

NEWS FROM LATIN AMERICAN MEAT AND POULTRY MARKETS

MARKET INSIGHT: SOUTH AMERICA

BY FABIO G. NUNES



Global meat production is expected to grow 357 million metric tons per year by 2025 to address the increased demand for animal protein. Additional production will come from developing nations, whose annual output should increase 16.58% up to 232 million metric tons.

In this context, South America enjoys an advantageous position among developing regions thanks to its meat industry's unparalleled performance, thus becoming a leading meat supplier in the world. The following figures give an accurate picture of the South American meat industry, along with its present and future potential as both a producer and exporter.

Beef: Between 2000 and 2014, world beef production rose from 56.1 million metric tons of carcass weight equivalent (CWE) to 64.7 million metric tons CWE, an 15.53% increase. In South America, production rose from 11.8 million metric tons CWE to 15.7 million metric tons CWE, a 33.05% growth. In the same period, North America and the European Union experienced a 7.45% and 14.69% beef production decrease, respectively; whereas India had a 28.61% increase and Australia went up as well, to 30.10%.

South America had a significant performance in beef exports. Between 2000 and 2013, global beef exports rose from 3.88 million metric tons to 5.81 million metric tons, an increase of 49.74%; meanwhile, South American exports grew from 514 thousand metric tons to 1.72 million metric tons, a 24% increase.

Brazil accounts for 68% of the regional production, while Argentina, Colombia, Venezuela and Uruguay account for the remaining 32%.

Pork: pork production has grown worldwide from 85.9 million metric tons in 2000 to 115.3 million metric tons in 2014, a 34.22% increase. South American production grew from 3.77 million metric tons to 5.28 million metric tons, growing 39.79%.

Global pork exports went from 2.61 million metric tons in 2000 to 4.81 million metric tons in 2013, an increase of 84.29%. In the same period, South American exports increased from 110.6 thousand metric tons to 459.8 thousand metric tons, an increase of 315.74%.

Brazil accounts for 69% of South American pork production, followed by Chile, Argentina, Colombia and Ecuador, which together account for 31% of the volume produced.

Chicken: global chicken production increased from 58.69 million metric tons to 100.35 million metric tons in the 2000-2014 period, an increase of 70.98%. South American chicken production grew from 9.48 million metric tons to 19.44 million metric tons, a significant increase of 105.06%.

Between 2000 and 2013, global poultry meat exports rose from 6.89 million metric tons to 12.74 million metric tons, an increase of 84.91%. South American exports rose from 942 thousand metric tons to 4.01 million metric tons in the same period, which showed a 325.76% hike.

BRAZIL EXPECTED TO EXPORT 10% MORE BEEF IN 2018

Brazilian beef export volumes should rise 9.8% in 2018 up to 1.68 million tons, according to the Brazilian Association of Meat Exporters (ABIEC).

The association added that Brazil expects to resume fresh beef exports to the U.S. and obtain additional processing plant authorizations for China, along with other Asian countries.

ABIEC estimated that export revenue should rise 10.5% in 2018 to \$6.9 billion.

The Brazilian beef industry is ending 2017 with a revenue recovery after the release of the Operation Weak Flesh in March, when several countries temporarily suspended Brazilian meat imports.

Brazilian beef shipments should total 1.53 million tons in 2017, up 9% from 2016. Export revenue is estimated to reach \$6.2 billion, 13% more than in 2016.

"Operation Weak Flesh came about in March and export revenue decreased 25% in April," said ABIEC President Antonio Camardelli. "However, between April and May, exports grew about 28%, with volume and revenue increases in the following months."

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Saint Lucia, Trinidad and Tobago and Zimbabwe are still suspending Brazilian beef imports as a result of Operation Weak Flesh.

Thirty-one countries have maintained a partial embargo on Brazilian meat processing plants mentioned in Operation Weak Flesh. About 16 countries have completely withdrawn the embargo.

Brazilian beef exports totaled 1.4 million tons from January to November of 2017 up 8.6% compared to the same period in 2016. Hong Kong, China and Russia topped the list of importers.

AFTER SIX YEARS, ARGENTINA WILL EXPORT FOOD TO THE US WITH ZERO TARIFFS



Argentina will export food products to the U.S. with zero tariffs after almost six years under the Generalized System of Preferences (GSP), announced the Argentine Ministry of Agriculture.

The U.S. Trade Representative Robert Lighthizer said that President Donald Trump signed the measure in December.

Minister Luis Miguel Etchevehere said that the GSP will favor Argentine production and exports of the regional economies, while strengthening the professional ties between both Argentina and the U.S.

"This is a very significant gesture from President Trump's government to Argentina [and] what it means for bilateral relations with the United States," he said.

Production Minister Francisco Cabrera said that "this is an important step to move towards zero poverty. More exports means more jobs, more development and more opportunities for the Argentine people."

"We will continue working to find new areas of cooperation between Argentina and the United States," he added.

Foreign Minister Jorge Faurie said that this constitutes "a clear recognition of Argentina's efforts to strengthen its economy and its role in global trade."

The U.S. allowed zero tariffs on 538 food products from Argentina, which included wine, preserved meat, olive oil, cheeses, peanuts and strawberries.

The U.S. suspended Argentina's GSP program on May 28, 2012 because it considered that the country "did not act in good faith" by canceling contracts in the middle of the 2001 Argentine socioeconomic crisis.

RUSSIA REOPENS ITS MARKET TO COLOMBIAN BEEF IMPORTS



Russia reopened its market to Colombian beef imports after the country recovered its food and mouth disease (FMD)-free status, said the Colombian Minister of Agriculture Juan Guillermo Zuluaga.

The Russian veterinary services announced that it had lifted the temporary suspension on Colombian imports of live animals, genetic material, raw meat and milk.

"From the moment we were recertified, President Juan Manuel Santos instructed us to recover the markets that had been suspended due to the disease outbreak," Zuluaga said.

Zuluaga considered this achievement to be "great news" for Colombia's meat industry and, as a result, he said there are now plans to open new export markets.

"We will continue to open markets and recover those that have been suspended, along with others that we are currently negotiating. Colombia's meat industry is even more promising now," the minister said.

BRAZILIAN PORK EXPORTS ARE EXPECTED TO GROW UP TO 5% BY 2018

Brazilian pork exports are expected to grow between 4% and 5% by 2018, according to the Brazilian Association of Animal Protein (ABPA).

The Brazilian pork industry should end 2017 with 693 thousand tons in exports, which reflects a slight 5.4% decrease. Export revenue should reach US\$ 1.6 billion at the end of 2017, up 9.5% from 2016.

"It's an achievement to reach volumes close to 700 thousand tons, even with exports at lower levels compared to the previous year," said ABPA Executive President Francisco Turra.

ABPA expects Russia to lift the Brazilian pork embargo in 2018, and increase imports as a result of the World Cup hosted in Russia.

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Brazilian pork production is expected to end 2017 at 3.76 million tons, up 0.7% compared to 2016. Pork production in 2018 should be between 2% and 3% higher compared to 2017.

Per capita pork consumption is expected to end 2017 at 14.7 kilos, up 2% from 2016 consumption.

CNA SEES HIGH IN POULTRY MEAT PRODUCTION IN 2018

The Brazilian Agriculture and Livestock Confederation (CNA) estimates that domestic poultry production will increase between 1% and 4% in 2018, between 13.38 million and 13.78 million tons.

The Confederation also expects poultry exports to reach between 4.04 million and 4.16 million tons in 2018.

The Brazilian poultry industry was negatively affected by the effects of Brazil's Weak Flesh Operation, which temporarily reduced international product demand, according to CNA.

"The export decrease from March to June has jeopardized both domestic production and revenue growth," the Confederation added.

The entity estimates a 1% increase in chicken production and exports in 2018.

Pork production in 2018 may remain stable up to 4% compared with 2017 totaling between 3.72 million and 3.75 million tons, according to CNA.

CNA added that pork exports should be between 810 thousand and 830 thousand tons.

The Confederation hopes that Brazil will access new exports markets in 2018, despite the negative effects of Operation Weak Flesh.

"Access to new markets, such as South Korea for our pork products, and the reactivation of chicken shipments to Indonesia will contribute to the

BRAZILIAN POULTRY INDUSTRY GROWS EVEN IN A YEAR OF INSTABILITIES

Brazilian poultry production is expected to reach about 13.1 million tons for 2017, according to the Expedição Avicultura technical report.

The report illustrates the industry's strength which, despite ongoing instabilities, will also grow in exports and consumption.

"2017 has been challenging for the poultry industry due to production costs," said Giovani Ferreira, the technical report's coordinator.

"Regardless, the industry will end the year with positive results. The increase will continue in the next few years, but at a more balanced and sustainable pace."

The technical report says that Brazil should export 4.4 million tons of poultry meat in 2017, which reflects a 2% increase over 2016.

Per capita domestic poultry consumption should increase to 41.6 kg per year compared to 41.1 kg in 2016, according to the technical report.

A team of technicians and journalists visited more than 140 farms and producers all around Brazil in order to compile the yearly figures. In the course of three months, they visited six Brazilian states with the highest poultry production and export rates, which are Paraná, Santa Catarina, Rio Grande do Sul, São Paulo, Minas Gerais and Goiás.

"In all of the states we visited, the producers were excited about the industry's future," said Ferreira.

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CONTACT YOUR CARNETEC ACCOUNT REPRESENTATIVE

Bill Kinross

VP, Group Publisher

Email: bkinnross@meatingplace.com

Phone: +1 312-274-2214

Jim Shannon

Email: jshannon@meatingplace.com

Phone: +1 845-627-1361

Karen Moriarty

Email: kmoriarty@meatingplace.com

Phone: +1 630-579-9850

Mike Walsh

Email: mwalsh@meatingplace.com

Phone: +1 312-274-2205

Rob Brockley

Email: rbrockley@meatingplace.com

Phone: +1 312-203-3006

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