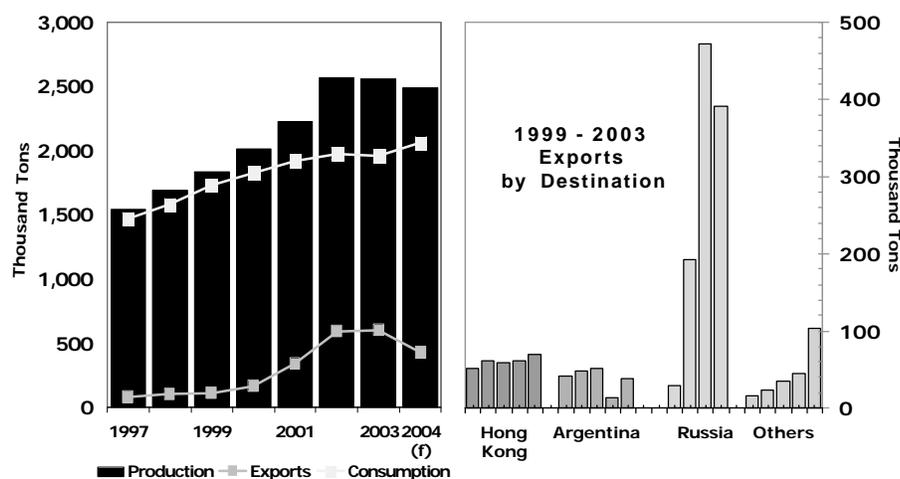


Brazil's Pork Situation

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004(f) |
|-------------------|-------|-------|-------|-------|-------|-------|-------|---------|
| (1,000 tons; CWE) | | | | | | | | |
| Beginning Stocks | 5 | 0 | 5 | 5 | 26 | 0 | 0 | 0 |
| Production | 1,540 | 1,690 | 1,835 | 2,010 | 2,230 | 2,565 | 2,560 | 2,485 |
| Imports | 5 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Exports | 82 | 105 | 109 | 162 | 337 | 590 | 603 | 425 |
| Consumption | 1,468 | 1,581 | 1,727 | 1,827 | 1,919 | 1,975 | 1,957 | 2,060 |
| Ending Stocks | 0 | 5 | 5 | 26 | 0 | 0 | 0 | 0 |

Brazilian Pork Exports are Forecast to Decline Due to the 2004 Russian TRQ



Brazilian pork production is forecast to decline by 3 percent in 2004. During the previous two years, Brazil exported 23 percent of its domestic pork production, with more than 65 percent of these exports destined to Russia. Under the 2004 Russian quota system, Brazilian pork will compete for a share of the 179,500-ton quota reserved for “other countries”. Although Brazilian pork is expected to remain very competitive in the Russian market, this quota is considerably lower than the 300,000 tons (pwe) Brazil shipped in 2003. To compensate, Brazil will continue to look to other markets, building upon its recent successes in Singapore, South Africa, the Netherlands, and Argentina. The forecast 30 percent decrease in exports will provide opportunities to expand domestic pork consumption, which remains still notoriously low. Falling retail pork prices due to oversupply could ease some of the Brazilian consumer income constraints. However, at the same time, if production costs rise, lower hog prices could also squeeze the profitability of Brazilian hog farmers recovering from the 2002 price lows.

Brazil

PORK EXPORTS

(in metric tons)

Fresh/Chilled

| Destination | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------|------------|----------|----------|-----------|--------------|---------------|---------------|------------|
| Argentina | 180 | 0 | 0 | 0 | 120 | 67 | 0 | 0 |
| Russia | 0 | 0 | 0 | 0 | 5,524 | 29,011 | 16,598 | 377 |
| Others | 20 | 0 | 0 | 30 | 66 | 80 | 180 | 273 |
| Total | 200 | 0 | 0 | 30 | 5,710 | 29,158 | 16,778 | 650 |

Frozen

| Destination | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Albania | 0 | 0 | 170 | 199 | 117 | 476 | 1,809 | 3,740 |
| Angola | 0 | 7 | 51 | 50 | 121 | 242 | 691 | 1,399 |
| Argentina | 22,742 | 20,597 | 28,013 | 27,401 | 31,491 | 31,451 | 8,913 | 28,443 |
| China | 0 | 169 | 39 | 0 | 0 | 200 | 1,089 | 2,080 |
| EU-15 | 2,664 | 3,215 | 1,872 | 2,720 | 7,446 | 6,988 | 10,464 | 16,695 |
| Georgia | 0 | 0 | 0 | 78 | 140 | 208 | 534 | 3,858 |
| Guatemala | 0 | 0 | 50 | 0 | 177 | 0 | 0 | 0 |
| Hong Kong | 25,733 | 26,733 | 36,971 | 36,588 | 45,344 | 42,541 | 44,058 | 50,928 |
| Lithuania | 0 | 0 | 0 | 0 | 125 | 2,647 | 0 | 0 |
| Macedonia | 120 | 333 | 98 | 0 | 272 | 365 | 1,161 | 187 |
| Mexico | 0 | 0 | 0 | 0 | 513 | 25 | 0 | 0 |
| Netherland Antill | 453 | 766 | 720 | 1,091 | 1,334 | 2,081 | 930 | 1,463 |
| Philippines | 0 | 0 | 0 | 0 | 248 | 0 | 0 | 0 |
| Russia | 0 | 0 | 15 | 23 | 16,860 | 119,133 | 346,795 | 300,938 |
| Singapore | 0 | 76 | 0 | 49 | 0 | 1,774 | 6,547 | 14,951 |
| South Africa | 0 | 38 | 0 | 340 | 687 | 1,272 | 26 | 8,001 |
| UAE | 0 | 19 | 64 | 64 | 122 | 614 | 1,370 | 2,450 |
| United States | 0 | 0 | 13 | 33 | 44 | 127 | 248 | 799 |
| Uruguay | 3,155 | 3,640 | 3,941 | 5,692 | 4,314 | 7,120 | 5,400 | 7,600 |
| Others | 668 | 864 | 1,005 | 1,049 | 939 | 949 | 2,391 | 13,852 |
| Total | 55,535 | 56,457 | 73,022 | 75,377 | 110,294 | 218,213 | 432,426 | 457,384 |

Processed

| Destination | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Angola | 0 | 10 | 37 | 25 | 53 | 133 | 453 | 206 |
| Argentina | 3,417 | 3,818 | 4,602 | 4,508 | 5,167 | 7,815 | 607 | 892 |
| Hong Kong | 1,347 | 2,102 | 2,173 | 2,753 | 2,151 | 2,143 | 2,775 | 3,411 |
| Japan | 453 | 145 | 276 | 205 | 87 | 23 | 0 | 0 |
| Paraguay | 296 | 473 | 440 | 401 | 596 | 471 | 110 | 133 |
| Uruguay | 61 | 26 | 57 | 405 | 268 | 635 | 468 | 363 |
| Others | 79 | 49 | 41 | 90 | 149 | 349 | 179 | 876 |
| Total | 5,653 | 6,623 | 7,626 | 8,387 | 8,471 | 11,569 | 4,592 | 5,881 |

| | | | | | | | | |
|--------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Grand Total | 61,388 | 63,080 | 80,648 | 83,794 | 124,475 | 258,940 | 453,796 | 463,915 |
|--------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|

| | | | | | | | | |
|-----------------|----|----|----|----|----|----|----|----|
| US market share | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
|-----------------|----|----|----|----|----|----|----|----|

Note: All data are reported in product weight

Source: Brazil Secretariat of Foreign Trade