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Approved by:

AgAtt:ADHrapsky

U.S. Embassy

Prepared by:

AgSpec: VGonzalez

Report Highlights:

Costa Rica's cattle sector faces important challenges as animal numbers have declined sharply over the last twelve years, according to a new Cattle Census conducted by USDA/APHIS and the Costa Rican Ministry of Agriculture. Slaughter has remained high relative to the size of the herd, indicating a continuing downward trend in cattle numbers.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

According to a Cattle Census conducted by USDA/APHIS and the cooperation of the Costa Rican Ministry of Agriculture, the size of the Costa Rican herd has declined significantly since the last census was conducted in 1988. The new information indicates that between 1988 and 2000, the number of animals declined by 820,474 to 1,369,715 head.

Costa Rica is still basically self-sufficient in beef production, but its ability to export a significant percentage of its beef has declined as a result of the smaller size of the herd. Most of the beef now goes to satisfy domestic consumption and exports have declined over the last few years to about 15,000 MT.

Production

Based on recently published information, the Costa Rican cattle herd declined by 820,474 head (or 37.4%) over a period of 12 years. All production areas were affected by the decline, according to the census conducted jointly by USDA/APHIS and the Costa Rican Ministry of Agriculture (MAG). The reduction in cattle numbers is the result of low international prices during the period, since many cattlemen had to slaughter their animals in order to generate income. In addition, producers did not have the financial resources to reactivate cattle production because breeding and raising cattle did not produce income over the short term.

The outlook for the sector is uncertain at this point, since the economy in general, and agriculture in particular are depressed. Although the GOCR has made resources available (through two Government owned banks) for cattle raising, reactivation of the sector could take several years.

Table 1: Production, Supply and Demand: Cattle

PSD Table						
Country	Costa Rica					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Total Cattle Beg. Stks	1688	1387	1758	1370	1828	1350
Dairy Cows Beg. Stocks	245	172	245	172	0	172
Beef Cows Beg. Stocks	980	790	980	780	0	780
Production (Calf Crop)	460	395	465	390	0	390
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	2148	1782	2223	1760	1828	1740
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	170	187	170	185	0	180
Calf Slaughter	10	9	15	10	0	10
Other Slaughter	170	181	170	180	0	175
Total Slaughter	350	377	355	375	0	365
Loss	40	35	40	35	0	35
Ending Inventories	1758	1370	1828	1350	0	1340
TOTAL DISTRIBUTION	2148	1782	2223	1760	0	1740
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Slaughter

According to data from the National Production Council (CNP), cattle slaughter reached 377,009 head during 2000, compared to 343,548 head in 1999. Given the lower size of the herd, these figures tend to support the general view that the beef cattle sector is bound to continue shrinking.

Total slaughter for 1999 and 2000 is broken down as follows:

1999				
Males	Females	Calves		Total
176,936	152,562	14,050		343,548
2000				
Males	Females	Calves		Total
187,091	180,457	9,461		377,009

Data available for 2001 indicates that during January-May, 141,367 head had been slaughtered. During the same period in 2000, a total of 156,369 head had been slaughtered. Slaughter for those periods is broken down as follows:

Year (Jan-May)	Males	Females	Calves	Total
2000	73,626	78,313	4,430	156,369
2001	70,167	68,722	2,478	141,367

Although total slaughter declined during January-May 2001, slaughter of cattle for export has declined in a higher proportion than slaughter for local consumption.

Table 2: Production, Supply and Demand: Beef and Veal

PSD Table						
Country	Costa Rica					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Slaughter (Reference)	350	377	355	375	0	365
Beginning Stocks	0	0	0	0	0	0
Production	88	84	90	83	0	80
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	2	2	2	0	0
TOTAL Imports	2	2	2	2	0	3
TOTAL SUPPLY	90	86	92	85	0	83
Intra EC Exports	0	0	0	0	0	0
Other Exports	18	15	18	12	0	9
TOTAL Exports	18	15	18	12	0	9
Human Dom. Consumption	70	69	72	71	0	72
Other Use, Losses	2	2	2	2	0	2
TOTAL Dom. Consumption	72	71	74	73	0	74
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	90	86	92	85	0	83
Calendar Yr. Imp. from U.S.	1	1	1	1	0	2
Calendar Yr. Exp. to U.S.	8	8	8	8	0	7

Pasture Conditions

According to industry sources, approximately 100,000 hectares have been planted with more productive/nutritious pasture varieties over the last few years. This factor has helped to slightly improve productivity in some of the production areas. Although the rainy season started on time in May, there has been a deficit of rainfall in Costa Rica. During June and July in particular, there was a rainfall deficit in the Northern Pacific (one of the main cattle production areas) of almost 80 percent. In the Central Valley the deficit has been close to 50 percent and 60 percent in the Southern Pacific area. According to a Costa Rican Weather Service official, if the shortfall continues during August, we could be talking about a drought in Costa Rica. Pastures have been negatively affected by this condition mainly in the Pacific side of the country, which is one of the main cattle and agricultural production areas.

Consumption

Beef consumption reached 71,000 tons in the year 2000, up 4.4 percent from 1999. Consumption is expected to continue to increase in 2001 and 2002, although at a slower pace, given the slower growth rate of the economy. Local beef prices are determined by supply and demand and are strongly related to international prices. As total production has declined, the processing plants have diverted product from the export market to the local market

to meet demand.

High end hotels and restaurants offer high quality imported cuts to their clients. U.S. beef can be found labeled as such in some supermarkets catering to the higher income groups. However, this market is still limited by the supply of locally produced beef at more affordable prices and by the lack of awareness of the population regarding some of the imported beef cuts.

Trade

Beef exports amounted to 15,030 tons in 2000, valued at \$31.3 million, down in volume from 18,000 tons in 1999, but up in value from 28.3 million. Given the lower slaughter so far during the year 2001, exports are expected to decline during 2001. Although the United States and Puerto Rico are still Costa Rica's main markets for beef (the U.S. for industrial cuts and Puerto Rico for industrial and higher quality cuts), other markets have been developed over the last few years, mainly in Central America and Colombia.

Beef imports under tariff schedule sections 0201 and 0202 reached 1,038 tons in 1999, worth \$2,546,752. The U.S. share of the imports was 129 tons and \$453,199. Imports under the same tariff schedule sections increased to 1,301 tons and \$3,486,835 in 2000. The U.S. share increased to 131 tons and \$582,297. Most of the imports in the two years were made from Nicaragua and Guatemala, which enjoy physical proximity as well as a lower duty.

During 1999 imports of offals (mainly liver and tongue) amounted to 800 tons and \$1.1 million, with the United States exporting 465 tons valued at \$413,643. Imports of these products declined to 636 tons valued at \$0.9 million in 2000. The U.S. share fell to 279 tons and \$244,441. Chile was the main source of these products during the year 2000.

Imports of semen (mainly for dairy cattle) amounted to \$586,775 during 2000, down from \$613,643 during 1999. Of the totals, \$420,437 and \$457,175, respectively, came from the United States. The main competitor is Canada. As Costa Rica tries to prevent the entrance of foot and mouth disease, the share of semen imports from the United States is expected to increase during 2001 and 2002.

Table 3: Trade Matrix: Beef and Veal: Exports

Export Trade Matrix					
Country	Costa Rica		Units:	MT	
Commodity	Meat, Beef and Veal		Partial Begin	January	
			Partial End	June	
Exports for:	1998	1999	2000	1998	1999
	Full	Full	Full	Partial	Partial
U.S.	6502	9837	7417	2320	3890
Others					
Puerto Rico	5216	6664	5576	2250	2973
Colombia	1073	240	135	365	155
Guatemala		1197	1260		
El Salvador		165	97		
Total for Others	6289	8266	7068	2615	3128
Others not Listed			545		
Grand Total	12791	18103	15030	4935	7018

Table 4: Trade Matrix: Beef and Veal: Imports

Import Trade Matrix					
Country	Costa Rica		Units:	MT	
Commodity	Meat, Beef and Veal		Partial Begin		
			Partial End		
Imports for:	1999	2000	2001	1999	2000
	Full	Full	Full	Partial	Partial
U.S.	594	414			
Others					
Nicaragua	651	660			
Guatemala	367	524			
Total for Others	1018	1184	0	0	0
Others not Listed	226	340			
Grand Total	1838	1938	0	0	0