

Brazil seeks to modernise beef production chain



The current words of order in Brazil are integration, traceability, food safety, product quality, and focus on the consumer, concepts whose application seem to be the growing trend in the Brazilian market.

By Rogério G. T. da Cunha

Many companies in the Brazilian meat industry are urging for a higher integration/co-operation between the components of the beef production chain, something that is still rare in Brazil, hampering efforts towards higher gains from all, and sharply differentiating it from the swine and poultry chains. However, some steps are being taken to improve this situation, at least by some of the players.

Integration

Dr. Antônio Sérgio Oliveira, vice president and industrial director of Corol, talked about Corol Beef, a joint venture between his company and the Global

Protein Group. Oliveira says since Corol is a co-operative working in many agro-industrial sectors (in Paraná state, Brazil), integration at this project starts from its birth. The coop provides services to associates (high-quality supplies, technical assistance, advance payment of production costs), and can only buy from them, paying bonuses according to product quality. The coop associate, on the other hand, has to abide to a rigorous protocol to ensure quality. As an example, the animals can not be given animal feed, AGPs or hormones and the co-op requires full traceability of the production.

The new investments of Frigoclass Alimentos SA in Brazil, explained by its



Eduardo Pedrosa from the Independência group, says the company has a strict and organized environmental plan.

supervisor, Sérgio Figueiredo, also bet on integration with producers. According to Figueiredo, they will operate through the innovative concept of a producers club. Producers will also receive technical assistance and quality bonuses. Their duties: fidelity, guarantee of meeting production targets, product quality, strict sanitary control and care for animal welfare.

Eduardo Pedrosa, communications officer of the Independência group, echoed some of the same remarks made by the Frigoclass and Corol representatives. Independência also is betting on an approximation to the farmer, bonuses for fidelity and quality, technical assistance, etc.

Retailer's point of view

Vagner Giomo, Manager for Foods of Extra, a supermarket chain, talked about integration from the retailer's point of view. In his group, the consumer is seen as a user of the production system, through a scheme of labels. In their system of strategic alliances, farmers and slaughterhouses are considered partners. Extra makes contracts directly with producers, which guarantees prices for the

farmers, but require an agreed flow of carcasses, (with a minimum quality standard), observation of some specific production rules, and also full traceability. Lastly, slaughterhouses work as service providers to the system.

Certification

Certification is a way to try and guarantee that a company follows a given set of quality standards or that it abides to certain production criteria, which in many cases might mean the access or not to a given market.

Alexandre Martins, from Brasil Certificação, addressed the many advantages that one can accrue from certification: access to some market niches (such as organic products or certified Angus beef) and to differentiated high-profile markets (such as UK and Japan), both of which add value to the product.

Martins also sees a standard certification as a basic premise for production in Brazil and defends the establishment of traceability and quality systems in the whole chain, something he does not deem to be difficult. This is why Martins considers the discussion around SISBOV (the Brazilian government traceability system) to be out of pace, something that should have been already done and implemented, and that Brazil should be seeking to go further, beyond the exigencies of demanding markets such as USA, Japan, and South Korea.

HACCP and the ISO 22000

Dario Pavan, from DNV, discussed some of the factors that increase the risks of food poisoning such as: globalisation in the food supply, higher virulence and resistance of micro-organisms, an ageing population and new feeding habits. To ensure food safety, Pavan said that Brazil needs a "farm-to-table" concept. "Security will only be reached when every critical point from all links in the production chain are controlled," stressed Dario. Thus, he says, is the importance of a HACCP and the ISO 22000.

Standardization of all processes

Despite criticisms, one can see improvements by various companies in the Brazilian meat industry. For example, Eduardo Pedrosa talked about some features of the Independência group connected to their focus in the segmentation of the market.

On the environmental front, all residues are turned into fertilizer, a process certified by the Instituto Biodinâmico. Their units also have water treatment stations, to deal with sewage and effluents; pH is measured in all carcasses and microbiological tests are regularly carried out. The group implemented a standardization of all processes and products of their plants, full traceability, and made a HACCP.

Certified Angus Beef

Certified Angus Beef, a program of the Brazilian Angus Association, is another example of certification with an eye on market niches. Fernando Veloso, coordinator of the program, explained the advantages for the producers that adhere to it, in terms of a series of progressive bonuses (i.e. higher prices) for quality, fidelity, Angus genetics, and traceability.

As a member of the program, farmers must follow specific criteria for animal health and welfare, and employ good management practices, and again, traceability. Besides that, care is also taken at the slaughterhouse to ensure a high quality to the boning, packing, and shipment procedures.

Responsible for its future

According to industry experts, the impression that remains is that there is still much to be done, and that Brazil's problems and limitations both influence the credibility of its product and prevent further development of the sector. Concerns were particularly serious with respect to sanitation issues and criticism arose towards what is felt as a lack of firmer action from the government on this issue. Nonetheless, it was also heard that the sector itself is also respon-

sible for its future, and must act as well. Nice words of change, given the long standing tradition from cattle ranchers to complain from the government and always press and wait for help and subsidies.

Lucio Colangelo, from Deloitte Consultoria Empresarial Internacional (a consulting agency), was also clear that another area that needs significant change is farm management, from an amateur approach towards a professional, business-like one.

Production chain trends

There is also a slow, but steady trend of a growing improvement and structuring of the beef production chain in Brazil. This is reflected in a search for a higher quality of its products (for example in terms of genetics, meat softness and marbling) and production processes (at farm and slaughtering/processing levels); rising concerns with animal health and food safety. Also, higher integration

between producers, slaughterhouses and retailers; better administrative practices by some producers; growing implementation of traceability; increasing exploitation of market and production niches (for instance organic beef, Angus meat, confined cattle); and a still timid concern (but present in some companies) with animal welfare and environmental and social issues.

Exports still area of growth

Dr. Francisco Vila, co-ordinator of the International Congress, Feicorte, mentioned the opportunities opened for some Latin American countries provided by the combination of a probable growth in the world demand with the fact that Australia and USA production are on their upper limit, and the European one is declining. Indeed, many Brazilian meat companies bet on the external market as the most promising area for the growth of the sector.

Pyramid of different producers

Dr. Villa depicts a sort of pyramid of different kinds of producers in Brazil, with roughly 1,200,000 people growing cattle, 200,000 of which can be considered commercial ranchers, a smaller number of 20,000 are deemed business farmers, and finally around 1,000 of these are leaders of the sector, who can exert an influence on the remaining producers. In order to promote the development of the sector, their objective is to increase the number of such leaders up to 3,000 by the year 2010.

Even with Brazil's difficulties, in the last decade the export volume grew more than 9 times, and the country became the world's top beef exporter in volume. One wonders how far the sector can go once it gets past its difficulties. The poultry and swine chains might be good places to look for an answer. **MI**

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