



BEEF IN THE EU

- Balance in 2003
- Review of this balance
- Medium term forecast
- Spotlight on Brazil

EEAP, Paris, 4th march 2004



Beef in the EU : short term trend

1 000 t cwe	Estimate 2003	Forecast 2004	Forecast 2004
	EU 15	EU 15*	EU 25 **
Production	7315	7205	7965
+ Import	520	550	610
+ Stock reduction	206	60	60
= Ressources	8030	7815	8635
Consumption	7561	7445	8175
Export	480	370	460
Balance prod. - consumption	-246	-240	-210

*= 2003 -1,5% (including + 30 with the end of OTMS in UK)

**= EU15 + 760 CEECs

Source : GEB according to EUROSTAT

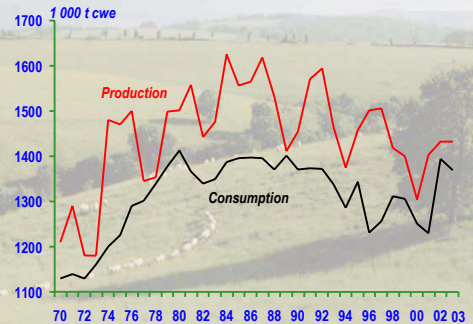


Beef in France : short term trend

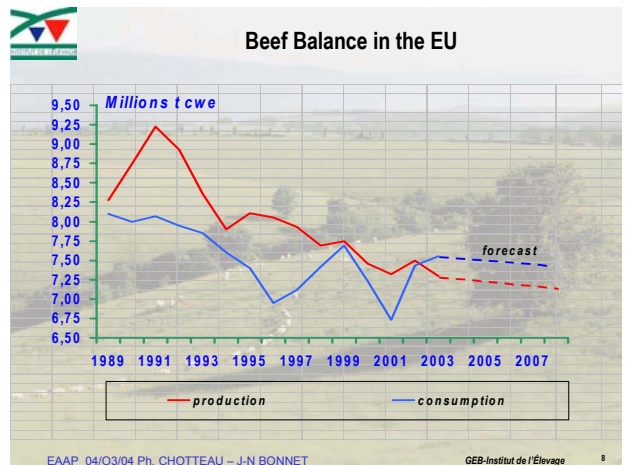
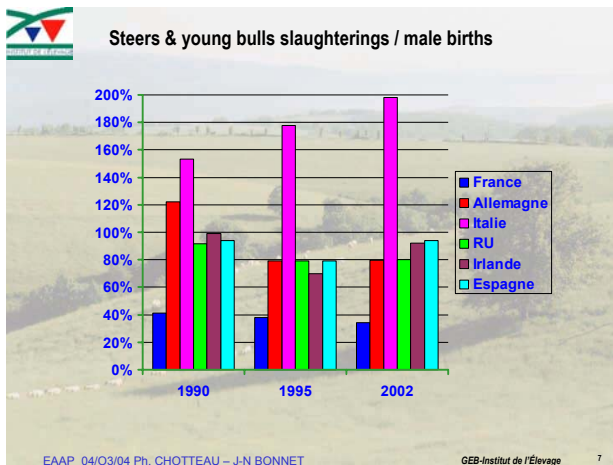
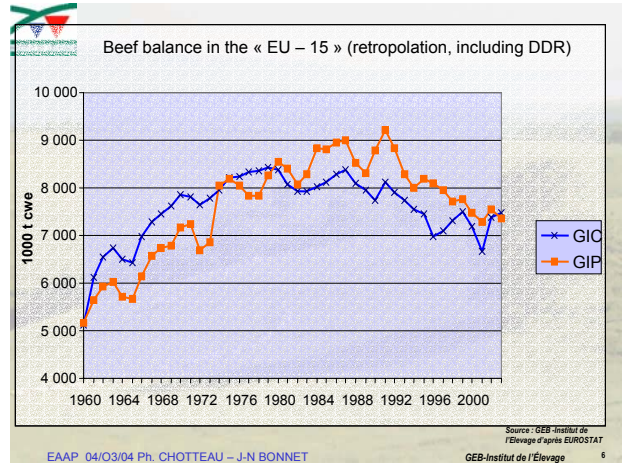
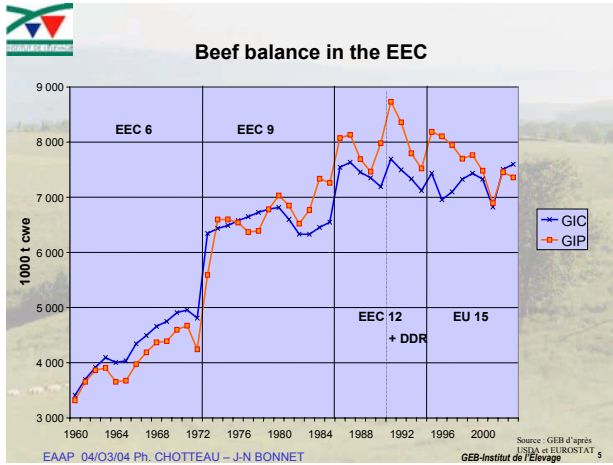
1 000 t cwe	2003	2003	2004	
	(estimated)	2002	(forecast)	
Cows + heifers	917	+1,5%	871	-5%
Young bulls	384	-4%	376	-2%
Steers	131	=	121	-8%
Total Beef	1 432	=	1 368	-4,5%
Veal	244	-1%	234	-4%



Beef balance in France

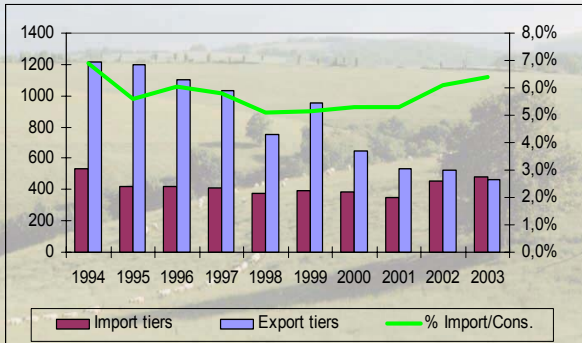


GEB d'après SCEES





Beef Balance in the EU



Number of Cows in the EU (november)

1000 head	2002	2006	2008	2008/2002 (%)
Cows	31 211	29 900	29 500	-5,5
<i>From which DAIRY</i>	<i>19 514</i>	<i>18 100</i>	<i>17 700</i>	<i>-9</i>
<i>From which SUCKLER</i>	<i>11 697</i>	<i>11 800</i>	<i>11 800</i>	<i>+1</i>



Beef Balance in the 8 new members CEECs (1 000 t cwe)

	2002	2008
Production	670	660
Consumption	590	690



Trends for beef In the EU 25 in 2008 (1 000 t cwe)


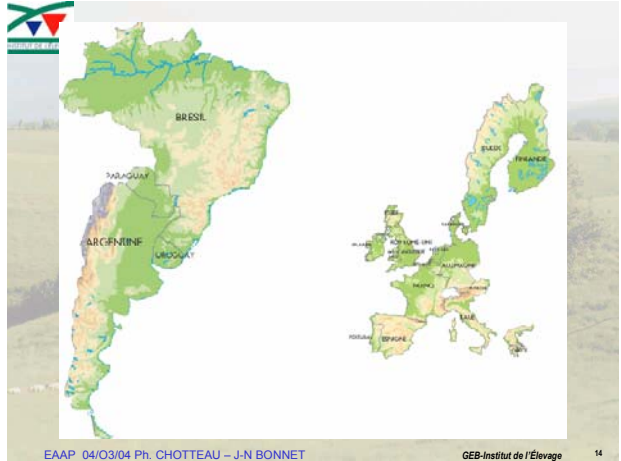
	2002	2008	%
Production	8 168	7 800	-5%
+ Import	483	600	+24%
= Resources	8 651	8 400	
- Consumption	8 025	8 090	+0,8%
= to be exported	626	310	:2
Prod - cons.	+143	-290	




Beef

POTENTIAL & ASSETS of BRAZIL

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Brésil

- 174 millions inhabitants in 2002 (147 in 1991, +1.3% year)
- 8,55 millions km² (=2,6 x UE-15)
- GDP : growth back since the plan Real (1994), but not regular
- 3000 \$/hab. (but 10% wealthiest = 47% of wealth)
- 2nd most inequal country in the World behind Sierra Leone
Unemployment 8% (BIT),
but 45% of jobs informal, and 35 million people starving.

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Brésil :

more and more dependant

Total debt :
216 Billion \$ in 2002 (50% GDP, 25% in 1990)

Consumption other than food:
Imported share 22% (x4 since 1990)

Trade balance :
Cumulated deficit 24 Billion \$ from 1995 to 2000.
Small surplus in 2001 & 2002 (after devaluation).

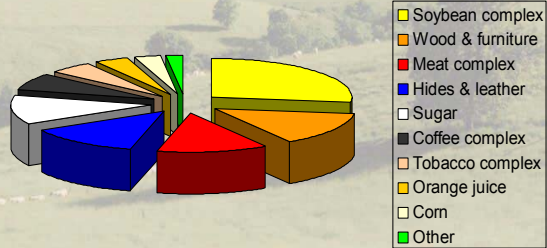
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Brazil :

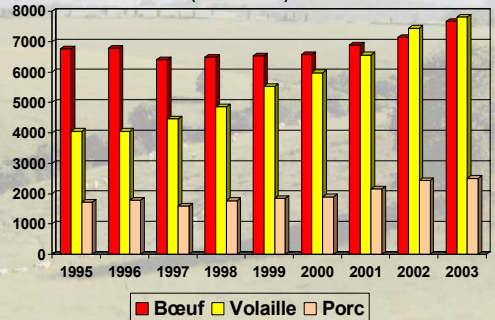
Food : 1/3 exports in 2001-2002, +2%/year.
Systematic surplus

Breakdown of Brazilian agri-food exports

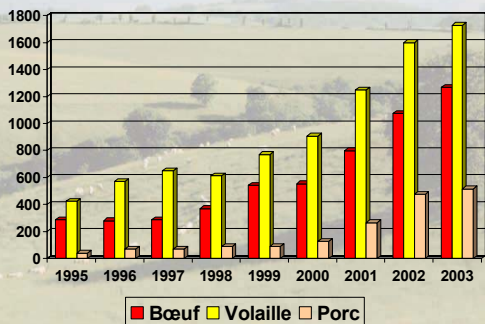


Leap of meat production

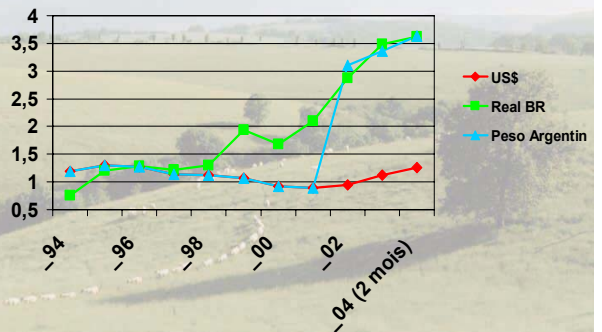
(1 000 t cwe)




... for export (1 000 t cwe)



Exchange rate of the €





Brazil : Farms


24% of active population in 1999
500 000 people calling themselves « landless farmers"
Among 4,84 million farms in 1996:
2,19 with animals, of which 1,35 specialized in livestock husb.

31% <10 ha,	4% of cattle
56% 10-200 ha,	34% of cattle
10% 200 -1000 ha,	29% of cattle
3% >1000 ha	33% of cattle

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Brazil = 850 Mios ha



- Pastures = 214 Mios ha
- Mixed = 40 Mios ha
- “Frontier” = 90 Mios ha

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Brazil : The cattle

- 168 million head in 2002 (+10 million in 10 years).
2nd herd in the world (~ 15%)
- 84% north tropic of Capricorne :
 - 34% Center-West (MGrS, MGr, GO)
 - 21% South-East (SP, MGer)
 - 20% North & North-East: TO, PARA
 - 16% South (PR, SC, RGS)
- Zebu is the vast majority : 85%, ex : Nelore.
In the South, domination of Hereford.
- 5% fattened in feed-lots.

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Brazil : Market integration

Each carcasse is cut according to the various export outlets :

- Loin, sirloin, heart of rump, rib steak to Germany, Southern Europ (chilled or frozen) for catering.
- Young bulls : high quality cuts to Lebanon, Saudi Arabia...
- Roastbeef (silverside, round) to UK and Netherlands.
- Fores to Chile.
- Specific cuts on the domestic market (udder, hump, neck, picanha – tail of rump...)
- Offals to SE Asia...



Brazil : Strength: the prices

- ✓ A steer is paid around 60 R/@ in 2003 in Sao Paulo, or 1,4 US\$/kg cwe (+26%/2002).
- ✓ A culled cow is paid 20 to 30% less.
- ✓ The hind is sold 3,9 R/kg with bones.
- ✓ The loin is sold 20 to 24 R/kg (around 6,5 €/kg + 0,5 € transport + 3,9 € full duties = 11 € FOB in the EU)



Sharp increase to EU & Middle East FROM 2000 to 2003

✓ CHILLED CUTS exports : X 3,2
to EU : X 2,4 (60 000 t in 2003, 38% of total).
Price fall from 4,6 US\$/kg in 2000 to 4,16 US\$/kg in 2003.

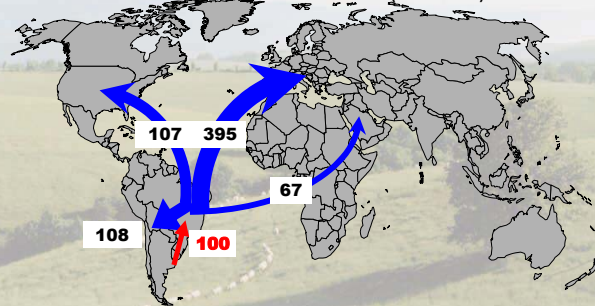
X 2 to Lebanon, Saudi Arabia...
Price 2003 = 2 US\$/kg (2,9 in 2001)

✓ FROZEN CUTS : X 3,3
+26% to EU (100 000 tonnes in 2003),
Price fall from 3,6 à 2,5 \$/kg.
X 17 to Arabia, X23 to Iran, X 32 to Egypt,
nul to 83 000 t to Russia...

✓ PROCESSED BEEF: + 30%



Beef exports in 2002 (1000 t cwe)



TOTAL : 1 075 000 t cwe

