

**Short Term Market Prospects
for
MERCOSUR Beef**

WORLD MEAT CONGRESS
WINNIPEG, CANADA 2004

Arturo E. Llavallo

*President of the Argentine Beef Promotion Institute
2nd. VP of the Sociedad Rural Argentina*

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MERCOSUR BOVINE CATTLE STOCK

ARGENTINA	50.000.000
BRASIL	180.000.000
PARAGUAY	10.000.000
URUGUAY	12.000.000

MERCOSUR TOTAL	252.000.000
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SOURCE: FAO

BEEF AND VEAL Production - CWT 000

	1997	1998	1999	2000	2001	2002	2003
ARGENTINA	2712	2469	2720	2718	2461	2700	2600
BRASIL	6050	6140	6050	6300	6620	7240	7385
PARAGUAY	226	231	246	238	200	205	215
URUGUAY	468	454	420	450	371	412	424
MERCOSUR	9,456	9,294	9,436	9,706	9,852	10,557	10,824

Source: IZS, SRA based on FAO and USDA

Per Capita Consumption kgr./inhab /year

	1999	2000	2001	2002
ARGENTINA	67.8	66.5	63.9	59.6
BRASIL	35.5	36.9	35.2	34.9
PARAGUAY	41.0	42.7	43.7	42.0
URUGUAY	56.2	55	57.9	48.6

World average consumption is 33.3 kgr./year

Source: Argentine Rural Society

MERCOSUR Foreign Trade in 000 CWT

	1993	1998	1999	2000	2001	2002	2003
■ Brazil	448	370	541	554	789	929	1.194
■ Argent.	283	291	339	343	150	329	338
■ Uruguay	108	279	246	279	177	259	320

Source: IMS - GIRA

MERCOSUR Major destinations

■ Fresh and Frozen	-EU -South America -Middle East -US
■ Processed	-EU -US

Source: IMS - GIRA

URUGUAYAN MEAT EXPORTS

During the first five months of 2004
meat exports increased 70%
compared to the same period last year

- From January to May 2004:
266,5 million US dollars were obtained from meat exports
- From January to May 2003:
156,9 million US dollars were reported

EU 2003 Beef Major Suppliers

Brazil	55.4 %
Argentina	18.0 %
Poland	8.6 %
Uruguay	5.3 %
<hr/>	
MERCOSUR	78.7 %

Source: EU Beef Forecasting Group

EU BEEF SUPPLY AND DEMAND (CWE 000 tons)

■ YEAR / SURPLUS/DEFICIT	PRODUCTION	EXPORTS	CONSUMPTION
■ 2002 (515)	7450	550	7400
■ 2003 (676)	7350	440	7580
■ 2004 (602)	7280	360	7520
■ 2005 (711)	7100	300	7510

Source: EU beef Forecasting Group

EU BEEF IMPORTS (CWE 000 tons)

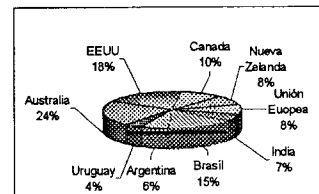
YEAR	TONS
■ 2001	375
■ 2002	475
■ 2003	500
■ 2004	600*
■ 2005	720*

Source: SRA Estimates

Mercosur - EU NEW BEEF AGREEMENT

- It is a very important negotiation for MCS
- It is considered sensible by our sector
- EU would give us a new beef quota divided into two fases.
 - Mercosur wants more quota than EU is offering us in only one fase, with zero tariff
 - Negotiation is actually on course and will probably end by October, 2004.

World Market Share Beef Exports 2002



Source: USDA and Institute for Economic Research - Argentine Rural Society

MERCOSUR : 25% of TOTAL