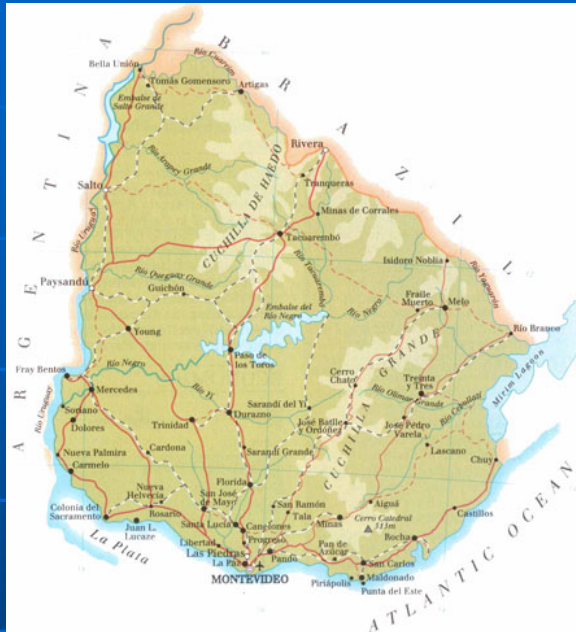
Driving Cattle North

By 2010, in the state of Sao Paulo 800,000 hectares of cattle pasture will convert to sugar cane.*

**Brasil International Gazeta*, March 9, 2005



The Uruguayan Cattle Industry



**12 million
head of cattle**



Uruguay



- 80% of production is exported.
- 78% of fresh beef exports go to NAFTA countries



- Anabolics/growth hormones are banned.
- Animal protein banned in feed.
- FMD / BSE Free

20,000 mt U.S. TRQ

2006 - Importers of Uruguayan beef paid nearly \$100 million to the U.S. Treasury in over-quota tariffs.

Expanding Markets



- Mexico
- Japan -- cooked meat and offals (thermally processed)
- Increasing U.S. / E.U. presence



The Argentine Cattle Industry

55 Million head



The Pampas



190,000 sq miles
(OK, AR, MO)

Supports 31 mil head of cattle



Argentine Beef

- 80% English genetics
- FMD, FMD, FMD
- NHTC foe E.U.
- Evolving to "grain fed"

Cattle Feeding

100 feedlots that market approximately 300,000 of the 13 million cattle slaughtered / year.

Supplement 1% of body weight on pasture for the last 120 days before slaughter.





Cactus
ARGENTINA S.A.



Tel: (02657) 431009 / 431011

25,000 head & expanding??

52% - Tyson

24% - Cactus Feeders

24% - Cresud, SA

Argentina

Exports 28,000
metric tons/year of
high quality
("Hilton Quota")
bone-in and
boneless cuts.



Queen Angus BEEF



ARGENTINE ANGUS BEEF

CARNE DE RAZA

ARGENTINA



SLAUGHTER AND PRODUCTION PLANT
AB&P N° 2035
(ESTABLECIMIENTO FAENADOR Y ELABORADOR
AB&P S.A. N° 2035)



ARGENTINE ANGUS BEEF

Carnivore Heaven !!!

*“In Argentina
a vegetarian is
like a duck out
of water.”*

Carlos Menem, former
president of Argentina



But, what is
“QUALITY” BEEF???



“QUALITY” beef...

- Consistently *satisfies customer expectations for eating & preparation characteristics and value.*
- Is harvested and processed under strict inspection systems that ensure it is *safe, wholesome, and correctly labeled & properly packaged.*

Quality Beef?



BEEF

IT'S WHAT'S FOR DINNER



Traceability...



"Traceability is the non-negotiable foundation of trust.

Without traceability how can you be held *accountable* for what you produce? How else can you be *rewarded* for what you produce?"

Marcos Fava Neves, University of São Paulo professor of food marketing strategy. World Meat Congress, Brisbane, April 2006

Challenges and Advantages for U.S. Beef Producers

- Traceability
- Competition for Land & Water
 - A "Global" Outlook
 - Cost of Production
- Uniformity & Consistency of Product
 - High "Quality" Beef
 - Infrastructure
 - Productivity



“In today's world,
the competition is
no longer
between farmers
— the competition
is between
treasuries.

-João Vinicis Pratini de Moraes
Former Brazilian Ag Minister



**Does
anyone
have a
question?**

***¿Cualquier
persona
tiene una
pregunta?***

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