

Business in Brazil

Potential markets — surefire friends.

by *Becky Mills*

When the photographs of Brazil's thousands of Brahman cattle filter back to the United States, most Angus breeders start salivating. They can just see Angus bulls and Angus-sired calves grazing those huge fertile pastures.

Great idea. But, it isn't easy.



PHOTOS BY BECKY MILLS

► **Above:** Sharon Baldwin helps her husband, Leroy, by interpreting and helping their international friends get visas. Leroy says Brazilians have become loyal customers and lifetime friends after learning they can trust him.

► Randy and Beth Daniel have made lifetime friends during their three trips to Brazil.



First, there is bovine spongiform encephalopathy (BSE). Since December 2003, when the Canadian-born BSE-infected dairy cow was discovered in Washington state, Brazil shut its borders to live cattle imports from the United States. The Texas cow found infected with BSE this summer didn't help a bit.

Now, Royce Schaneman, agricultural promotions coordinator for the Nebraska Department of Agriculture, says, "The rumors are Brazil intends to ban live cattle imports from the U.S. for a seven-year period."

He adds, though, "The accuracy of the border closure could be low."

Schaneman also says according to international standards, semen and embryos are allowed to be exported, but sales have still dropped dramatically since BSE was discovered in the U.S.

There's more bad news. "There have been some large seedstock

producers in the U.S. that have done quite a bit of business in Brazil but have since pulled out. That has left the Brazilian cattle producers with a little instability," Schaneman comments. "They are also going through some growing pains of their own."

Schaneman, who has made six trips to Brazil promoting Nebraska seedstock,

also says there is a reason why Zebu cattle are so popular in the South American country.

"The heat and insects are a major concern. The Brazilian purebred breeders have additional expense to

keep their cattle healthy and productive. Many producers I talked to — major seedstock suppliers — are concerned about their ability to stay in business."

Other issues

Politics comes into play, too. Colbert, Ga., Angus breeder Randy Daniel, who has made three judging trips to Brazil with his wife, Beth, says, "In Brazil, they televise the cattle sales. The Nelore (a Zebu breed) association is so powerful they can block the Angus sales. Nelore shows and sales take place in the main arenas. The Angus cattle are in a lesser arena."

There is also the trust issue. Ocala, Fla., Angus breeder Leroy Baldwin says, "If they haven't been taken by an American, they know somebody who has. Their daddy, or uncle, or granddaddy, somebody, got taken to the cleaners by a gringo. But, once they learn you'll be straight with them, they are the most trusting people you've ever seen."

Baldwin, who exported cattle to Brazil

International Trade Fair — an open door

Ocala, Fla., Angus breeder Leroy Baldwin is no stranger to doing business in Central and South America. In 1966 he was one of the founders of Florida's International Trade Fair and now serves as president, a position he's had for 23 years.

Hosted annually until 2001, and now biannually, the fair gives Latin American ranchers a chance to visit with U.S. seedstock producers. Along with exhibits, the trade show features tours as well as beef, dairy and horse judging contests.

Baldwin says the fair, held in different locations in Florida, has drawn as many as 487 visitors, but now averages around 200. "The last three years it has been tough for anybody to get a visa," he remarks.

Quarter Horse enthusiast and Venezuela native Sergio Bevacqua is vice president of the trade fair. "We're president and vice president in name only," Baldwin jokes. "Miss Sharon is the real president."

Sharon, Leroy's wife, learned Spanish and now puts the catalogs together and mails them, and helps visitors get visas.

While there is an incredible amount of work to put on the fair and in doing the follow-up business, Bevacqua says it is worth it. "Besides the money, you get something accomplished and your customers get good livestock. It is very rewarding. When you go down they are proud to show you what they've done with their cattle and horses. It makes them happy inside and out."

The next International Trade Fair will be in Ocala, Fla., May 7-11, 2006.

For more information on exporting Angus genetics to Brazil, use the following resources:

U.S. Department of Agriculture (USDA)

Includes requirements for exporting animals, embryos and semen.
www.aphis.usda.gov/vs/ncie/iregs/animals

U.S. Livestock Genetics Export Inc.

1000 Executive Parkway, Suite 120
St. Louis, MO 63141-6397
phone: (314) 469-2278
fax: (314) 469-6233
e-mail: uslge@uslge.org
www.uslge.org

Livestock Exporters Association of the USA

Charles J. Larson
122 Towpath Ln.
Ferrisburg, VT 05456-9889
phone: (802) 877-3019 or (703) 521-5543
fax: (802) 877-0092 or (703) 521-0243
e-mail: cjlmsl@worldnet.att.net
www.livestockexporters-usa.com

Brazilian Angus Association

Associação Brasileira de Angus
Avenida Carlos Gomes, 141/501
Porto Alegre - RS
CEP 90480-003
Brazil
phone: 55 51-3328-9122
fax: 55 51-3328-0653
e-mail: angus@angus.org.br
www.angus.org.br

before the BSE-induced ban, adds, "Once they get to know you, they'll buy a plane load of cattle over the phone."

Baldwin says the market is there. One of his Brazilian rancher friends reports orders for 3,000 to 4,000 head a month year-round at a penny or more above the going market price. The European grocery store chain making the order also pushed the rancher to make next year's calf crop Angus-sired.

"They were going to give him an extra two cents premium the next year for the half-Angus calves," Baldwin says. "One rancher said they had offered him another two cents premium above that if he comes back on those half-Angus heifers with Angus bulls."

He adds, "There are at least four to five big ranches in Brazil that have contracted with two of those big grocery chains."

And, even though only 30,000 head of the 165,000 to 170,000 head of cattle in Brazil are Angus, ranchers are fans of the breed. Randy says, "The Brazilians are intrigued with the American Angus. And, they are starved for communication, information and relationships with American Angus breeders. They study that *Angus Journal* backwards and forwards."

Beth says, "Most of their Angus breeders have good, active associations."

"The quality of their Angus is excellent," Randy adds, "but they show them in a lot heavier condition than we'd ever think of showing ours."

This was a surprise to the Daniels, since almost all Brazilian beef is grass-fed. Beth reports, "The Brazilians serve Standard beef, 3- or 4-year-old grass-fed Nelore bulls. But, the preparation of their beef is fabulous."

International market

Although their style of beef production suits them, Schaneman says they are still receptive to the idea of crossbreeding. "Even though they follow our industry and our popular bloodlines, they need to consider what kind of cattle work in Brazil," he says.

If you are committed to exporting semen or embryos to Brazil, it is a long process. "If the producer has already been in the international market, he should be in contact with his former buyers in Brazil or the Brazilian Angus Association to gain the pulse of the market," Schaneman says.

Next, he advises working through the federal veterinarians in the producer's state. "They have to make sure your local vet follows the right protocol," he explains. "Then, work with a reputable exporter, or if you have the skills, go ahead and ship them yourself."

If you're new at the export business, Schaneman recommends looking into a federal cooperator like U.S. Livestock

World-class friends

"The first time we went to Brazil it was the novelty of going that intrigued us, but it is the people who bring you back," Colbert, Ga., Angus breeder Randy Daniel says.

"Brazilians are the most loving, friendly, welcoming people in the world," adds Randy's wife, Beth.

"You wouldn't believe the amount of hospitality they show you," Ocala, Fla., Angus breeder Leroy Baldwin says. "I've never been there where somebody didn't meet me at the plane and put a big ol' bear hug on me."

He says one of his Brazilian friends urged him to sell out and move to Brazil. "I sure enough appreciated the offer," he notes.

"They are fine people and go out of their way to help you," Baldwin adds. "There are a lot of things we could learn from them."

Randy agrees. "They are the most gracious people I've ever met. I've never been hugged so much in my life. And, people surface to help you. Most of them speak a little English."

After their last visit, Randy says, "Tell them the Daniels said 'Obrigado' — thank you."



PHOTOS COURTESY OF RANDY AND BETH DANIEL

Genetics Export Inc. (USLGE). He says they are a cooperator with the U.S. Department of Agriculture (USDA) and are made up of state agricultural associations, breed associations and individual breeders. The cooperative takes proposals from its members, submits them as a group to USDA, then distributes the funds back to the membership.

"Typically, if you want to take the time to do the paperwork and get involved, the return on investment is very good," Schaneman says.

If you don't want to join USLGE, Schaneman says they have a branded program. Producers pay their own travel expenses, but can often get partial reimbursement of a booth at a foreign trade show or the expense of converting a ranch brochure and business cards to another language, which, in the case of Brazil, is Portuguese. He says the branded program can also help with the expense of an interpreter.

Another source of information is

USDA's Web site (www.usda.gov). "It gives the protocols on quarantines and health requirements for shipping livestock," Schaneman says.

"Embryos and semen exports are attractive," he adds. "You can send a lot more genetic material at a much lower cost."

Schaneman adds, "Exporting can be an expensive venture, but it can be profitable if you find the right niche."



► Randy and Beth Daniel provided photos from their trip to Brazil.

