

Competing in the Global

Visitors from Argentina and Uruguay demonstrate a growing South American focus on beef.

Story & photos by **Brooke Byrd**



► Claudio Fioretti says the environment and soil conditions in his native Argentina allow for high-quality pastures — necessary for beef production — to develop.



► Alvaro Martinicorena (left) and Santiago Fernández explain that Uruguay has one of the highest cattle-to-people ratios in the world at 3.8 head of cattle per person.

The 100th anniversary of the National Western Stock Show (NWSS) in Denver, Colo., was a hub of international activity. According to stock show organizers, anywhere from 500-900 international visitors from 38-40 countries annually attend the NWSS and register with the National Western International Agri-Business Center.

On Jan. 10, cattle producers and interested agriculturalists gathered to listen to a roundtable discussion sponsored by the center. Several ranch and packing plant owners from Argentina and Uruguay were invited to the roundtable; several panelists spoke about global competition within the cattle industry and what the next century holds.

Skylar Houston, chair of the National Western International Agri-Business Center Committee, introduced speakers Lloyd Day, administrator of the U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS); Claudio Fioretti, director of genetics and senior director of Estancias y Cabaña Las Lilas S.A., Buenos Aires, Argentina; Alvaro Martinicorena, La Media Surete Ranch, Uruguay; and Santiago Fernández, Frigorífico Carrasco Ranch and Packing Plant, Uruguay.

“Today we are in a global marketplace,” Houston said. “Things in our part of the world can affect what happens in South America or the Americas.”

Producing commodities

Fioretti is a veterinarian and native Argentine who received his master’s degree and doctorate through Kansas State University. He then studied at Colorado State University. Las Lilas Ranch manages approximately 26,000 cows, with 375,000 genetic records, and sells 3,200 bulls each year. The goal of Las Lilas, Fioretti noted, is to produce outstanding beef genetics while maintaining a commitment to supply high-quality products to international and domestic markets.

“We know that we produce commodities,” Fioretti explained. In terms of trade, he said, more beef is consumed in other countries than the country in which it was produced, which opens up more and more opportunities for marketing every day.

Of the global beef market, he said, “We’re having more domination of the industry by a few gene pools.” Producers are rapidly accepting the new technology necessary to genetically improve their cattle.

“Competition is helping, too,” he noted. Even average cattle in a population can catch up quickly with artificial insemination (AI) and embryo transfer (ET).

The environment also plays, and will continue to play, a huge role in Argentina’s ag industries. With 65% of the world’s cattle located in tropical and subtropical regions, Fioretti noted that Argentina uses five main breeds based on climate. According to the Food and Agriculture Organization (FAO) of the United Nations (UN), Fioretti said Argentina has one of the lowest rates of chemical and pesticide use in agriculture — meaning quality food is produced naturally. Argentina equals grasslands, he explained, which means cattle are grazing, moving and walking constantly throughout their lives.

However, as a result of water demand, “We were forced to increase efficiency in direct grazing,” Fioretti said. Cattle are being moved to areas where growing crops is not possible, since crop production increasingly usurps the best land.

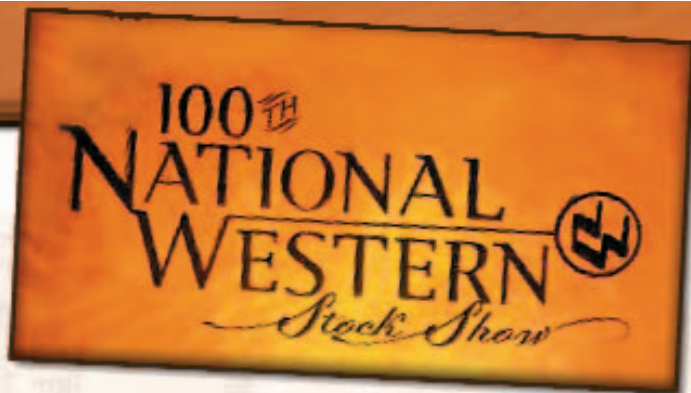
Because of where it’s raised, Fioretti touted the health benefits of Argentine beef and emphasized that such benefits will increase in importance. He noted that Argentine beef has a higher content of omega-3 fatty acids, as well as a high concentration of conjugated linoleic acid (CLA). Cattle direct-grazed, he said, have a better balance between omega-6 and omega-3 fatty acids than grain-fed cattle.

“Production and beef trade will increase substantially with world economic growth,” he noted. While risk will not disappear, Fioretti said, “Climate and production models will be much improved, and we can predict and manage the business with more accuracy.”

Small and green

“A very good definition of our country is to say it’s small and green,” joked Martinicorena, a fourth-generation Uruguayan rancher who has a 25,000-head

Marketplace



cow herd. A country that is two-thirds the size of the state of Colorado, Uruguay could be called “a country of cattle farms,” Martinicorena said.

“Beef represents 8% of the Uruguayan gross domestic product (GDP),” he noted. It also represents 25% of global Uruguayan exports. With 75% of the country’s beef production exported, cattle farms spread across 87% of the country’s surface.

“Uruguay is the seventh-largest beef exporter and the third-largest sheep meat exporter of the world,” Martinicorena said.

With 12.2 million head of cattle (mostly Angus and Hereford), it may seem surprising that Uruguay ranks third out of 146 countries in Yale University’s Environmental Sustainability Index. Martinicorena says his country is tailor-made for sustainable beef production. For each grazing animal, there is an area of 3.3 acres (approximately the area of two soccer fields). The production system is grass-fed and free range, with only 16% cultivated pasture — the remaining 84% is all native pasture.

Martinicorena emphasized Uruguay’s successful food safety record. “Anabolics and growth hormones are banned by law,” he said. The use of animal protein in feed intended for ruminant animals is also banned, and the country has a unique animal identification (ID) program. There have been no cases of *E. coli* O157:H7; the country is considered free of foot-and-mouth disease (FMD); and Uruguay is considered free from bovine spongiform encephalopathy (BSE) by the World Organization for Animal Health (OIE).

In 2005, Uruguay exported 474,308 tons

of beef [valued at \$758 million (U.S.)], and increased meat production 39% during the last six years. With broad access to 85 export markets, Martinicorena says Uruguay’s safe, natural and high-quality product stands ready to grow even further.

Fulfilling desires

As a result of consumer demands, Fernández said, Uruguay is developing a variety of specialized meat programs, including Certified Natural Beef and Certified Uruguayan Angus Beef. “The Certified Natural Beef Program is based on four pillars,” he says, including traceability, protocol, certification bodies and country brand.

Traceability is provided by Uruguay’s national traceback program, Fernández noted. Involving 100% of cattle, the system consists of a tag with a unique printed number, a radio frequency ID (RFID) device on the tag and a reading device, he explained. The Uruguayan system is unique, he noted, because “the livestock carriers are responsible to record the cattle movements” — not the sender or receiver of animals. “Every time there is a cattle movement, [the carriers] are involved,” he said.

Each premises has a magnetic ID card that identifies its name, ID number and location, which are then read by the carrier and connected to the animals moved to or from that premises. “All the information collected is received by wireless technology at the operation center office for processing,” Fernández noted.

The protocol portion requires producers to follow specific guidelines about animal ID, animal husbandry, environmental and sanitary management, feedstuffs and feeding, facilities, medicines and veterinary treatment, livestock handling and transport, and harvest and packing, he explained. Participants are certified by independent firms, and the program is certified by the USDA as a Process Verified Program (PVP).

The program’s logo, “From nature to consumer,” uses the image of waving grass melded into a barcode — combining the country’s outstanding natural element with its final product.

“Certified Natural Meat of Uruguay is adequate to consumers’ natural-meat-desired attributes,” Fernández said. “Grass-fed is a new trend [with] U.S. top chefs because of nutritional and healthy attributes to consumers.”

Reaching opportunities

Day concluded the panel by discussing marketing opportunities for the future, as well as what must be done to reach them. Risk mitigation measures allow for trade resumption, he said. However, he noted, “If we want the rest of the world to trade with us ... we have to lead.”

He discussed some of the key objectives and essential components of the United States’ National Animal Identification System (NAIS), and noted that all 50 states

CONTINUED ON PAGE 246



► Panelists at the NWSS International Center roundtable, including (from left) Skylar Houston, Martinicorena, Fernández and Fioretti, listen to AMS Administrator Lloyd Day discuss international marketing opportunities and regulatory programs.

Competing in the Global Marketplace CONTINUED FROM PAGE 245

and five tribes are operational on a premises ID system. However, he said, for international trade to be successful, “we all have to be on the same page.”

Day also brought up the growing interest in USDA PVPs as “internationally recognized supplier marketing tools.” The European Union (EU), he said, has great interest in quality U.S. beef, but its hormone restrictions have caused problems. USDA is working on developing

a PVP for hormone-free beef for that very reason, Day noted.

Other opportunities come directly from trading partners, he explained. “Central and South America are becoming important partners for us,” he explained. “There are a lot of import opportunities in Argentina and Uruguay.” He noted that Mexico proved itself as a true partner during the BSE border struggle, but said the closure of the Canadian-U.S. border

only resulted in changing their harvesting capacity — resulting in a loss of our own.

To continue to grow and prevent making further mistakes, he said, “We need to lead by example.”



Editor’s Note: For news, events and other Angus Journal stories about the international Angus, beef and ag industries, visit www.angusinternational.info.

An international take

Alvaro Martincorena, La Media Surete Ranch, and Santiago Fernández, Frigorífico Carrasco Ranch and Packing Plant, both of Uruguay, are big fans of Angus cattle in their country.

Martincorena said Angus work very well within the country’s temperate climate. “They fit very well in the country right now,” he noted during the 100th National Western Stock Show (NWSS) in Denver, Colo. They are “totally adaptable.”

His family was one of the first to introduce Angus into Uruguay. “I’m proud to say we’re a purebreeder country,” Martincorena affirms. Angus cattle have been in Uruguay for more than 100 years now, he notes. “They are very, very good.”

Angus’ popularity is growing immensely, in part due to the thriving trade in embryos and semen. Because Uruguay is

considered free of such costly diseases as bovine spongiform encephalopathy (BSE), foot-and-mouth disease (FMD) and *E. coli* O157:H7, live animal transport becomes much more problematic. But, advances in science and technology have helped get around that problem.

“Last year,” Martincorena explained, “the Angus breed grew in the country 200%. It’s number one in the country.”

Fernández notes that Angus’ popularity can be seen in Uruguay’s development of its own Angus branded beef program. Angus in Uruguay is growing in little steps, he says. “One step at a time.”

“Very slow, but we grow,” Martincorena agreed.

