

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Ecuador**

**Post:** Quito

### **Ecuador Livestock Annual 2015 – Cattle Numbers Up**

**Report Categories:**

Agriculture in the Economy

Livestock and Products

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**Report Highlights:**

FAS Quito forecasts Ecuador's calf production growing to 1.01 million head in calendar year (CY) 2016, up some 20,000 head or about two percent compared to 2015's level. Post forecasts calf production in CY 2017 to reach 1.03 million head. The government is targeting growing the domestic cattle herd to 5 million head over the course of the next few years. The herd will likely remain stable at over 4.5 million head through 2017, unless imports increase in the near-term. Ecuador through a combination of public facilitated and private sector purchases, aims to import of 20,000-30,000 head of head of cattle (valued at \$75 million) over the next three years.

## **General Information:**

Data included in this report is not official USDA data. Official USDA data is available at <http://apps.fas.usda.gov/psdonline/>.

FAS Quito forecasts Ecuador's calf production growing to 1.01 million head in calendar year (CY) 2016, up some 20,000 head or two percent compared to the 2015 estimated level. Post attributes the increase to producers aiming to expand herd size. FAS Quito forecasts calf production in CY 2017 to reach 1.03 million head. The government is targeting growing the domestic cattle herd to about 5 million head over the course of the next few years. The overall size of the national herd will stay relatively stable at over 4.5 million head through 2017, unless imports increase in the near-term. Ecuador through a combination of public facilitated and private sector purchases, anticipates the import of 20,000-30,000 head of head of cattle (valued at \$75 million) over the next three years.

FAS Quito forecasts Ecuador's total beef production in 2016 reaching over 185,500 metric tons (MT) carcass-weight-equivalent (CWE), up by some 3,600 MT or about two percent from 2015's value of roughly 182,000 metric tons. In CY 2015 some 900,000 head of cattle, with an average live-weight of 430 kilograms (CWE of 202 kilograms), will be slaughtered.

Ecuador's CY 2015 national cattle herd is estimated at 4.5 million head. The herd is composed of a mix of dairy and beef cattle, with a number of dual purpose (i.e., beef/ dairy) animals. Ecuador's national herd suffers from a high degree of uncontrolled crossbreeding and inbreeding; only two percent of the animals are purebreds.

FAS Quito forecasts Ecuador's CY 2016 live cattle imports to reach some 10,000 head, up nearly 9,000 head from CY 2015's numbers. Post forecasts Ecuador's CY 2017 live cattle imports to conservatively reach 15,000 head.

## Ecuador's Cattle Sector:

Ecuador's calendar year (CY) 2015 national cattle herd is estimated at 4.5 million head. The herd is composed of a mix dairy and beef cattle, with some dual purpose (i.e., beef/ dairy) animals. Ecuador's national herd suffers from a high degree of uncontrolled crossbreeding and inbreeding; only two percent of the animals are purebreds. Ecuador's National Statistics and Census Institute, nonetheless indicates a herd of 5.2 million animals (2013); industry sources, however affirm that herd size has been whittled down due to the contraction of the livestock sector over the past three years due to low beef prices. FAS Quito's herd size number is extrapolated based on the number of animals vaccinated in 2014 against foot-and-mouth-disease (FMD).

Cattle ranchers confirm that producers have exited the sector due to high production costs and lack of profitability. Reportedly ranchers are obtaining only \$0.70/ pound (or \$1.55/kilogram), while beef is sold to consumers at \$3.50/pound (or \$7.70/kilogram). To improve their profitability, ranchers are lobbying the government to establish a \$1.25/pound (or \$2.75/ kilogram) minimum floor price.

Slightly smaller than the State of Nevada, Ecuador counts with a total land area of 276,841 square kilometers. Agricultural lands account for 29.7 percent of total land use; arable land accounts for 4.7 percent, while permanent crops and pastures account for 5.6 and 19.4 percent respectively. Government sources comment that out of 4.85 million hectares utilized in cattle production, 67 percent of these are cultivated pastures with the balance being natural pastures.

Although cattle production occurs nationwide, 70 percent of beef cattle production is concentrated in the coastal provinces of Esmeraldas, Manabí, and Guayas, with the balance occurring in the Amazon provinces as well as in the highlands. The Galapagos Islands also counts with some minor cattle production concentrated on Santa Cruz Island; these animals are dedicated to beef production for local consumption. Dairy cattle production occurs primarily in the highlands (at between 2,500 to 3,500 meters). Both beef and dairy cattle are largely grass-fed in Ecuador, although the larger dairy producers routinely supplement with feed to ensure high volume milk production.



Photo Credits: M. Beillard.

**Beef Cattle:** FAS Quito estimates that there are some 280,000 beef cattle producers in Ecuador. Two-

thirds of these are small ranchers, working 20 hectares or less. About 28 percent of the ranches, ranging between 20-100 hectares in size, are considered mid-size cattle operations by Ecuadorian standards. Only six percent of the cattle operations in Ecuador operate on extensions of land greater than 100 hectares. Ministry of Agriculture sources estimate that over 3 million head are currently beef and dual purpose animals. Forty percent of national cattle production is concentrated in Manabí Province. Brahman and Charolais are the preferred beef cattle breeds in Ecuador. However Angus, Brangus, and Herefords breeds are also popular.

**Dairy Cattle:** FAS Quito estimates that there are nearly 1.5 million head of dairy cattle in Ecuador. Reportedly some 900,000 dairy cows are milked daily, yielding about 4.8 million liters of milk per day or about 5.5 liters per cow. With over 1.5 million people directly and indirectly impacted by the dairy industry, it is one of the country's most protected agricultural sectors. Small agricultural producers often rely on dairy production as a supplemental source of income. Some coastal dual purpose cattle ranchers milk their cows for added liquidity, but yields are lower and are accompanied by longer calf maturity times. Holstein, Jersey, and Brown Swiss are the preferred dairy cattle breeds in Ecuador. Girolando (a Gir and Holstein crossbreed), Red Swiss, and Montbéliarde are also present. Larger, better managed dairy farms in Ecuador are located in the Quito area, running herds of around 450 animals producing roughly 10,000 liters of milk daily.



Photo Credits: M. Beillard.

### **Market Opportunities:**

With [U.S. live cattle market access achieved in 2015](#), Ecuadorian ranchers are keen [to improve the quality and size of their herds](#). There is already good demand for U.S. genetic material for herd improvement. Ecuador imported in CY 2014 genetic material (i.e., bovine semen and embryos) valued at \$1.6 million; 63 percent of which originated in the United States.

To stimulate demand for U.S. live cattle imports, FAS Quito on October 22, 2015, held a first of its kind genomics training workshop during the two-day long Ecuadorian Holstein Association's Milk

Production and Competitiveness Seminar. Dr. Roger D. Shank, Professor Emeritus of Genetics at the University of Illinois at Urbana-Champaign provided training in cattle genomics and its use in modern dairy farming. Some of the most efficient dairy farmers (milking on average 150-200 cows per day with yields of over 20 liters/cow) not only participated in the seminar, but also manifested interest in acquiring U.S. live cattle. One of these dairy farmers is interested in expanding production to also include beef cattle; requesting an initial quote for roughly 200 Beefmaster heifers and 4-5 bulls to breed for local beef production.

Potential importers are waiting for U.S. live cattle prices to commence to improve starting in the January-February 2016 timeframe. With lower U.S. live cattle prices, FAS Quito anticipates improving possibilities for purchases of high-value reproductive U.S.-origin dairy cattle.

### Import Requirements:

Ecuador requires an import permit issue by AGROCALIDAD (the national animal health authority) for the import of live cattle. To obtain this permit the importer must be register with AGROCALIDAD. It also requires that a quarantine location in Ecuador be designated and approved by AGROCALIDAD to receive imported live cattle. The live cattle exporter and or ranch in the country of origin must be registered with AGROCALIDAD. For cattle shipped from the United States, a USDA\ Animal and Plant Health Inspection Service (APHIS) health certificate is required. The [Cattle Health Certificate](#) requires specific language that must be included. For semen ([Health Certificate for Bovine Semen](#)) and embryo ([Health Certificate for Bovine Embryos](#)) exports to Ecuador procedures are similar, however the APHIS certificate requirements will vary.

### Production:

Cattle Numbers, Ecuador	2015 (e)	2016 (f)	2017 (f)	
	Market Year Begin: Jan 2015	Market Year Begin: Jan 2016	Market Year Begin: Jan 2017	
	Post	Post	Post	
Total Cattle Beg. Stocks	4,500	4,501	4,513	(1,000 HEAD)
Dairy Cows Beg. Stocks	585	597	610	(1,000 HEAD)
Beef Cows Beg. Stocks	3,915	3,994	4,083	(1,000 HEAD)
Production (Calf Crop)	990	1,010	1,032	(1,000 HEAD)
Total Imports	1,156	10,000	15,000	(HEAD)
Total Supply	5,491	5,521	5,560	(1,000 HEAD)
Total Exports	0	0	0	(HEAD)
Cow Slaughter	181	185	189	(1,000 HEAD)
Calf Slaughter	323	329	336	(1,000 HEAD)
Other Slaughter	396	404	413	(1,000 HEAD)
Total Slaughter	900	918	938	(1,000 HEAD)
Loss	90	90	90	(1,000 HEAD)
Ending Inventories	4,501	4,513	4,531	(1,000 HEAD)
Total Distribution	5,491	5,521	5,560	(1,000 HEAD)

OBS: Numbers are given in 1,000 head of cattle, cattle export-import numbers are in head of cattle. Not official USDA data. CY 2015 cattle numbers are based on January-September 2015 data.

Meat, Beef and Veal, Ecuador	2015 (e)	2016 (f)	2017 (f)
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	Market Year Begin: Jan 2015	Market Year Begin: Jan 2016	Market Year Begin: Jan 2017
	Post	Post	Post
Slaughter (Reference)	900,000	918,000	938,000
Beginning Stocks	0	0	0
Production	181,890	185,528	189,570
Total Imports	1,075	1,097	1,118
Total Supply	182,965	186,624	190,688
Total Exports	0	0	0
H. Dom. Consumption	174,552	176,864	180,754
Other Use, Losses	8,413	9,760	9,934
Total D. Consumption	182,965	186,624	190,688
Ending Stocks	0	0	0
Total Distribution	182,965	186,624	190,688

OBS: Numbers for slaughter (reference) = head of cattle. All other numbers are expressed in metric ton carcass-weight-equivalent (MT CWE). Not official USDA data. CY 2015 numbers are based on January-September 2015 data.

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FAS Quito forecasts Ecuador's total beef production in 2016 reaching over 185,500 metric tons (MT), up by some 3,600 MT or about two percent from 2015's estimated value of roughly 182,000 metric tons. In CY 2015 some 900,000 head of cattle, with an average live-weight of 430 kilograms (carcass-weight-equivalent – CWE of 202 kilograms), will be slaughtered. Weights could improve should a production culture of finishing animals with more affordable world feed grains (including U.S. corn) be promoted.

### **Consumption:**

FAS Quito forecasts Ecuador's CY 2016 local beef consumption at about 176,000 metric tons (CWE), up less than one percent compared to the 2015 estimate. Post forecasts CY 2017 local beef consumption growing to over 180,000 metric tons (CWE), or increasing by almost three percent. Ecuador, with a population of over 15.8 million (Central Intelligence Agency, July 2015 estimate), has a per capita consumption of 11 kilograms; South America's per capita beef consumption is roughly 45 kilograms per annum. FAS Quito attributes about 4.5-5 percent of beef production going to other uses (namely food manufacture).

### **Trade:**

FAS Quito forecasts Ecuador's CY 2016 live cattle imports to reach some 10,000 head, up nearly 9,000 head from the CY 2015 estimate. Post forecasts Ecuador's CY 2017 live cattle imports to conservatively reach 15,000 head. Given the pace of current imports, FAS Quito does not anticipate a big spike in live cattle imports in the near future. Sources indicate that the Ministry of Agriculture potentially may import 600 head of beef cattle (roughly two planeloads) before the end of 2015.

FAS Quito forecasts Ecuador's CY 2016 imports of fresh/chilled/frozen beef to reach 1,097 metric tons (CWE), up slightly from 2015's estimated volume of 1,075 metric tons (CWE). While imports during the first half of CY 2015 grew strongly compared to CY 2014, Ecuador by imposing tariff safeguard measures (i.e., tariff surcharges of 45 percent) in March 2015 for 15 months on beef and other imports has effectively slowed down imports. Post does however still see consumer preference for high-end U.S. beef and beef products, albeit in smaller volumes. FAS Quito forecasts Ecuador's CY 2017 imports growing slightly, reaching about 1,118 metric tons (CWE). Post's 2016-17 numbers are subject to revision especially if tariff safeguards are removed and there is a recovery in petroleum prices; Ecuador is substantially dependent on petroleum resources which account for half of its export earnings and about 25 percent of its public sector revenues.

**Policy:**

The government, acting on the heels of the World Organization for Animal Health (OIE) designation of Ecuador as free of foot-and-mouth disease (FMD), is promoting the import of live cattle to rebuild the quality and numbers of the national herd. It intends to build up numbers of quality beef cattle sufficiently enough to commence to export beef regionally sometime in 2017. The government, through a combination of public facilitated and private sector purchases, anticipates the import of 20,000-30,000 head of head of cattle (potentially valued at \$75 million) over the next three years. The United States is one of only two countries that currently have an export protocol for live cattle shipments to Ecuador in place. The United States is the preferred provider for dairy cattle.