Brascan: How to Capture Value in the Beef Chain[1]

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1. Building a International Beef Chain: The Brascan Case

Food is moving globally from South to North, with Brazil becoming a important supplier. In 2003, the country occupied the first position in world exports of soybean (38% of market share), sugar (30%), beef (20%), coffee (29%), orange juice (82%) and tobacco (23%). Brazil was the second world exporter in soybean starch (34%), poultry (29%) and soybean oil (28%). Brazil also has 16% of pork exports, 4% of corn and 5% of cotton. The annual growth rate in these products was 6,4% since 1990 (ICONE, 2004).

The cerrado (Midwest Brazil), according to Nobel Prize Norman Borlaug, is one of the few agricultural frontiers in the world, with a capacity of almost 200 million hectares of new land for agriculture.

The Canadian-Brazilian group Brascan are involved into several activities. It is an asset management company, with focus on real estate and power generation. The direct investments of the company are US$ 16 billion and further US$ 7 billion of assets under management. The company owns 55 premier office properties and 45 power-generating plants. The investment policy is geared to areas where Brascan possesses competitive advantage, to acquire assets on a value basis with a goal of maximizing return on capital, to build sustainable cash flows to provide certainty, to reduce risk and to lower costs of capital. Brascan recognizes that superior returns involve hard work and often coincides with different opinions.

The long-term goals involve 12 to 15% annual growth in cash flow from operations, 20% cash return on common equity and 12% increase in the value of the company. In 2003 Brascan had a 31% increase in company value. As other large multi-business companies, Brascan is increasing the return on capital and reducing risk by narrowing the areas where the company operates and broadening activities in these areas. That is the case of beef production. Today beef operations margins are 5%. Should Brascan disinvest or grow broadening activities and trying to capture more value?

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The opportunities are in extending agro-food chains and networks to contribute for this development. Two major points of discussion emerge: to be a large and reliable supplier in a beef chain, Brascan needs to grow horizontally, to capture value, Brascan needs further vertical chain coordination. What to do?

2. Beef Chain in Brazil: A Growing Business

Brazil showed a spectacular growth in beef business. Several factors contributed to this growth, coming from internal factors of production, like genetics, diversity, costs, availability of grass lands, technology and due to external factors as the crisis of beef production in Europe (mad cow disease), Argentina, Uruguay and recently, USA.

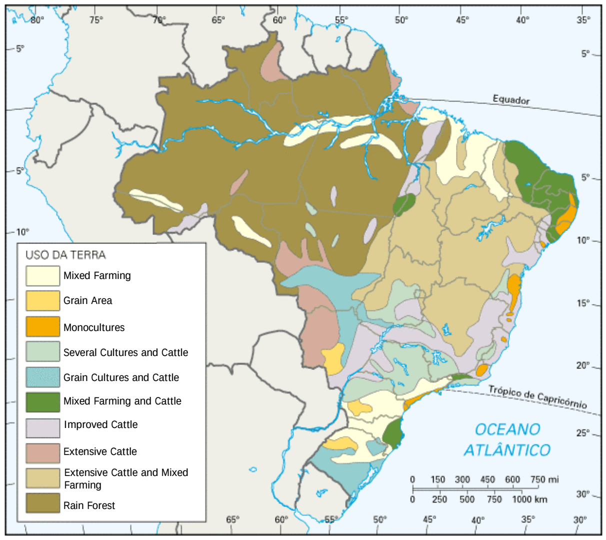
The largest beef consumer markets are USA, EU, China and Brazil (table 01, in annex). In terms of import volumes, the largest markets are USA, Russia and other ex-USSR countries, European Union and Japan (table 2). Table 3 shows per-capita consumption of beef. The largest consumers are in Argentina, Uruguay, USA, Brazil and France. Data of Brazilian production from 1995-2003 are on table 4. This growth took Brazil to position number one in 2003, exporting 1.350.000 tons, reaching 23% of international beef market (against 9% in 1999 – table 5).

Exports in 2003 were US$ 1,5 billion, 30% higher than 2002. In 2004, exports reached the amount of US$ 2,45 billion (63% higher than 2003). The European Union represented 25% of exports from Brazil, and Brazil represents 55% of imports of EU. The Arabian markets are very important, although paying less, quotas are not existent, taxes are lower and they demand cuts not demanded by EU, being very important for slaughterhouses, since all products are produced from an animal and need to be sold. In 2004 the export efforts are progressing well. Exports will reach at least US$ 2 billion. There is a 30% growth in quantity and almost 30% growth in value in the period January – June, when compared with 2003. Largest growth is coming from Russia, United Kingdom, Netherlands and Egypt.

The future opportunities of beef coming from Brazil are very good. According to ICONE (2004), of the total market for beef in the world (US$25,3 billion), 61% is closed for Brazilian exports. Due to the fact of foot and mouth disease, 4 of the 5 largest importers do not buy from Brazil. Brazil has a very strong participation at the open markets, and this is why the country is the world leader (tables 6-10). So there are opportunities for opening closed markets and opportunities if tariffs are reduced. Today, Brazil exports to more than 100 countries and Marfrig is one of the responsible for this diversification.

Just to understand, for a Dutch importer (ANUALPEC, 2003) a ton of “contra-filet” costs US$ 3700 to buy from Brazil (including US$ 200 of transport). Adding 12,8% of import tax, makes US$ 4174. Next step is to add the full levy tariff, EU$ 3034/t (US$ 3731). Final price will be US$ 7905 (113% more expensive then the real price). The one should add the margins of distributors (10-20%). More then 50% of Brazilian exports are under this system. The rest is in the quota, with a tariff of 20% (tables 14 and 15).

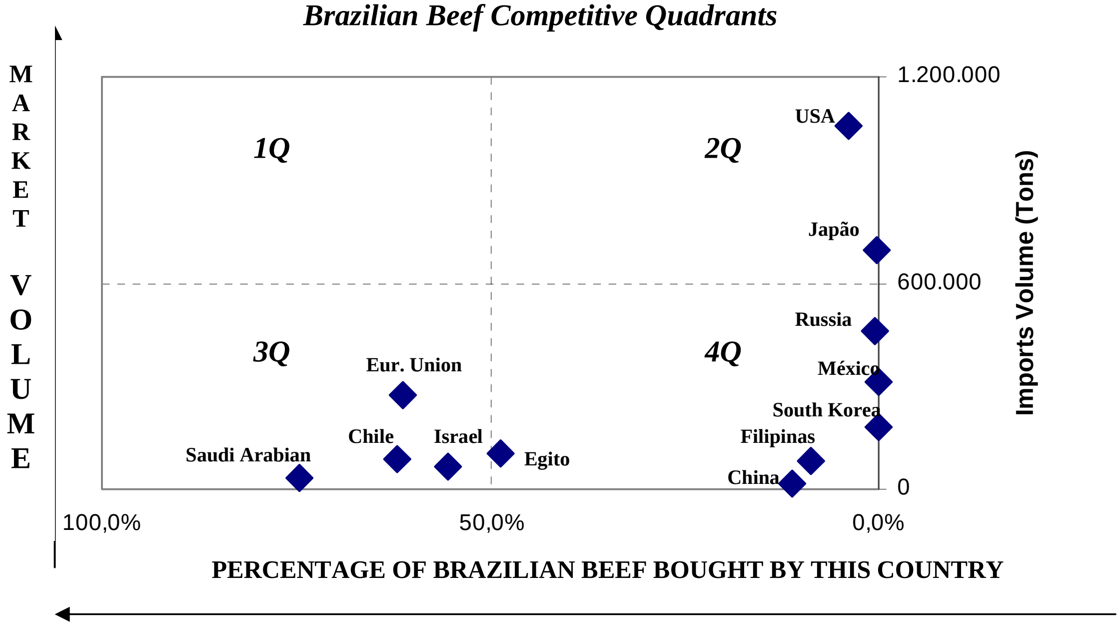
Brazilian Land Uses



Source: IBGE 2004

Several countries have quotas and don't use them due to the lack of capacity of production. There are also licenses to pay to change quota from one importer to another importer. Market information shows that there are still opportunities for growth in beef consumption, in countries where per-capita consumption is not high (China has a per-capita beef consumption of 4,4kg/year and 33kg/year of pig meat). Prices of same quality beef are sometimes 6 times higher in the Netherlands than in Brazilian largest supermarkets. What would happen with beef consumption even in Europe if these high prices fall? Brazil has cost leadership, extensive and natural methods of production and production capabilities to keep up with growth in consumption.

Pensa Box - Positioning and Participation of Markets – Brazilian Beef Competitive Quadrants



Source: Elaborated by authors based in USDA data

3. Brascan in Brazil

Brascan arrived in Brazil more than 100 years ago, being one of the first multinationals to operate in the country. It has several businesses, for instance agribusiness (including cattle, land leasing for row, fruit crops and timber), energy and other investments. It also has a Bank, and 40% of Accor in Brazil, operating in Hotels and food employee’s tickets. Brascan values long-term contracts.

In 1984 Brascan entered the agribusiness sector, by investing in a farm, originally from Swift group. Several investments were done and in 1999 the company started to act intensively, selling animals to the market through auctions.

Brascan has four farms in the southeast of Brasil. Bartira (14,4 thousand hectares), Formosa (6,8 thousand hectares), Mosquito (13,3 thousand hectares) and Pirapitinga (17,9 thousand hectares). In these farms Brascan has 40 thousand cows, with 25% having artificial insemination. The main races are Nelore, crossed with Aberdeen Angus, Braunvieh, Brangus, Brahman and Santa Gertrudis. In 2007 they expect to have 50 thousand animals. They raise and sell weaned calves for further fattening. The characteristic of precocities is worked in breeding. All animals are traced and the brand name is “Bartira”, referring to the Indian language.

Brascan is diversified. The farms also produce soybeans (100 thousand bags/year), sugar cane (3 thousand hectares), rubber (180 thousand trees), pineapple (4 thousand tons), “American Quarter Horse” horses and Pinus/Eucaliptus (for pulp and paper/furniture). The company has also an environmental project, acting to preserve the “Mico Leão Cara Preta” monkey, threatened of disappearing. There is a competition for land, in terms of profits per activity. The value of a hectare in São Paulo is US$ 2000 and in Mato Grosso around US$ 100/ha. Each company of Brascan has an environmental task group, which shows the focus of the company on this subject. In Cerrado they own 3.000 hectares of land for nature preservation purposes.

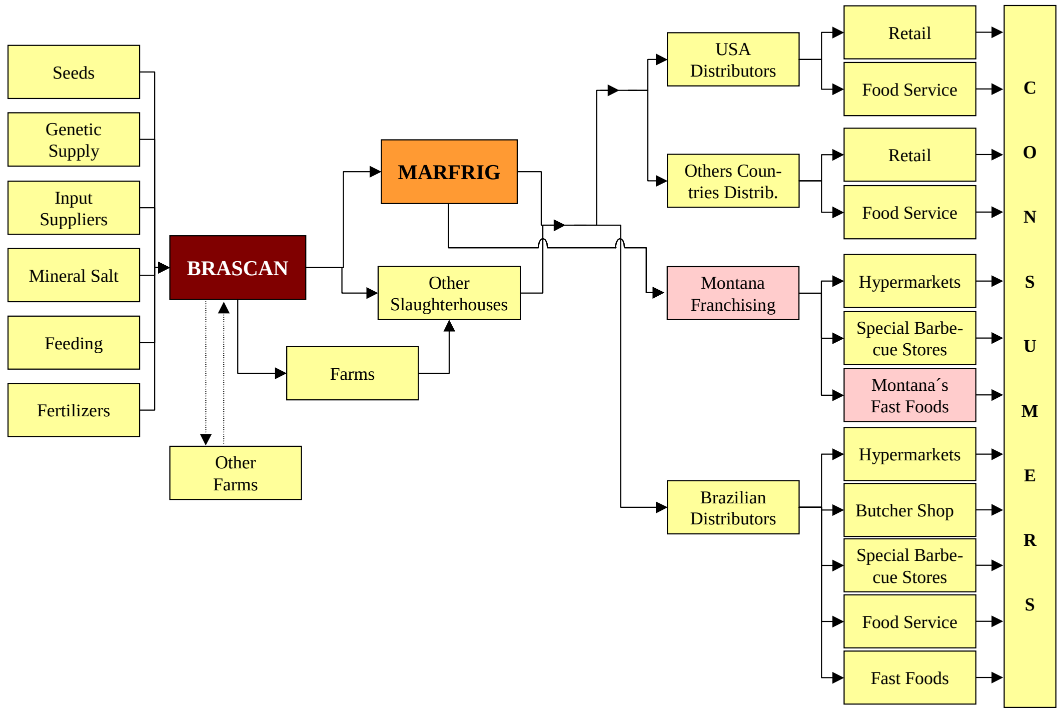
4. Brascan Network on Beef

Brascan has excellence in farm production. It has linkages with well-known research institutes in Brazil, like Unesp, Embrapa, and others. Brascan supplies around 30 thousand animals per year for slaughterhouses, directly or selling calves to growers.

In *farm supplies*, the company, due to its size, has good relationship and treatments with major suppliers. In order to export and try to capture value, Brascan needs to search for consistency, volumes and well organized supplies. In order to have these, the company is investing in a vertical integration for genetic supply.

In *production*, some activities are going on. Brascan is preparing itself for types of long term contracts in beef chain. They perceive this governance structure as an alternative for capturing value. They need 400.000 cows producing around 180.000 animals a year to comply to a medium contract with a distributor in European Union. Today they have 40.000 cows.

Brascan´s Network



Source: Authors - Pensa 2004

Brascan can sell calves or finished animals (ready to kill). The Brascan auctions are growing fast and getting a nice reputation in the market. They are selling calves with a 20% overprice. Around 8000 animals are sold in 6 auctions/year. All animals are traced with the Biorastro (linked to Eurepgap) since 2001. They consider tracebility as fundamental for selling in international markets. Brazil has a Governmental Program named SISBOV that is collecting data of private companies in order to have all animals in Brazil traced. It is not an easy task due to the fact that Brazil has the largest commercial production in the world and the country is very large. But it is an ongoing process.

Before discussing the alternatives for Brascan to capture value forwards in the network, it is time to see the opportunities in international beef market.

4.1. An alternative to grow vertically in the agri chain: The Marfrig Experience

Now comes the question: how to capture more value in the beef chain? The market is growing, Brazil became the leader and Brascan sees opportunities. One is with Marfrig. Before showing Marfrig, it is important to discuss the processing part and more in particular the slaughterhouses in Brazil. The major slaughterhouses started by cattle growers. They vertically integrated production and processing and became food suppliers, with marketing functions. They still are family managed groups. International companies were acting in the beef industry, but moved in the last 10-15 years (table 13).

The Marfrig Group includes four production centers and one distribution center: Unit Bataguassú (MS), Unit Santo André (SP), Unit Promissão (SP), Unit Ribas do Rio Pardo (MS) and Unit Tangará da Serra (MT). The production units located in

Bataguassú (MS) and Promissão (SP) have capacity for slaughtering 1.900 heads of cattle per day, processing a total of 40.000 metric tons of beef per month. The distribution center, located in Santo André (SP), has a storage capacity of 8.000 metric tons of food products.

Marfrig exported almost US$ 100 million in 2003, 100% more than 2002. The company has some innovative practices in the beef business, since they came from beef distribution. The company's employees, about 2.000 persons, receive professional training, educational incentives, healthcare and nutritional assistance. A body of highly specialized technicians is in charge of the general supervision of all the processes and also takes care of the international protocols of quality and health.

The company's quality control department makes use of a modern audit system, aligned with international standards of corporate management, to monitor all the processes of slaughtering, boning, packing, transportation and distribution. The Quality Program implemented by the company involves a set of actions geared to the top grade beef production, meeting the rising demand of domestic and foreign markets. The first step of the program is putting to pasture high quality calves that will be slaughtered at roughly 30 months of age, with minimum standards for fat covering, as well as raising, livestock health and nutrition techniques.

The livestock's production occurs in properties not further than 300 Km away from the slaughterhouses. This is a key factor for the production process, and guarantying better beef quality. The procedures recommended in this program are aligned with international animal welfare norms.

The quality control program also includes the certification of livestock origin. The process starts at the cattle ranges, where animals are identified with an earring and kept until they are slaughtered at the abattoir. All the animals currently slaughtered at Marfrig can be tracked trough the Bovine Identification System (SISBOV – Sistema de Identificação Bovina), guaranteed by Brazil's Ministry of Agriculture. The whole process is supervised and certified by the Biorastro system (visit to the cattle ranges) and HACCP (Hazard Analysis and Critical Control Point), both of which are internationally recognized by the FDA (US Food and Drug Administration), the European Union and the Codex Alimentarius.

Another guarantee seal and certification of the Marfrig Group is granted by the Bio-Dynamic Institute (IBD – Instituto Bio-Dinâmico) which certifies the company's organic meat process and is recognized by international entities. Marfrig has several activities with meat distributors in Brazil, using the brand Montana in fast-food, and the premium Montana Beef.

The internal market for beef is very attractive due to high per-capita consumption. Although, 50% is informal, making it difficult for an organized company to operate. More over, the internal market should absorb meat and parts that can not be exported.
With regard to competitiveness, it may be expected that foreign companies are to be expected to enter the Brazilian market, once Brazilian production has access to major beef importing countries, Brazil has solved the tax problems and has installed a more rigorous tax monitoring system. Several studies are going on and this will happen in the next two-three years.

Brascan started a relationship with Marfrig in 2001. At that moment, Marfrig was just one alternative marketing channel to sell animals, like quite a number of other slaughterhouses. After 4 years of building relationships with producers, there is a higher degree of trust, some common projects and studies, some joint planning but still no formal supply contracts. Brascan brings international buyers for Marfrig´s products and has a good relationship with the company. However, this does not mean better prices.

5. Further perspectives

Brascan needs to capture more value in beef business in order to enhance headquarters investments on beef. The opportunities are in extending agro-food chains and networks to contribute for this development.

Two major points of discussion emerge: to be a large and reliable supplier in a beef chain, Brascan needs to grow horizontally, towards 400.000 cows. What are your suggestions of horizontal governance structures feasible for Brascan?

To capture value, Brascan needs further vertical chain coordination. What are you suggestions in this subject? Which strategies could be recommended?

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University of São Paulo - www.usp.br
USDA – United States Department of Agriculture. www.usda.gov

ANEX

Table 1 – Potential Beef Market

Consumer Market Consumption (thousand ton eq c.)			
	2002	**2003(*)**	**2004 (**)**
USA	12.738	12.341	12.843
European Union	7.507	7.640	7.550
Brazil	6.437	6.273	6.400
China	5.830	6.116	6.484
Russia	2.369	2.225	2.225
Mexico	2.409	2.308	2.440
Argentina	2.361	2.428	2.240
Other Countries	10.300	9.152	9.183
World Total	49.951	48.800	48.544

Import Market Imports (thousand ton eq. c)			
	2002	**2003(*)**	**2004(**)**
USA	1.460	1.363	1.510
Japan	678	810	520
Russia	660	590	650
European Union	518	550	560
Mexico	489	370	250
South Korea	430	444	200
Canada	307	274	230
Other Countries	683	582	560
World Total	5.225	4.983	4.480

(*) Preliminary; (**) Prevision
Source: FAS/USDA, 2004 PS: 1 ton equivalent carcass is standard measure in the data analysis, 1 kg of industrialized meat is equal to 2,5 kg of meat equivalent carcass and 1 kg of boned meat is equal to 1,3 kg of meat equivalent carcass.

Table 2 – Evolution of World Meat Import Volumes

Beef – Biggest Importers (thousand tons eq c)						
Countries	***1999***	***2000***	***2001***	***2002***	***2003(*)***	***2004(**)***
Unites States	1.303	1.375	1.435	1.460	1363	1.510
Japan	959	1.016	955	678	810	520
Ex-URSS	838	478	650	660	590	650
European Union	457	450	413	518	550	560
México	358	420	426	489	370	250
Canada	254	263	299	307	274	230
South Korea	242	324	246	430	444	200

(*) Preliminary; (**) Prevision   Source: USDA database

Table 3- World Beef Consumption

World Beef Consumption Kg/person/year							
Countries	***1997***	***1998***	***1999***	***2000***	***2001***	***2002****	***2003*****
USA	43,1	43,7	44,1	43,9	43	44,2	41,9
Argentina	70	63,6	67,4	67,8	67,3	61,8	61,8
Brazil	39	38	36,3	35,8	35,6	35,8	36,2
Uruguay	66,6	72,2	71,3	61,2	51,2	60,2	56
France	25,9	26,6	26,9	27,4	23	25,8	25,6
Germany	14,7	15	15,2	15,5	13	14,7	14,7
Japan	11,5	11,7	11,7	12,	10,8	10,2	11
China	3,5	3,8	4,0	4,2	4,4	4,4	4,4

(*)Preliminary; (**) Prevision
Source: Database selected of FNP Consulting – Anualpec 2003 based in USDA database

Table 4 – Brazilian Production Evolution (tons)

Brazilian Beef Database									
	1995	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***	***2002***	***2003****
Livestock (millions of animals)	154,1	152,8	153,2	155,6	157,3	160,8	164,1	167,4	177,6
Production (thousand Ton. Eq. Carc)	6.768	6.794	6.406	6.491	6.539	6.583	6.892	7.143	7.530
Annual Consume Per Person	42,6	42,4	39,0	38,0	36,3	35,8	35,6	35,8	35,5
Exports (Thousand Tons.)	287	280	287	370	541	554	789	929	1.140

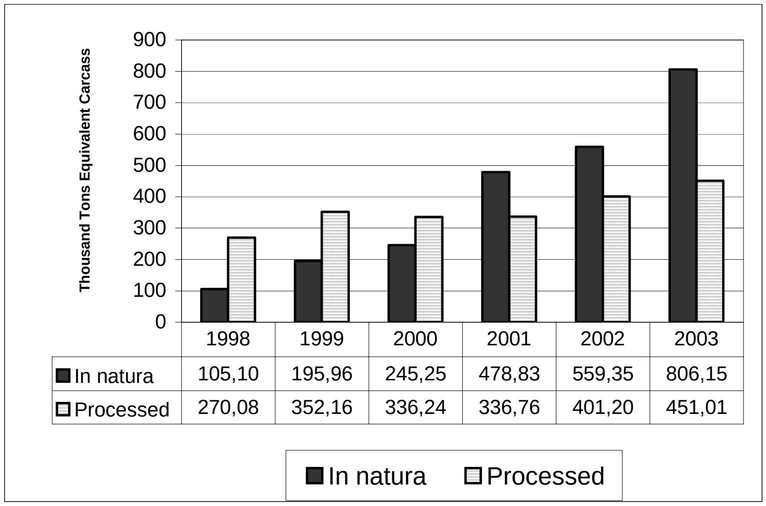
(*****)Preliminary   Source: FNP Consulting – Anualpec 2003 based in USDA data

Table 5 – World Exports Evolution in Thousand Tons

Beef – World Exports (thousand tons. eq. carc.)												
	1999		***2000***		***2001***		***2002***		***2003****		***2004*****	
	Vol	***%***	***Vol***	***%***	***Vol***	***%***	***Vol***	***%***	***Vol***	***%***	***Vol***	***%***
Australia	1.270	22%	1.338	23%	1.398	24%	1.365	21%	1.261	20%	1.300	22%
Brazil	541	9%	554	9%	789	14%	881	14%	1.175	18%	1.350	23%
USA	1.094	19%	1.119	19%	1.029	18%	1.110	17%	1.144	18%	195	3%
Canada	492	8%	523	9%	575	10%	610	10%	384	6%	420	7%
New Zealand	462	8%	505	9%	516	9%	503	8%	578	9%	560	9,5%
Europ. Union	949	16%	615	10%	546	9%	512	8%	400	6%	360	6%
India	222	4%	365	6%	370	6%	416	7%	465	7%	520	9%
Argentina	359	6%	357	6%	168	3%	348	5%	384	6%	420	7%
Others	508	9%	552	9%	419	7%	641	10%	638	10%	610	10%
World Total	**5.897**	**100%**	**5.928**	**100%**	**5.810**	**100%**	**6.386**	**100%**	**6.429**	**100%**	**5.880**	**100%**

(*)Estimation; (**) Preliminary   Source: Prepared by authors based in FNP Consultoria/2003 and USDA database

Graph 1 – Brazilian Beef Exports Evolution by Category



Source: Prepared by authors based in FNP Consultoria/2003 and USDA database

Table 6 – Big Volume Markets Where Brazil Is Not Relevant

Beef Imports – Metric Tons per Origin Country									
USA	**2000**	**%**	**2001**	**Share**	**Russia**	**2000**	**%**	**2001**	**Share**
Total Imp.	**1.012.765**	**4%**	**1.056.004**	**(%)**	**Total Imp.**	**333.073**	**38%**	**459.756**	**(%)**
Australia	341.510	12%	383.719	36%	European U.	133.573	145%	327.582	71%
Canada	331.133	7%	353.671	33%	Ukraine	139.930	-35%	90.379	20%
N. Zealand	212.379	0%	211.854	20%	Mongolia	15.249	-29%	10.765	2%
Mexico	**2000**	**%**	**2001**	**Share**	**Japan**	**2000**	**%**	**2001**	**Share**
Total Imp.	**309.093**	**1%**	**312.996**	**(%)**	**Total Imp.**	**740.592**	**-6%**	**695.762**	**(%)**
EUA	239.681	0%	239.108	76%	EUA	361.999	-10%	324.727	47%
Canada	42.046	41%	59.104	19%	Australia	332.617	-2%	326.453	47%
Uruguay	13.765	-97%	450	0%	New Zealand	15.183	18%	17.954	3%

Source: USDA

Table 7 – Large Volume Markets Where Brazil Is Relevant

Beef - Metric Tons Per Origin Country				**Imports**
European Union	**2000**	**VAR (%)**	**2001**	**Share**
Total	**299.185**	**-8%**	**274.869**	**(%)**
Brazil	150.239	12%	168.149	61%
Argentina	60.886	-56%	26.966	10%
Uruguay	20.906	-11%	18.571	7%

Source: USDA

Table 8 – Small Volume Markets Where Brazil Is Relevant

Beef Imports- Metric Tons Per Origin Country

Egypt	**2000**	**%**	**2001**	**Share**
Total	**163.131**	**-36%**	**104.591**	**(%)**
European U.	131.577	-97%	3.828	4%
Brazil	3.814	1237%	51.002	49%
Índia	24.230	51%	36.586	35%

Chile	**2000**	**%**	**2001**	**Share**
Total	**88.873**	**-4%**	**85.328**	**(%)**
Brazil	29.067	82%	52.943	62%
Paraguay	21.366	20%	25.662	30%
Argentina	32.892	-87%	4.344	5%

Philippines	**2000**	**%**	**2001**	**Share**
Total	**88.224**	**-6%**	**82.710**	**(%)**
India	43.471	15%	49.815	55%
Australia	16.659	24%	20.641	23%
Brazil	1.892	279%	7.175	8%

Saudi Arabia	**2000**	**%**	**2001**	**Share**
Total	**30.234**	**18%**	**35.565**	**(%)**
Basil	3.139	745%	26.538	75%
Euro.Union	22.236	-100%	35	0%
Australia	848	550%	5514	16%

Israel	**2000**	**%**	**2001**	**Share**
Total	**62.620**	**1%**	**63.055**	**(%)**
Brazil	13.469	159%	34.950	55%
Uruguay	28.088	-29%	20.020	32%
Argentina	16.521	-59%	6.741	11%

Source: USDA

Table 9 –Potential Markets

Beef Imports -Metric Tons Per Origin Country

China	**2000**	**VAR (%)**	**2001**	**Share**
Total	**11.181**	**28%**	**14.269**	**(%)**
USA	6.606	3%	6.834	48%
Australia	2.398	12%	2.692	19%
Brazil	848	86%	1.576	11%

Source: USDA

Table 10 – Brazilian Beef Total Exportation – Main Import Countries

Destiny Countries	**JAN-DEC/2003**		
	VALUE	**QUANT.**	**QUANT.**
	US$	**Kg**	**%**
United Kingdom	181.525.670	88.643.727	11%
Chile	159.605.127	95.802.493	12%
Netherlands	157.741.871	44.969.589	5%
United States	149.492.919	49.992.329	6%
Russian Federation	101.464.804	84.595.584	10%
Egypt	94.973.820	77.848.932	9%
Italy	89.973.503	36.751.838	4%
Saudi Arabia	67.047.277	46.723.897	6%
Germany	63.781.223	18.764.253	2%
Hong Kong	62.208.356	48.877.431	6%
Spain	54.950.214	16.490.668	2%
Iran	48.349.622	35.616.090	4%
Israel	31.642.801	21.896.010	3%
Philippines	23.549.442	22.841.021	3%
Singapore	17.289.087	11.449.004	1%
Sub-total	***1.303.595.736***	***701.262.866***	84%
OTHERS	243.976.990	130.101.181	16%
TOTAL	**1.547.572.726**	**831.364.047**	100%

Source: MIDIC-SECEX

Table 11 – World Beef Production (1000 tons. eq. carc.)

Production	1999	2000	2001	2002	2003(*)	2004(**)
United States	12.124	12.298	11.983	12.427	12.226	11.647
Brazil	6.270	6.520	6.895	7.240	7.530	7.850
European Union	7.569	7.462	6.896	7.456	7.360	7.330
China	5.054	5.328	5.488	5.846	6.020	6.260
Argentina	2.840	2.880	2.640	2.700	2.650	2.750
India	1.660	1.700	1.770	1.810	1.960	2.070
Mexico	1.900	1.900	1.925	1.930	1.950	1.960
Australia	1.956	1.988	2.049	2.089	1.946	1.935
Russian Federation	1.900	1.840	1.760	1.740	1.700	1.640
Canada	1.238	1.246	1.250	1.295	1.210	1.430
South Africa	584	630	665	645	643	654
Other Countries	6.517	6.293	5.637	5.855	4.594	4.521
TOTAL	**49.612**	**50.085**	**48.958**	**51.033**	**49.789**	**50.047**

(*) Preliminary; (**) Estimation   Source: USDA, elaborated by MAPA - October/2003

Table 12 – World Beef Consumption (1000 tons. eq. carc.)

Consumption	1999	2000	2001	2002	2003(*)	2004(**)
United States	12.325	12.503	12.351	12.738	12.422	11.962
European Union	7.435	7.329	6.824	7.507	7.598	7.450
Brazil	5.863	6.102	6.191	6.437	6.460	6.560
China	5.010	5.290	5.448	5.830	6.007	6.252
Mexico	2.250	2.309	2.341	2.409	2.438	2.460
Argentina	2.501	2.543	2.515	2.361	2.332	2.408
Russian Federation	2.734	2.309	2.404	2.369	2.391	2.336
India	1.438	1.335	1.400	1.394	1.495	1.550
Japan	1.516	1.577	1.413	1.312	1.355	1.385
Canada	994	992	968	992	1.047	1.070
Australia	722	645	654	704	717	669
Other Countries	6.634	6.391	5.785	5.898	4.538	4.532
TOTAL	**49.422**	**49.325**	**48.294**	**49.951**	**48.800**	**48.634**

(*) Preliminary; (**) Estimation
Source: USDA, elaborated by MAPA - October/2003

Table 13 – Brazilian Exports (US$ F.O.B.)

Company	**JAN – DEC**	
	2003	**2002**
Bertin Ltda.	432.585.717	357.719.233
Friboi Ltda	270.540.041	164.662.904
Indústria e Comércio de Carnes Minerva Ltda	148.225.985	92.946.846
Independência Alimentos Ltda	142.438.491	119.430.719
Marfrig Frigoríficos e Comércio de Alimentos Ltda	94.254.989	46.373.407

Source: Ministério do Desenvolvimento, Secretaria de Comércio Exterior.

Table 14 – Barriers to Brazilian Exportation

Product	European Union	United States	Japan
Sugar	160.8*	167.0*	154.3*
Alcohol	46.7*	47.5*	83.3
Milk	68.4*	49.1*	196.7*
Poultry (frozen cuts)	94.5*	16.9*	11.9
Swine (frozen)	50.6*	0.0	309.5*
Beef (frozen)	176.7*	26.4	50.0
Corn	84.9*	2.3*	95.4*
Tabacco	24.9*	350.0	0.0
Orange Juice	15.2	44.5*	21.4
Tariff Quota	7	4	1
Specific Tariff	8	6	4
Safeguards	5	3	2

(*) Indicates that specific tariffs were converted in its ad valorem equivalent. Underlined indicates the existence of Safeguards Shadowed indicates sanitary barriers. Source: WTO, APEC, COMTRADE, USITC, TARIC – Elaborated by ICONE (Instituto de Estudos do Comércio e Negociações Internacionais)

Table 15 - Beef: Trade Barriers

	TARIFF EXTRA - QUOTA	QUOTA	SANITARY BARRIERS
EUROPEAN UNION	12,8% + € 3034/t (98,2%) - refrig. 12,8% + € 3041/t (176,7%) - frozen	40,3 thousand tons. in Hilton Quota, 53 thousand tons. in GATT Quota and 39 thousand tons. in ITQ Quota	Beef in natura: authorized for some regions of Mercosur considerate foot and mouth disease free.
JAPAN	50,0% (Carcaças e meia-carcaças refrigeradas e congeladas)	-	Demands a national territory free of foot and mouth desease.
USA	26,4% Extraquota US$ 4,4 c/Kg 1,5% "Intraquota"	696 thousand tons.	Demands a national territory free of foot and mouth desease.

Source: USITC, OMC - Elaborated by ICONE (Instituto de Estudos do Comércio e Negociações Internacionais).

Box 1 Product Line – Up

GJ GEJOTA EXPORT | **GJ PRIME EXPORT** | **GJ ORGANIC** | **PREMIUM GRILL** | **LINHA TRADICIONAL**

LINHA MONTANA | **CORTES PALATARE** | **MIÚDOS / MERCADO INTERNO** | **MIÚDOS / EXPORTAÇÃO** | **ALIMENTOS MARFRIG**