



IULTCS vice-president says Latin America has a big part to play in global industry

This round-up of news and updates from all parts of the Americas serves to give insight into current leather supply chain issues in this part of the world.

Dr Patricia Casey, vice-president of the International Union of Leather Technologists and Chemists Societies (IULTCS) and quality assurance director of Curtiembres Fonseca in Lanús, near Buenos Aires, has called on leather producers across Latin America to play a part in boosting the image of the global industry.

Herd sizes and slaughter numbers have gone down in several key Latin American countries in recent years, but the region still has a large share of global totals.

New statistics from Uruguay suggest the slaughter figures for 2012 will be the country's lowest since 2003, reaching an estimated 1.9 million head. This would

represent a decline of 100,000 head compared with last year. Industry commentators there have said that livestock farmers in Uruguay are in the process of building up herd sizes, which is one of the main factors for low slaughter levels. Farmers are taking these measures in response to recent high cattle prices.

In Argentina the total cattle slaughter in 2011 was 10.8 million head. This represents the lowest total for 35 years. It means a drop of 11% compared to 2010 and of 35% compared to 2009. Observers say the packer industry in Argentina is expecting the kill this year to go above 11 million head again and the government has a plan in place to take slaughter levels to 15 million head by

2020. The country's herd size in 2011 was 48 million head of cattle, down by 4% compared with 2010, but 20% less than in 2008. Since 2008, Argentina's herd size has fallen by 12 million head.

Meanwhile, in Brazil the National Statistics Institute, IBGE, has confirmed that the country's cattle slaughter for the full year last year was 28.8 million, a 1.6% drop compared to 2010. Brazil has a cattle herd estimated at 200 million head.

Dr Casey says: "Latin American countries bring a huge volume of hides to the international market so we have to take an active part in improving and strengthening the industry's image at a global level with a view to boosting growth." ©

Beef production in Argentina back to 2001 levels

Figures from Argentina show that between 2001 and 2009 beef production there increased by 35%, growing from 2.5 million tonnes a year to 3.4 million. However, between 2009 and 2011, production fell by 25% to 2.5 million tonnes, new statistics show, bringing the industry back to the same level as in 2001.

In studies, Argentinean consumers have said the high price of beef is the reason they are eating less of it and choosing other protein sources instead. Production of chicken as a meat source doubled in Argentina between 2001 and 2011.

Consumers in Argentina are eating less beef now than at any time since 1958. Recent figures released by the government suggest that, per capita, Argentineans are eating an average of 52.3 kilos of beef a year. The corresponding figure in 2003 was 61.1 kilos.

Reports suggest high prices for beef in the shops and the recent fall in the country's livestock population and cattle slaughter are the main reasons. Sales of chicken are on the increase.

Beef consumption rates have been declining since 2007. At that time, Argentina had a cattle herd of 60 million head. Industry and government sources now estimate the herd size at around 48 million. On consumer prices, economists insist that, across the board, inflation is running at 20% per year at least, leading many families to look for cheaper sources of meat, including chicken. In 2003, per capita consumption of chicken was around 20 kilos a year. In 2011, the figure was estimated at 37 kilos. "Only middle-class people are eating beef two or three times a week now," one academic said recently.



A chef preparing meat in a restaurant in Argentina.

CREDIT: SHUTTERSTOCK

Figures released by the US Department of Agriculture earlier this year indicate that in 2011, Uruguay had a per capita consumption of beef of 60 kilos, substantially ahead of Argentina and Brazil (where per capita consumption is 38 kilos per year). These countries were followed on the list by the US, Australia and Paraguay with figures of 38, 35 and 34 kilos per person respectively. ©



Brazil: JBS bites back against Greenpeace

Campaign group Greenpeace has stopped openly accusing packer and tanning group JBS of continuing to source cattle and hides from illegally deforested land in Amazon regions, following an injunction that JBS obtained from a court in the state of Goiânia in June.

Greenpeace published a report at the beginning of June claiming JBS had done too little to keep cattle and hides from illegally deforested farms out of its supply chain. JBS insisted immediately that the claims in the report, JBS Scorecard, were false. It won the backing of the court on June 13, with the court saying Greenpeace must remove the JBS Scorecard report from its Brazilian website, stop sending it to JBS customers and stop briefing meat and leather buyers and media about it. Failure to take this action was to cost the organisation a fine of around \$25,000 per day.

Greenpeace published a press release on June 14 accusing JBS of trying to “eliminate criticism” through legal action rather than “cleaning up its supply chain” by severing all ties with livestock farms linked to illegal deforestation. The original report named the farms; JBS answered the claims one by one, pointing out a series of errors. In some cases, JBS had never dealt with the farms named and in others it had ceased to source cattle from them before the date of their inclusion on a government banned list.

According to the campaign group, these errors amounted only to “a few minor



JBS responded to a series of Greenpeace accusations and won a court injunction against the campaign group. CREDIT: NIKSHOR / SHUTTERSTOCK.COM

mistakes”, which it had corrected. It said it stood by the report and was sure the court would change its mind upon reviewing the evidence. It added: “Greenpeace Brazil is currently precluded from communicating on the issue by the injunction but will file its public response in court on Monday (June 18).” At the end of the afternoon on that day, JBS told *World Leather* that it had heard nothing about a public response from Greenpeace Brazil.

By August, the organisation’s Brazilian

website was still carrying no information about this response; its latest mention of JBS was on June 13 in a statement in which it said it would abide by the court decision. However, an update on the matter appeared on the international Greenpeace website on June 26, broadly repeating its accusations against JBS. It said: “Greenpeace International [has] decided to, for now, suspend further distribution of the Scorecard. But we stand by our original conclusions.” ☉

Bolivia: Bolivian footwear under pressure

Footwear manufacturers in Bolivia have complained that cheaper imports from neighbouring Peru, as well as those from China, are harming their businesses.

In comments to local media in July, representatives of the footwear production sector have said that imported shoes from Peru are 40% cheaper than locally made shoes, while those from China cost around 70% less.

An economist, Alberto Bonadona, has said that it has become uncompetitive to make any product requiring the input of craftsmen and women in Bolivia, even though the country has a good supply of raw materials and skilled workers. One footwear manufacturer, Genaro Torrez, said he had lost all his artisans. “They wanted to become miners instead because they can earn more money that way,” he said. “Meanwhile, footwear from China and Peru is taking the market away from us, and their shoes are not even made of real leather.”

Bolivia’s trade deficit with China is widening. Last year it exported goods worth \$330 million to China (mostly minerals

and wood), but imported products with a value of \$937 million. It imported, from all sources, footwear worth \$21 million last year, up from \$15 million in 2010, according to government figures.

Ironically, Bolivia’s president, Evo Morales, has indicated that his government is considering a nationalisation programme of all industries in the country that use natural resources.

Mr Morales has already brought electricity, water and telecommunications companies active in Bolivia into the public sector, saying these resources ought never to be in the hands of private companies. As a result, he claims that some communities in Bolivia, especially in rural areas, now have telecommunications connections for the first time.

If the policy extends to manufacturing companies that use Bolivia’s natural resources, tanneries working with local hides and skins and footwear producers who convert the leather into finished products will have to become public-sector companies. ☉



Drought drives US herd size down

The US Department of Agriculture (USDA) has confirmed that ongoing drought conditions in many parts of the country have led to a reduction in the size of the cattle herd.

In 2012, stocks of cattle were at their lowest mid-summer level since records began in 1973, the department said in a statement. Herd size on July 1, 2012 was 97.8 million head, 2% down on the figure at the same time last year.

USDA has responded by allowing emergency haying and grazing on 3.8 million acres of conservation land to bring relief to livestock producers dealing with shortages of hay and pastureland.

Crop insurance companies have also agreed to provide a grace period for farmers on premiums in 2012, giving them an extra 30 days to make payments without incurring interest penalties.

US agriculture secretary Tom Vilsack said: "The assistance will help livestock producers deal with climbing feed prices, critical shortages of hay and deteriorating pasturelands."

An additional 218 counties in 12 states have been designated primary natural disaster areas due to damage and losses caused by drought and excessive heat. This means half (50.3%) of US counties have been designated disaster areas this year.

At the end of July, US feeder cattle futures suffered their biggest monthly decline in nearly a decade as record-high corn futures



US agriculture secretary Tom Vilsack

Paraguay: Packer to open tannery as the country recovers from FMD

A meat company in Paraguay, Frigorífico Concepción, has announced an investment of \$8 million in a new wet blue plant, which it says will begin production in September with a capacity to process 2,000 hides a day. It will create 160 jobs.

Paraguay is one of the world's top beef exporters and had been on track to post record profits last year, in part due to strong demand from Russia and Chile, but was forced to slaughter hundreds of head of cattle to control the FMD disease.

The country suffered a further setback in January, when a second outbreak of FMD was discovered on a ranch on in the northern region – although officials said it was an isolated incident.

Animal health authorities imposed a 30-day ban in February on the movement of cattle while they carried out a vaccination programme.

In April, Argentina began to allow imports of bovine leather into the country.

Paraguayan beef exports from January to June decreased 7.2% year-on-year as a result of the outbreak, to 83,667 tonnes, according to Meat & Livestock Australia.

The country is waiting to see how the June impeachment of president Fernando Lugo and the subsequent rejection of the new government by Argentina, Brazil and Uruguay might affect trading and relations with its neighbours. Brazil and Argentina removed Paraguay from trade bloc Mercosur, and substituted Venezuela, until Paraguay's presidential elections next April. ☉

limited the amount of money feedlot managers would pay for replacement cattle. Feeder cattle futures were on pace to decline more than 8% for the month; the poorest performance since December 2003, when futures plunged more than 20%.

The drought has devastated corn and soybean crops and propelled prices of each commodity to record highs, pushing many livestock operations into the red. ☉

Mexico: Companies add value on home soil

Mexico's main leather-producing state, Guanajuato, has announced a 6.2% decline in exports of finished leather and hides and skins in the first four months of 2012 compared with the same period last year.

Between January and April this year the state's tanneries (of which there are 500 in the city of León alone, although many are very small) earned \$54.1 million in exports, compared to \$57.7 million over the same four months last year.

The president of Cicur, a leather industry association in the state, Ricardo Gallardo, said he was not worried about the decline, explaining that leather for automotive upholstery that used to be exported was now being shipped to car-seat factories in Mexico.

He also said that more leather was going into Guanajuato-produced footwear and that the state's finished footwear manufacturers had recorded a 30% increase in the export earnings they have been able to achieve using, largely, leather from local tanneries. ☉