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Argentina

Livestock and Products

Semi-Annual

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Report Highlights:
Argentine beef production in 2001 is still expected to reach 2.9 million metric tons. Beef exports are still projected at 390,000 MT, higher than in 2000. The suspension of Argentine fresh beef exports in August 2000 because of cattle found with antibodies for foot-and-mouth disease, was lifted in late December/early January by most countries, including the U.S. Most sources believe that the beef promotional institute will be created this year to support local beef in foreign markets. Argentina has recently lifted the ban on imports of fresh pork from the U.S. In CY2000 imports were a little less than $100 million. U.S. pork has good potential, although the government will soon increase import duties to 35 percent to protect unhappy local producers.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Buenos Aires [AR1], AR

CATTLE

Post's projections for Argentine 2001 beef production and exports remain practically unchanged from the previous report. Slaughter is forecast at 13.4 million head and beef production at 2.9 million metric tons (MMT). Beef exports remain at 390,000 MT.

Local cattlemen benefitted in the last part of 2000 from strong cattle prices and very good weather. Average cattle prices in 2000 increased 8.5 percent compared to 1999. It is difficult to explain the increase (average retail beef prices fell 6 percent in 2000), especially in a year in which the economic recession affected seriously overall demand and with export problems due to the foot and mouth disease problem and the renewed mad cow disease crisis in the EU. Cattle prices for 2001 are projected to remain fairly unchanged.

Weather in the first part of the year was relatively dry, but after mid year it rained more than usual, resulting in excellent pasture conditions. Reserves, primarily round bales and corn silage, will be plentiful in 2001.

Although there are positive and negative factors which will affect 2001 beef exports, we still believe the total will be close to 390,000 MT. The optimists in the local market expect exports to the US and Canada will grow significantly from last year in which there were practically 5 months without exports of fresh and frozen beef, and that the opening of the Mexican, Japanese and Korean markets will come soon and will result in additional volume. On the other side, the pessimists believe that the EU's mad cow disease crisis will continue to have a strong depressing impact on world beef trade, and they indicate that Argentina could, for the first time in history, not fulfill the former lucrative Hilton Quota. Prior to the latest crisis in October, the average export price was $7,300 per MT for the Hilton Quota, while current quotes are at roughly $4,400 per MT. They also believe that the opening of the three last big markets will be slow and once open, trade will move slowly. Other important factors are high domestic cattle prices and the weak financial situation of most beef exporters.

During the first 11 months of 2000, Argentina exported 7 percent more in volume and the same value compared to the same period a year ago. The US was the number one market for Argentine beef with a total of 32, 304 MT (product weight), followed by Germany, Chile and Canada. The following table shows the type of products exported to the 5 major markets in the first 11 months of 2000 (in MT):

Country	Chilled/Frozen	Processed	Total
U.S.	15,033	17,271	32,304
Germany	25,723	3,306	29,029
Chile	25,725	2,573	28,298

Canada	22,838	842	23,680
Israel	14,698	336	15,034

In early August 2000, the Argentine government (GOA) discovered cattle (reportedly smuggled in from Paraguay) carrying the antibodies for foot-and-mouth disease. Shipments of fresh and frozen beef to most markets were suspended. After controlling the situation and audits by some countries (including NAFTA members) and the OIE, markets reopened in late December and early January 2001. As indicated in the previous report, this situation, together with the mad cow disease in the EU, resulted in a tremendous problem for local beef exporters. Some private chambers set industry losses between at $50 and $100 million.

The 20,000 MT US tariff rate beef quota (TRQ) was approximately 60 percent filled by the time the foot-and-mouth disease problem arose in August 2000. Apart from this, some 3-4,000 MT of fresh beef had been shipped outside the TRQ. Most sources expect that exports of trimmings and forequarters will recover rapidly but exports of high value beef cuts will take longer.

The four-year-old effort to create a beef promotional institute appears close to succeeding. After the export crisis at the end of last year there was a general consensus that a promotional campaign had to be done in Germany, the largest market, value-wise, for Argentine beef. However, there were no funds available. Finally, the GOA decided to finance a promotional campaign in Germany, highlighting Argentina's natural, pasture-fed beef. It now appears that the GOA will establish an institute to promote Argentine beef in foreign markets, as well as locally. It would be financed by a check-off system, of about $1 per slaughtered animal, where producers would pay 70 percent and packers the balance.

After strong pressure from the leather industry lobby group, the GOA postponed the promised elimination of the 5 percent export tax on raw hides until November 2001.

PORK

Argentina has recently lifted the ban on imports of fresh bone-in pork for further processing from the United States. The ban on fresh boneless pork was lifted in October 2000. The ban was justified as being necessary for sanitary reasons, (i.e. PRRS and TGE). Argentina's consumption of pork is higher than its production, requiring imports of large volumes. Per capita pork consumption is estimated at about 8 kilos, of which approximately 90 percent is in the form of cold cuts and only 10 percent as fresh meat. Therefore, practically all imports go to the processing industry. Large importers indicate that boneless hams and shoulders and bacon and fat have the greatest market opportunities. The main supplier is Brazil, although some product comes from Spain, Italy and Chile. The Argentine pork producers' lobby reacted loudly accusing the government of permitting the potential entry of diseases into the country and that the US was prepared to export two-year old pork which they could not market domestically nor in Japan. The Embassy has been active in countering these claims in the local press working closely with U.S. pork industry representatives.

The GOA recently announced that from mid-February, it will raise the import duty on boneless and bone-in pork to 35 percent, the maximum bound tariff ceiling agreed by Argentina in the WTO. Import duties on pork, prior to September 2000 were 13 percent for all types and 9 percent for fat and bacon. In October last, as result of the producers' strong lobby, the government set the duty for frozen boneless pork at 35 percent and 30 percent for salted pork and bacon. The increase expired in December 31, 2000 and came down to Mercosur's external common tariff, set at 12.5 percent for pork and 8.5 percent for fat until the announcement of the latest increase.

The following table provides information on Argentina imports of pork in CY2000 by value:

HTS Code	Description	$	Main Suppliers
020311	Chilled Carcasses	23,200	Chile
020312	Chilled bone-in hams,shoulders	938,000	Chile
020319	Chilled boneless hams,shoulders	5,382,000	Chile
020322	Frozen bone-in hams,shoulders	35,400	Chile
020329	Frozen boneless hams,shoulders	60,144,000	Brazil
020900	Pig Fat	5,325,000	Brazil, Chile, Denmark
021011	Salted bone-in hams, shoulders	372,000	Spain
021012	Bacon	400,000	Brazil
021019	Salted Hams	19,726,000	Spain, Italy, France
	T O T A L	92,345,600	

The following table shows the main suppliers of pork products in 2000 into Argentina (ranked by value):

Country	$
Brazil	59,743,000
Spain	11,991,000
Chile	7,222,000
Italy	6,475,253
Denmark	2,434,000
Germany	2,246,000

France	1,097,000
Netherlands	447,000
Canada	235,000
UK	170,000

STATISTICAL TABLES

PSD Table						
Country	Argentina					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	13000	13000	13300	13200	13500	13400
Beginning Stocks	27	27	27	27	25	25
Production	2840	2840	2940	2850	2970	2900
Intra EC Imports	0	0	0	0	0	0
Other Imports	6	6	8	18	6	15
TOTAL Imports	6	6	8	18	6	15
TOTAL SUPPLY	2873	2873	2975	2895	3001	2940
Intra EC Exports	0	0	0	0	0	0
Other Exports	346	346	360	360	390	390
TOTAL Exports	346	346	360	360	390	390
Human Dom. Consumption	2500	2500	2590	2510	2590	2530
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	2500	2500	2590	2510	2590	2530
Ending Stocks	27	27	25	25	21	20
TOTAL DISTRIBUTION	2873	2873	2975	2895	3001	2940
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Argentina					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	49437	49437	49832	49832	50052	50162
Dairy Cows Beg. Stocks	2500	2500	2470	2450	2450	2450
Beef Cows Beg. Stocks	18200	18200	18300	18300	18500	18500
Production (Calf Crop)	14500	14500	14600	14600	14800	14800
Intra EC Imports	0	0	0	0	0	0
Other Imports	33	33	50	45	45	40
TOTAL Imports	33	33	50	45	45	40
TOTAL SUPPLY	63970	63970	64482	64477	64897	65002
Intra EC Exports	0	0	0	0	0	0
Other Exports	38	38	30	15	40	20
TOTAL Exports	38	38	30	15	40	20
Cow Slaughter	3700	3700	4000	4200	4000	4100
Calf Slaughter	1500	1500	1500	1800	1500	1700
Other Slaughter	7800	7800	7800	7200	8000	7600
Total Slaughter	13000	13000	13300	13200	13500	13400
Loss	1100	1100	1100	1100	1000	1000
Ending Inventories	49832	49832	50052	50162	50357	50582
TOTAL DISTRIBUTION	63970	63970	64482	64477	64897	65002

Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix					
Country	Argentina		Units:	MT - Pdct. Weight	
Commodity	Meat, Beef and Veal		Partial Begin	01/2000	
			Partial End	11/2000	
Exports for:		1	2	0	1
	Full	Full	Full	Partial	Partial
U.S.				32304	
Others					
Germany				29029	
Chile				28298	
Canada				23680	
Israel				15034	
UK				9052	
Netherlands				8767	
Brazil				7963	
Russia				5539	
Italy				4802	
France				2606	
Total for Others	0	0	0	134770	0
Others not Listed				28722	
Grand Total	0	0	0	195796	0

Prices Table			
Country	Argentina		
Commodity	Animal Numbers, Cattle		
Prices in	Pesos	per uom	Live Kilo
Year	1999	2000	% Change
Jan	0.82	0.8	-2.44%
Feb	0.83	0.85	2.41%
Mar	0.85	0.9	5.88%
Apr	0.88	0.91	3.41%
May	0.86	0.92	6.98%
Jun	0.84	0.94	11.90%
Jul	0.84	0.92	9.52%
Aug	0.81	0.89	9.88%
Sep	0.81	0.91	12.35%
Oct	0.79	0.93	17.72%
Nov	0.77	0.89	15.58%
Dec	0.78	0.86	10.26%
Exchange Rate	1=1	Local currency/US $	