



Options For Competitive Beef Production in Jamaica

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Major Strategic Objectives

- Restructuring the Beef Industry
 - *Value Chain Alignment*
- **Competitiveness**
 - *Branding*
- Financing the Development Program
- Attracting Youth & Women



Key Issues

- Characteristics of the beef trade
- Factors impacting on the demand for local beef
- Characteristics of the production chain
- Strategic options for enhancing competitiveness

Characteristics of Beef Trade

Year	No. Head Slaughtered	Production (kg M)	Imports (kg M)	Consumption	
				Total (kg M)	Per Capita (kg)
1986 -90	65,903	14.11	4.19	18.30	7.38
1992	80,007	18.21	9.06	27.27	10.70
1996	68,789	15.64	9.54	25.18	9.80
2000	60,302	14.04	10.76	24.80	9.46
2004	52,379	10.75	N/A	N/A	N/A
2005 p	37,200	7.92			



Major Components of Beef Imports (2003)

ITEM	Volume (kg M)	% age
Corned Beef	4.3	42.3
Liver	1.1	10.8
Offals	4.1	40.4
Sirloin/Tenderloin	0.108	1.1
Brisket and other cuts	0.170	1.7
Trimmings (fresh)	0.09	0.9
Salted/Smoked/Prepared	0.03	-
Total Imports	10.16	



Major Consumers of Local Beef

Patties - 39%

Other Fast Food - 31%

Supermarkets - 11%

Other Retail Trade - 19%



Paradoxes of Trends in Beef Consumption

- Imports have more than doubled between the 1986-90 period and 2003
- Major increase in beef imports have been due to increased consumption of Liver and offals.
- Net effect has been 20% increase in per capita consumption of beef between 1986-90 and 2003
- Imports of canned corned beef have remained relatively stable.



Paradoxes – cont'd

- Mad cow scare appears to have affected beef consumption primarily among the affluent
- Unprecedented expansion in the patty trade over the past 5-8 years.



Key Considerations In The Choice Of Strategic Options

- **Loss in demand by supermarket trade**
 - 7,000 carcasses/yr since 2003
- **Shortfall in supply to patty trade**
 - 2,400 carcasses

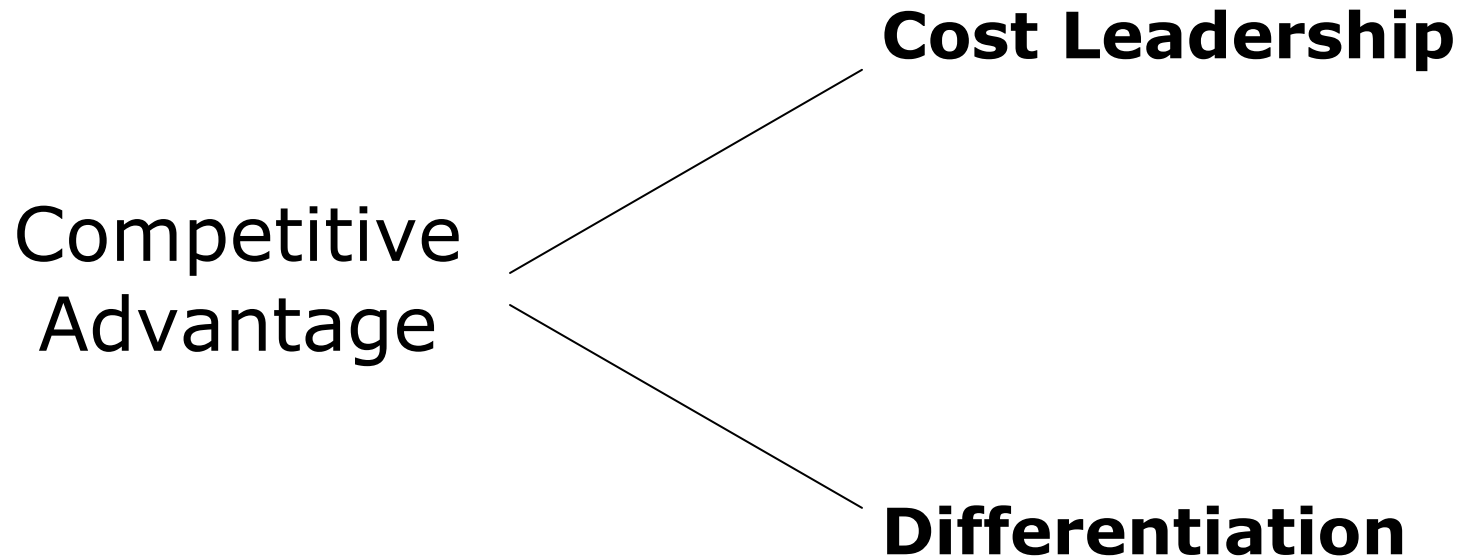


Major Inference

Given that the patty trade is principally a user of culls, any medium term competitive strategy for the revitalization of the beef industry would be most effective if targeted at the supermarket trade.



Choice of Strategic Focus For Building Competitiveness of Jamaican Beef





Cost Leadership

- Sustainable only if based on ongoing proprietary technological advantage.
- If product quality is not comparable with that of competitors cost leader will need to resort to discounting to maintain sales thus reducing profitability.
- Economies of scale confer major cost advantages.



Differentiation

Offering product/service with a uniqueness widely valued by the consumer.



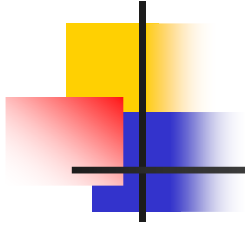
Potential Options for Differentiation

- Organic & GM Free
- Grass Fed
- Enhanced Food Safety
- Animal Welfare
- Environmental Preservation
- Product Origin
- Breed
- Tenderness



Are There Growth Opportunities For Grass – Fed Beef

- Internationally, the 'Atkins Diet' has repopularized beef eating as healthy.
- Health advantages of grass-fed vs feedlot beef.
- Significant expansion in tourist trade over next 5 years.
- Affluent health conscious local market.



Is The Technology Available for Competitive Production of Grass – Fed Beef?



Yield & Cost of Producing Grass From Two Studies on Dairy Farms

	Serge Island		Windalco
	African Star	Tifton 85	African Star
Mean NHA	55.74	71.54	56.90
Annual Yield	20.35	26.10	20.77
Prod Cost	528.50	402.00	470.00

Source: Miller, R.C. et al 2005



Nutritive Value of African Star and Tifton 85

	SIFL		WINDALCO
	African Star	Tifton 85	African Star
Crude Protein	14.0	13.5	17.1
Digestibility	58.4	58.0	53.3
Met. energy	8.8	8.7	8.0

Source: Miller, R.C. et al 2005

Performance Of Steers On Pangola And Brachiaria Grass At Three Levels Of N

N Large (kg/ha)	Stocking Rate (An/ha)	Pangola		Brachiaria	
		LWG/ha	ADG	LWG/ha	ADG
0	3.75	589	0.43	586	0.43
81	5.0	886	0.49	740	0.40
162	6.25	1344	0.59	869	0.38
245	3.0	1289	1.18	917	0.84

Source: McLeod D.S. (1976)



Carrying Capacities And Estimated Liveweight Gains Per Hectare At Varying Levels Of Fertilizer N

N Level (kg/ha)	Est. Dm Yield (kg/ha/yr)	Carrying Capacity (an/ha)	Live Weight Gain (kg/ha/yr)
0	10,000	1.8	490
60	11,800	2.2	600
120	13,600	2.5	690
180	15,400	2.8	760
240	17,200	3.1	850



Summary

- The growth in beef imports has been complementary to local production
- Opportunities exist to retake market share among the local affluent health conscious and the tourist segments
- Product differentiation, based on health attributes of grass-fed beef offers the most feasible competitive option.
- Technology is available to support strategy