

BRAZILIAN BEEF EXPORTS AND ITS MAIN MARKETS: A BRIEF ANALYSIS

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Background

Brazil possesses the world's largest commercial cattle herd and produced 6.9 million tons of beef in 2002. The herd presents good sanitary condition, being 81% created in foot-and-mouth disease (FMD) free area, according to the International Epizootic Organization, never having registered cases of Bovine Spongiform Encephalopathy (BSE). These conditions have been kept with adequate methods of animal production. 97.4% of the herd feeds on natural green and surrounding pastures. The remaining 2.6% is fed in confinement and semi confinement systems and not fed with animal residues. Brazil exports to more than 80 countries, being the world's third largest exporter, surpassed only by Australia and the United States. These aspects and the recent sanitary problems occurrences with great worldwide producers have allowed Brazil to experience an average growth of 25.3% per year in the volume shipped of beef to the exterior, demonstrating its immense exporting potential (PEETZ, 2002).

Objectives

To analyze the behavior of Brazilian beef exports and its main markets for the period between 1998 and 2002.

Methods

The official data of Brazil's Ministry of Agriculture (MAPA) were used in this analysis. The importers of Brazilian beef were grouped by type of product bought: processed and *in natura* (chilled or frozen beef).

Results and Discussion

In 1998 Brazil exported 192,800 tons of beef and climbed to 590,700 tons in 2002 (Figure 1). The revenue reached US\$582.2 million and US\$1.086 billion for the respective years (Figure 2). The best performance occurred in 2001, with an increase of 56.1% in volume and 30% on revenue when compared to the previous year. Great part of this performance can be attributed to two facts that occurred with traditional market competitors of Brazil: FMD in Uruguay and Argentina and BSE in the United Kingdom. Concerning the type of exported product, in 1998 the percentage of processed beef was greater than *in natura* beef (58.1% versus 41.9%, respectively). However a reversal of values took place in 2000, when more *in natura* beef was exported (Table 1). Although the percentages of processed beef have suffered a substantial fall along the years, the exported volume was kept almost stable, even with a small tendency for growth in 2002.

Figure 3 shows the importers responsible for 56.8% (335,347 tons) of Brazil's 2002 beef exports, in volume (they were also responsible for 54.7% of that year's revenue, US\$594.2 million) The surprising growth in volume shipped to Chile, Egypt, and Saudi Arabia should be noticed. Because of sanitary causes, Chile stopped buying from Argentina, while Egypt and Saudi Arabia, old purchasers of European Union, stopped buying from them for the same reason. In 2002, exports to Chile, Egypt, and Saudi Arabia surpassed exports to the United States, the Netherlands and United Kingdom combined. Other countries of prominence can be found in Table 2. Italy imported increasing volumes during the analyzed period, while Germany, Spain, and Hong Kong imported more starting from 1999. These four countries together were responsible for 12.5% (74,000 tons) of volume and 16.8% (US\$182.4 million) of the revenue resulting of Brazil's 2002 beef exports. Curious was the behavior of Israel, which presented a sudden growth in imports from Brazil in 2001, followed by a substantial fall of 44.1% (less 15,194 tons) in volume and 54.4% (less US\$33.9 million) in money spent in 2002.

Table 3 shows Chile as the greatest importer of *in natura* beef in 2002, surpassing the Netherlands and United Kingdom combined. The same is happening with Egypt and Saudi Arabia that occupy the second and third positions respectively. Combined, Chile, Egypt, and Saudi Arabia were responsible for 37.2% (160,075 tons) in volume and 30.2% (US\$234.3 million) of the revenue resulting of Brazil's 2002 *in natura* beef exports. The absence of the United States is consequence of the fact that this country does not import *in natura* beef from Brazil (they only purchase Brazilian processed beef).

Regarding processed beef, the United States and United Kingdom have been the more expressive importers from Brazil (Table 4). The steepest increase in volume occurred in 1999 (27.4% for United Kingdom and 51.9% for the United States), the year in which the Brazilian currency suffered a severe depreciation compared to the dollar. In 2002, both were responsible for 63.3% (101,592 tons) of volume and 69.8% (US\$216,4 million) of the revenue resulting of Brazil's processed beef exports, with tendency for growth in 2003.

Except for drastic political and economical changes in Brazil and in the world, Brazilian beef exports should have a growth between 5 and 10% in 2003, according to estimates of ABIEC and MAPA. Special attention must be given to other potential markets, such as Russia, China and Eastern Europe (PEETZ, 2002). Added to this, the European Union is expected to increase its quota of greater added value beef cuts from Brazil (Hilton quota). There is also the possibility of Brazil finally supplying frozen and chilled beef to the United States market.

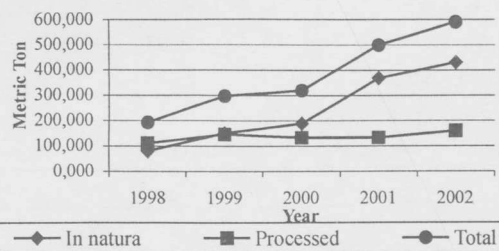


Figure 1. Brazilian beef exports in volume.

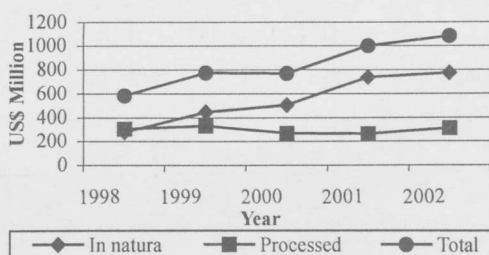


Figure 2 - Brazilian beef exports revenue.

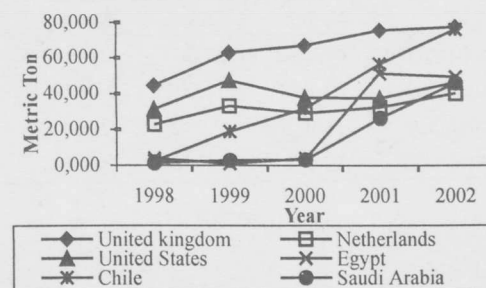


Figure 3 - Volume exported to importers.

Conclusions

The United Kingdom, Chile, Egypt, the United States, Saudi Arabia, and the Netherlands were responsible for 56.8% of volume and 54.7% of resulting of Brazil's 2002 beef exports. In particular, it has been surprising the growth of volume shipped to Chile, Egypt and Saudi Arabia. Because of the excellent performance in 2001 and appreciation of zebu cattle with grass feed and sanitary guarantee, the Brazilian government hopes to increase beef exports in the future.

References

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Table 1 – Proportion of product type on Brazilian beef exports.

	1998	1999	2000	2001	2002
	%	%	%	%	%
In natura	41.9	50.7	58.7	73.5	72.8
Processed	58.1	49.3	41.3	26.5	27.2
Total	100	100	100	100	100

Table 2 – Volume exported to main countries and the revenue resulting of Brazil's beef exports.

	1998		1999		2000		2001		2002	
	US\$	1000	US\$	1000	US\$	1000	US\$	1000	US\$	1000
	Million	Tons	Million	Tons	Million	Tons	Million	Tons	Million	Tons
United Kingdom	120.828	44.509	144.533	63.060	141.356	67.016	146.954	75.294	151.169	77.643
Netherlands	98.169	22.629	135.840	33.201	111.391	29.302	101.969	32.400	119.750	40.347
United States	95.860	31.201	113.286	47.399	82.051	37.625	85.725	37.500	118.711	46.290
Italy	67.909	17.578	76.372	23.466	71.511	23.775	70.853	26.586	74.771	30.673
Germany	30.385	6.032	51.188	12.155	51.488	14.042	56.515	17.239	46.889	14.999
Spain	25.943	8.012	51.428	13.411	55.323	15.653	35.282	12.195	39.385	14.299
Israel	15.093	7.112	10.356	5.704	21.487	12.436	62.297	34.433	28.411	19.239
Chile	5.439	2.368	32.681	18.906	54.455	31.708	94.988	56.572	112.259	75.961
Hong Kong	7.872	3.337	27.401	12.782	23.064	11.230	24.055	13.488	21.386	14.032
Egypt	7.707	3.893	2.660	1.200	5.836	3.814	72.731	51.090	61.927	49.269
Saudi Arabia	3.021	1.273	6.529	2.884	5.836	3.141	41.305	26.147	66.356	45.767

Table 3 – Volume exported to main countries and the revenue resulting of Brazil's *in natura* beef exports.

	1998		1999		2000		2001		2002	
	US\$	1000	US\$	1000	US\$	1000	US\$	1000	US\$	1000
	Million	Tons	Million	Tons	Million	Tons	Million	Tons	Million	Tons
Netherlands	87.338	19.529	117.255	29.369	98.376	25.659	93.776	28.297	109.391	34.536
Chile	5.160	2.333	32.049	18.871	53.784	31.654	94.988	56.572	112.259	75.961
Un. Kingdom	17.586	4.906	36.190	12.621	49.315	18.612	50.177	23.759	53.435	22.341
Saudi Arabia	123	75	4.454	1.872	4.412	2.345	41.305	26.147	63.513	43.799
Egypt	3.695	2.122	632	277	3.109	2.392	70.139	49.649	58.553	47.315

Table 4 - Volume exported to main countries and the revenue resulting of Brazil's processed beef exports.

	1998		1999		2000		2001		2002	
	US\$	1000	US\$	1000	US\$	1000	US\$	1000	US\$	1000
	Million	Tons	Million	Tons	Million	Tons	Million	Tons	Million	Tons
Un. Kingdom	103.242	39.603	108.343	50.439	92.041	48.404	96.777	51.535	97.734	55.302
United States	95.860	31.201	113.286	47.399	82.051	37.625	85.725	37.500	118.711	46.290
Germany	18.956	3.542	22.515	4.883	13.696	4.165	4.737	2.284	6.708	3.099
Netherlands	10.831	3.100	18.585	3.832	13.015	3.643	8.193	4.103	10.359	5.811