



Market Advisor

► by **Tim Petry**, livestock marketing economist, North Dakota State University

'AnGus' Cattle in South America

Usually this column discusses market fundamentals affecting cattle prices in the United States. However, this time I will give an overview of the cattle industry in Argentina and Uruguay.

A personal view

During March 20-29, I was a member of a Livestock Marketing Information Center (LMIC) study tour to those countries. The 32 participants were mainly livestock economists who are members of LMIC, with several animal scientists also joining us.

The group visited several beef promotion, cattle producer and beef cattle breed associations. Numerous tours were a highlight of the trip and included beef cattle research facilities, universities, ranches, feedlots, stockyards, packing plants, local butcher shops and meat markets, supermarkets, and the huge grain export inland port of Rosario, Argentina.

Similarities, differences

On March 22 we visited the Asociación Argentina de AnGus (Argentina Angus Association). Yes, AnGus is spelled with a capital G and pronounced "AnGoose."

They publish a journal and an AnGus sire summary, and they are passionate about AnGus cattle. Our hosts were quite familiar with the activities of the American Angus Association and U.S. Angus genetics.

A major difference between the United States and Argentine associations is that the Argentine association promotes both black and red AnGus cattle.

The Asociación has published expected progeny difference (EPD) data on birth weight, weaning weight, final weight, scrotal circumference and height since 1989; and dorsal fat cover, hip fat cover, ribeye area and marbling since 2002. A successful branded beef program was launched in 1994.

AnGus producers are ecstatic that AnGus is the leading beef cattle breed in Argentina. Although different cattle numbers were quoted depending on whom we talked to,

there are approximately 19 million beef cows in Argentina (compared to 32.9 million in the United States), with about half being AnGus and one-fourth being Hereford.

Consumers in Argentina love beef and eat more per capita than any other country.

Another 11% are Brangus and Braford in the northern part of the country where heat is a factor. The remaining 14% are composed of about 20 different breeds, with Shorthorn and Limousin being the next most popular.

Also interesting was that very little crossbreeding occurs in commercial herds, but a few Caretas (black

baldies in the U.S.) were observed in the countryside.

Beef consumers

Consumers in Argentina love beef and eat more per capita than any other country. They consume about 63 kilograms (kg) [139 pounds (lb.)] per year on a carcass-weight basis compared to the second-place United States at 43 kg.

For political reasons (to keep poor people happy and to get re-elected), the government keeps the price of beef low by imposing price ceilings on cattle and several cuts of meat, restricting exports to increase domestic supplies, and setting a minimum harvest weight on young cattle.

Of course, cattle producers are not happy with these restrictions.

March 2007 cattle prices were about \$300 (U.S.) for a bred commercial AnGus cow or heifer, \$42.50 per hundredweight (cwt.) for a 450-lb. AnGus steer calf, and about \$38.50 for a lightweight fed steer (700 lb.). However, a black market has developed because of the government-imposed price ceilings, and producers often secretly receive additional cash from cattle brokers over the quoted maximum price.

Grass-fed steers for domestic consumption are usually harvested at a

relatively light weight, 650-700 lb., to increase beef tenderness. I ate beef at least twice per day and found a large variation in tenderness.

Steers for the export market typically receive supplemental corn while remaining on pasture. They are fed to 900-1,000 lb. As a general rule, cattle are smaller-framed than would be typical in the U.S.

A feedlot sector similar to the one in the United States was developing with the cheap world price of corn until this last year. We visited a feedlot owned by Cactus Feeders, the second-largest cattle feeder in the U.S., and it looked very much like a commercial U.S. feedyard. The lot was co-owned with Tyson Foods, the largest beef packer in the United States, and a local Argentine company.

Major beef export markets are Europe, other South American countries, and Russia. Exports to North America are limited to thermally processed product due to foot-and-mouth disease (FMD) that has persisted in Argentina.

Most domestic beef is purchased fresh in local butcher shops within 48 hours of harvest. 80,000 small, local butcher shops have 80% of the market, with five large supermarkets accounting for the remaining 20%. Beef usually comes to the butcher shops in halves or quarters to be cut into retail cuts.

Uruguay is a smaller country with fewer people and cattle and little government intervention. Beef exports amount to about 80% of production, and Hereford is the predominant breed.

There is much more I could talk about, but do not have space for it all.

In summary, I found the people to be very gracious hosts. If you ever have the opportunity to visit Argentina or Uruguay, I highly recommend it.

AnGus producers love their cattle, and ranching as a way of life, just like in the United States. Wine was served with every meal, and there was even an Aberdeen Angus brand of wine that was produced in Argentina.

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