



CATTLE INDUSTRY ROAD MAP

Industry Situation



VALUE OF LIVESTOCK & POULTRY (billion pesos)

Livestock/Poultry	1998	1999	2000	2001	2002	2003
Hog	68.2	74.7	78.7	83.4	86.57	92.7
Cattle	11.2	11.8	13.7	13.4	13.9	14.3
Carabao	3.7	4.1	4.9	5.3	5.8	6.0
Goat	2.9	3.3	3.3	4.0	4.2	4.5
Dairy	0.1	0.1	0.1	0.1	0.2	0.2
TOTAL Livestock	86.1	94.0	100.7	106.2	110.7	117.7
Chicken	46.7	48.7	56.3	70.8	66.7	73.8
Chicken egg	11.5	12.4	13.9	15.1	16.6	17.2
Duck	2.6	2.7	2.8	3.1	3.0	2.9
Duck egg	2.4	2.5	2.2	2.4	2.4	2.5
TOTAL Poultry	63.2	66.3	75.2	91.4	88.7	96.4
GRAND TOTAL	149.3	160.3	175.9	197.6	199.4	214.1

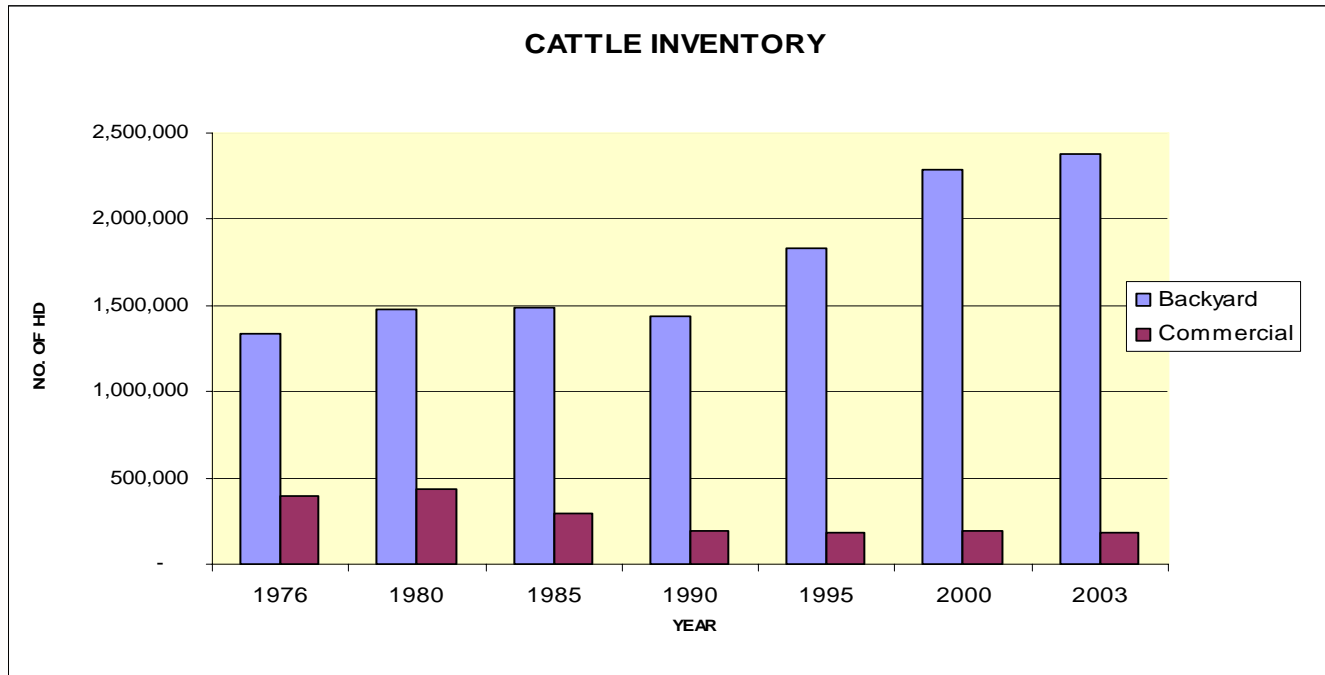
Source : BAS

Industry Situation



1976-2003 CATTLE INVENTORY

	1976	1980	1985	1990	1995	2000	2003
Backyard	1,338,740	1,473,450	1,492,830	1,437,950	1,835,130	2,285,054	2,379,836
Commercial	397,880	438,410	293,560	191,280	185,921	193,799	177,204
Total	1,736,620	1,911,860	1,786,390	1,629,230	2,021,051	2,478,853	2,557,040



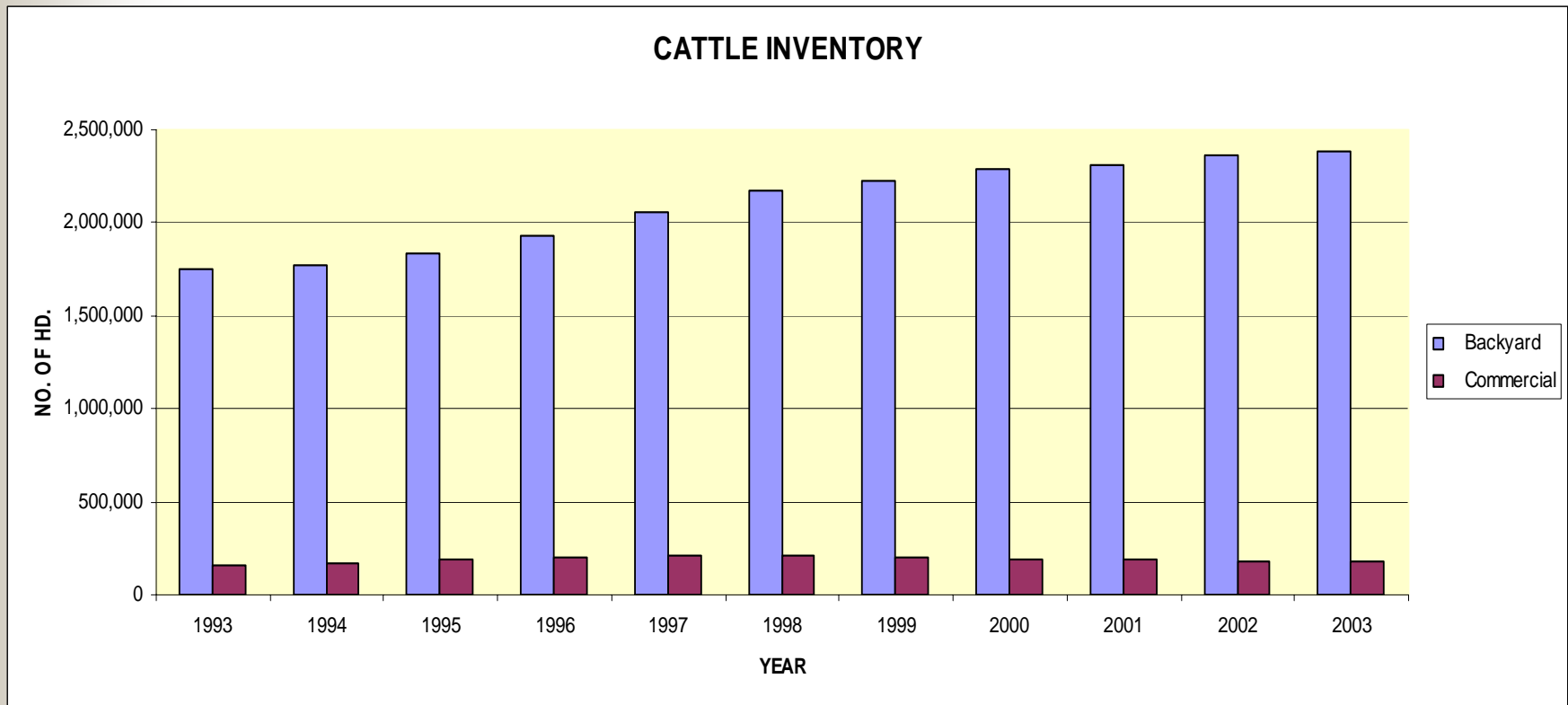
Source : BAS

Industry Situation



1993-2003 CATTLE INVENTORY

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Backyard	1,754,968	1,768,658	1,835,130	1,929,039	2,056,427	2,168,149	2,228,705	2,285,054	2,307,371	2,364,133	2,379,836
Commercial	159,893	167,391	185,921	199,416	209,857	208,953	197,224	193,799	188,230	183,686	177,204
TOTAL	1,914,861	1,936,049	2,021,051	2,128,455	2,266,284	2,377,102	2,425,929	2,478,853	2,495,601	2,547,819	2,557,040



Source : BAS

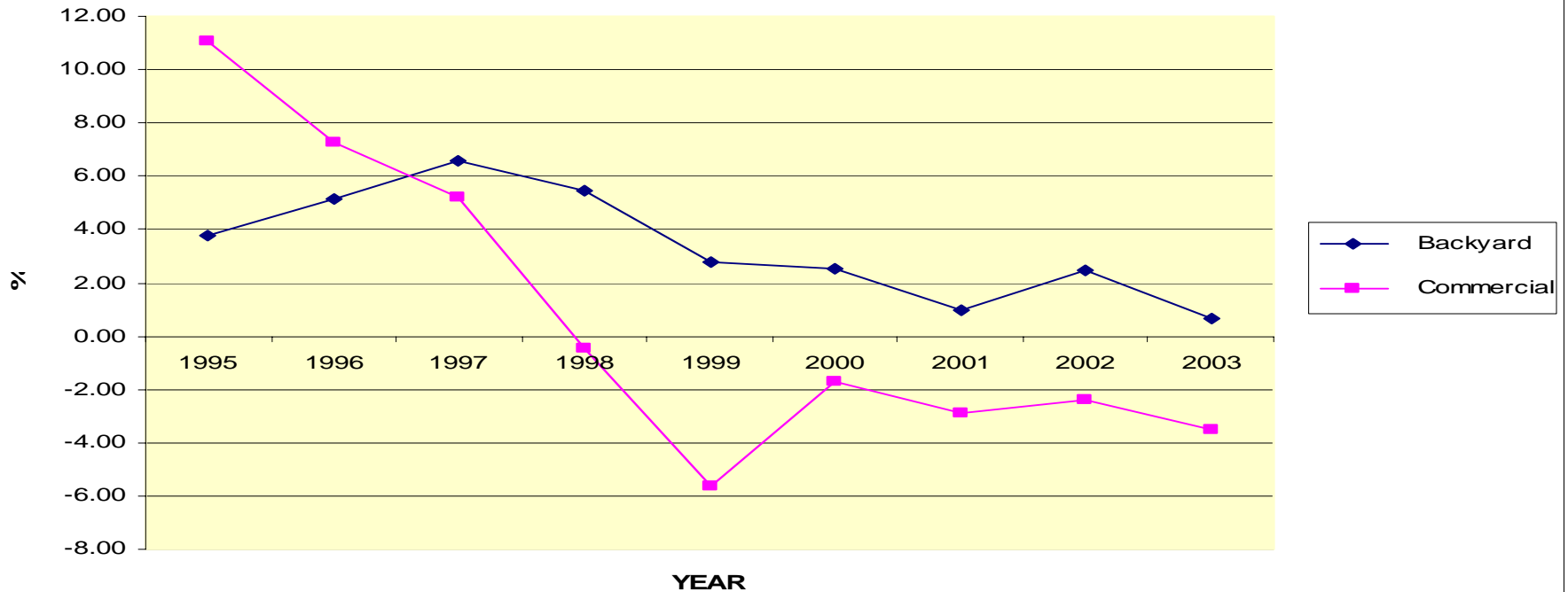
Industry Situation



INVENTORY GROWTH RATE

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Backyard	3.76	5.12	6.60	5.43	2.79	2.53	0.98	2.46	0.66
Commercial	11.07	7.26	5.24	-0.43	-5.61	-1.74	-2.87	-2.41	-3.53
TOTAL	4.39	5.31	6.48	4.89	2.05	2.18	0.68	2.09	0.36

INVENTORY GROWTH RATE





PHILIPPINE PER CAPITA CONSUMPTION

	Per Capita Consumption (kg)
Pork	11.23
Chicken	7.44
Chicken Egg	4.73
Beef	2.81
Carabeef	0.36
Duck Egg	0.36
Goat	0.26
Duck	0.10

Source : FNRI 1999

Industry Situation



COMPARATIVE PER CAPITA CONSUMPTION (KG)

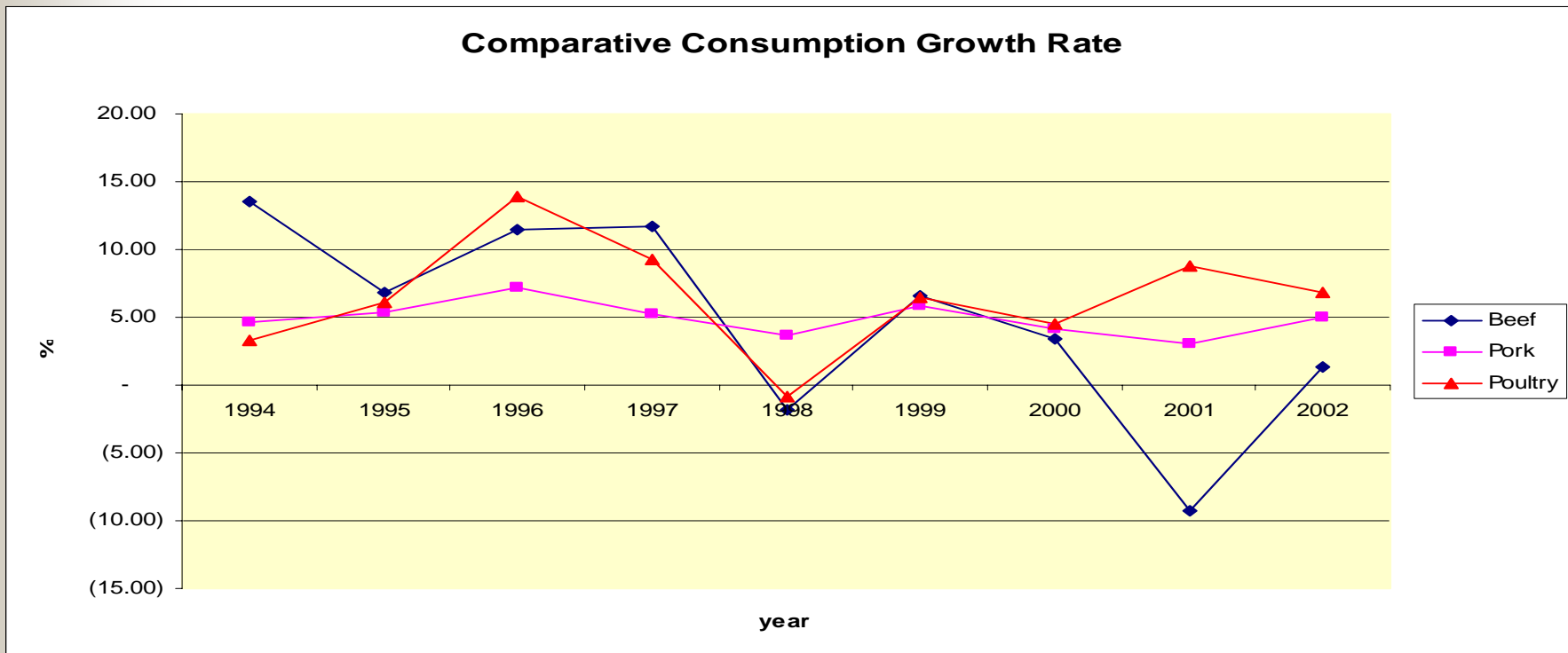
Country	Beef	Chicken	Pork
U S A	29.00	23.00	23.00
Australia	35.16	30.56	20.38
Philippines	2.81	7.44	11.23

Industry Situation



COMPARATIVE CONSUMPTION GROWTH RATE

	1994	1995	1996	1997	1998	1999	2000	2001	2002	Average
Beef	13.53	6.88	11.42	11.76	(1.77)	6.54	3.42	(9.22)	1.37	4.88
Pork	4.66	5.38	7.18	5.19	3.69	5.90	4.19	3.10	5.05	4.93
Poultry	3.35	6.09	13.90	9.30	(0.81)	6.52	4.55	8.82	6.86	6.51



Source : BAS

Industry Situation



INCOME OF SMALL HOLD

Particulars	No of Head	No. of Jobs Generated	Income (P)
Breeders	1,378,445	459,482	
Bulls	274,944	137,472	3,216,844,800
Yearling (below one year)	121,445		1,457,340,000
Yearling	364,335	121,445	1,894,542,000
Others	240,667	80,222	3,754,405,200
TOTAL	2,379,836	798,621	10,323,132,000

Industry Situation

INCOME OF SMALLHOLD 2003 ESTIMATE



People involved	798,621
Average Income per Smallholder	P 12,926
Total Income	P 10,323,132,000

Source: Livestock Development Council

Industry Situation

ADDITIONAL INCOME FROM A SIX-MONTH BACKYARD GROW-OUT PROGRAM



Indicators	Pilot Project 2001	Replication 2002
Average Daily Gain (ADG) kg	0.25	0.29
Weight Gained, kg	33.75	54.41
Ave. Income per Farmer, P	1,704	2,720
Total Amount Earned, P	1,030,920	489,690
Total No. of Farmers	605	180
Total Number of Cattle	714	180
Buy-Back Amount, P	1,186,920	563,790

Source: Large Animal Raisers Association (LARA) Mindanao



OTHER BENEFITS

- Build-up of Collateral and Savings;
- Allows Income Diversification;
- Provides Draft Power;
- Utilization of of Common Grazing Areas; and
- Provides Manure as Organic Fertilizer.

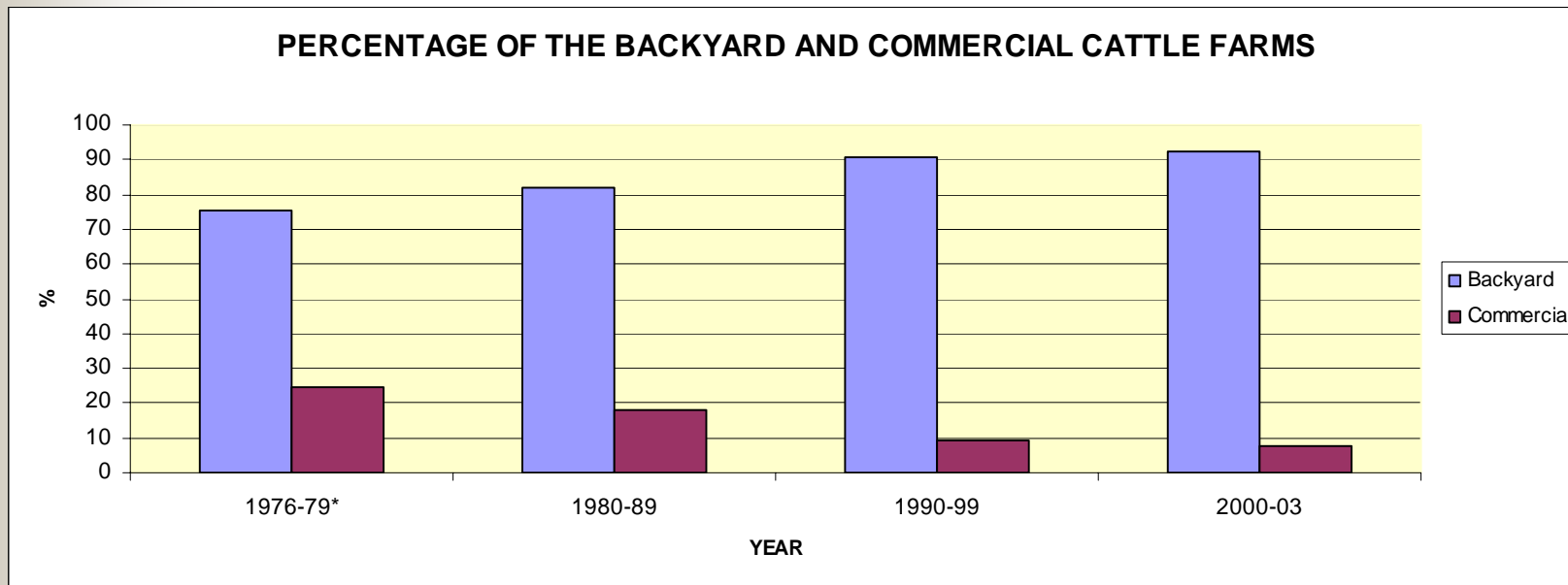
Production Performance: Present



PERCENTAGE SHARE OF BACKYARD & COMMERCIAL CATTLE FARMS

	1976-79*	1980-89	1990-99	2000-03
Backyard	75.44	81.79	90.54	92.62
Commercial	24.56	18.21	9.46	7.38

* no breakdown for 1970 -1975



Source : BAS

Production Performance: Present



EXTRACTION AND OTHER PERFORMANCE INDICATORS

	1998	1999	2000	2001	2002
Total Population	2,377,102	2,425,929	2,478,853	2,495,601	2,547,819
Total Breeders	1,316,041	1,381,314	1,448,996	1,478,896	1,466,243
Backyard	1,190,932	1,254,560	1,322,697	1,360,905	1,345,194
Commercial	125,109	126,754	126,299	117,991	121,049
Total Extraction	682,676	642,102	659,757	762,268	
Retention	48,827	52,924	16,748	52,218	
Slaughter	593,269	557,128	616,399	677,620	658,753
Mortality	40,580	32,050	26,610	32,430	23,410
% Extraction Rate	51.9	46.5	45.5	51.5	
% Retention	7.2	8.2	2.5	6.9	
% Slaughter	86.9	86.8	93.4	88.9	
% Mortality	1.7	1.3	1.1	1.3	0.9

Source : BAS

Production Performance: Present



COMPARATIVE GROWTH RATE

	Average Daily Gain (kg)	Finished Weight (kg)
Local Feeder Cattle	1.20	318
Imported Feeder Cattle	1.00	405

Source: Del Monte Philippines, Inc.

Production Performance: Present



SLAUGHTER PERFORMANCE

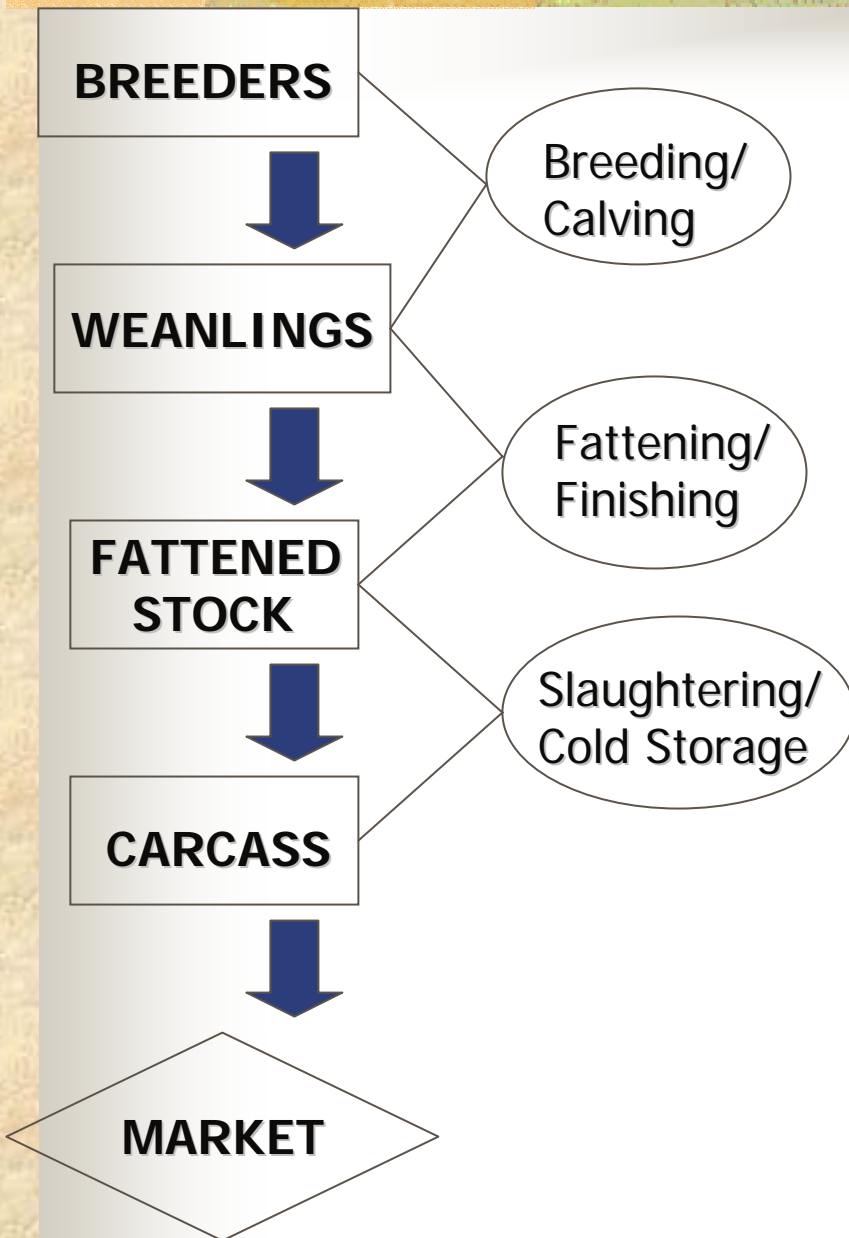
	Upgraded Local Cattle*	Native Cattle
Ave. Slaughter Weight (kg)	415	318
Ave. Carcass Weight (kg)	230	161
Dressing Percentage, %	55.42	50.6

* DEALCO Farms (2004)

** BAI-APDC (2003)

Production Cost

Production Performance: Present



PRODUCTION COST (Breeding)

Fixed Cost		18.82
Breeders	14.45	
Building	2.22	
Pasture & Fencing	1.87	
Land	0.28	
Feeds & Biologics	4.17	22.99
Labor	1.62	24.61
Other Services	0.50	25.11
Overhead Cost	0.63	25.74

FATTENING COST (Live)

Feeds & Biologics	12.00	37.74
Labor	6.00	43.74
Overhead Cost	1.80	45.54

55-60

POST PRODUCTION (Carcass)

Transport/Handling	5.91	96.99
Processing	8.24	105.23
Transport/Handling	1.00	106.23
Trading Cost & Margins	7.06	113.29

130-160

Farmgate & Wholesale Prices

Competitiveness Analysis : Import Parity



Selected Beef Imports

Particulars	Other cuts, frozen bone-in	Other cuts, frozen boneless	Carcasses & half carcasses, frozen
Price FOB (US\$ per MT)	1,560	1,350	997
Freight and Insurance	577	500	369
CIF Manila	2,137	1,850	1,366
x Foreign Exchange Rate	55	55	55
CIF Manila (PhP/MT)	117,535	101,750	75,130
+ Tariff Rate (%)	10	10	10
Amount	11,754	10,175	7,513
+ Handling/distribution cost	750	750	750
+ Trading cost/margins	4,500	4,500	4,500
Domestic Wholesale Import Parity Price (PhP/MT)	134,539	117,175	87,893
Domestic Wholesale Price (PhP/MT)	116,690	116,690	116,690
Import Parity/ Domestic Wholesale Price	1.15	1.00	0.75

Note: Competitiveness exists if import parity is greater than 1

Market Supply Distribution : Present



Volume of Local Production & Imports*

COMMODITY	YEAR					
	1997	1998	1999	2000	2001	2002
PORK						
o Local Prod'n.	1,085.54	1,123.75	1,171.76	1,212.54	1,265.89	1,332.35
o Imports	10.36	12.59	31.65	41.34	22.02	25.64
TOTAL	1,095.90	1,136.34	1,203.41	1,253.87	1,287.91	1,357.98
Dressed Chicken						
o Local Prod'n.	496.69	491.23	496.43	533.12	587.07	627.11
o Imports	0.97	2.42	29.39	16.62	11.15	12.18
TOTAL	497.65	493.65	525.82	549.74	598.22	639.28
BEEF						
o Local Prod'n.	176.64	182.63	189.93	190.16	182.89	182.81
o Imports	39.61	29.68	36.37	43.88	29.57	32.55
TOTAL	216.25	212.31	226.31	234.04	212.46	215.36
CARABEEF						
o Local Prod'n.	61.37	65.27	68.71	71.61	72.28	76.47
o Imports	30.15	21.48	28.46	39.79	47.28	52.45
TOTAL	91.52	86.76	97.17	111.40	119.56	128.92

* Thousand Metric tons

Market Supply Distribution : Present



Percent Sufficiency in Meat Products

Commodity	1997	1998	1999	2000	2001	2002
Pork						
- Local	99.05	98.89	97.37	96.70	98.29	98.11
- Imports	0.95	1.11	2.63	3.30	1.71	1.89
Dress. Chicken						
- Local	99.81	99.51	94.41	96.98	98.14	98.10
- Imports	0.19	0.49	5.59	3.02	1.86	1.90
Beef						
- Local	81.68	86.02	83.93	81.25	86.08	84.89
- Imports	18.32	13.98	16.07	18.75	13.92	15.11
Carabeef						
- Local	67.06	75.24	70.71	64.28	60.45	59.31
- Imports	32.94	24.76	26.29	35.72	39.55	40.69

Market Supply Distribution : Present

Domestic Production and Imports Growth Rate (%)



YEAR	Pork		D. Chicken		Beef		Carabeef	
	Prod.	Imp.	Prod.	Imp.	Prod.	Imp.	Prod.	Imp.
1995	5.2	214.1	6.1	(3.7)	8.8	(2.9)	(3.3)	82.0
1996	6.8	178.2	13.9	4.5	9.1	24.7	(5.2)	42.8
1997	4.8	70.7	9.1	384.3	9.8	21.3	6.8	26.5
1998	3.5	21.4	(1.1)	150.1	3.5	(24.8)	6.4	(29.1)
1999	4.3	151.3	1.1	1,115.8	3.9	22.1	5.3	33.1
2000	3.5	2.2	7.4	8.6	0.1	20.7	4.2	39.8
2001	4.4	(31.9)	10.3	(65.1)	(3.8)	(32.6)	0.9	19.2
2002	5.2	16.4	6.7	9.2	(4.0)	10.1	5.8	10.6
Annual Ave.	4.7	77.8	6.7	200.5	3.4	4.8	2.6	28.1

Source : BAS

Market Supply Distribution : Present



Value of Major Livestock Imports*

YEAR	Pork	D. Chicken	Beef	Carabeef
1995	693.11	678.04	37,232.34	20,139.82
1996	6,724.72	290.45	45,590.45	31,026.01
1997	12,382.73	1,089.87	56,426.64	41,523.49
1998	9,422.68	2,324.31	37,712.98	27,396.42
1999	19,314.56	18,586.51	41,706.18	30,331.13
2000	15,822.99	9,212.72	51,227.31	40,621.89
2001	9,090.43	6,381.57	39,333.45	43,011.02
2002	11,918.03	6,003.31	47,592.25	46,407.85
Peso Equiv.	665.491 M	330.182 M	2.618 B	2.552 B

* Value in 1,000 US \$; \$1=P55

Source : NSO

Market Supply Distribution : Present



Average Prices and Marketing Cost

Market Segment	Feb 2001 [^]	Feb 2002 [^]	Feb 2003 [^]	Feb 2004 [*]
Liveweight	51.10	50.73	50.95	59.00
Dressweight Equivalent	102.20	101.46	101.90	118.00
Difference to actual	3.55	17.54	13.10	8.75
Dressweight (Actual)	105.75	119.00	115.00	126.75
Marketing cost (P) + return	53.13	47.55	54.91	57.04
Price Contribution (%)	33.44	28.55	32.32	31.04
Retail (Rump)	158.88	166.55	169.91	183.79
Total Marketing Cost (P) + return	107.78	115.82	118.96	124.79
Price Contribution (%)	67.84	69.54	70.01	67.90

Source : *Marketing Development Division-BAI

[^] BAS

Challenges

- ❑ **Prospects**
- ❑ **Imports**
- ❑ **Production Potential**
- ❑ **Genetic Improvement**
- ❑ **Jobs and Income Generation**





Vision



Local beef cattle production catering to the high-end markets.

Immediate Concerns



- ❑ Increasing finished weight per unit of production by finishing local cattle in the feedlot.
- ❑ Sustaining the overall population growth and arrest the decline of the commercial sector.
- ❑ Achieving a total system of production and marketing.

The slide features a decorative background. At the top, there is a horizontal strip with a textured, painterly style showing a field with green and yellow tones. To the right of this strip is a black and white illustration of a cow's head, facing left. The main content area is a light gray rectangle on a white background.

STRATEGIES

Integrating:

- Genetic Improvement
- Herd Build-up
- Financing
- Markets and distribution

The slide features a decorative background with a field scene in the top left and a black and white illustration of a cow's head in the top right. The main content is on a light gray background.

STRATEGIES

■ GENETIC IMPROVEMENT PROGRAM

- Purebreeding/Conservation: Private Sector Seedstock and Government Stock Farms as Nucleus Operations
- Crossbreeding: Ranchers/Commercial Raisers as Multiplier Farms
- Terminal Crossbreeding: Backyard Production/Operations

Genetic Improvement Program (GIP)

Since almost 93% of the population of cattle is in the backyard, the following programs shall be promoted to preserve fertility & improve genetically the cattle in terms of its size & weights. The overall GIP strategy shall be as follows:

- **Purebreeding:** Private Stud Breeders & Government Stock Farms as Nucleus Farms for commercial breeders. Government will pursue purebreeding Nellore, Medium-Sized Brahman, Simmental & Simbrah - assuring fair competition.

Private stud breeders shall be accredited as nucleus farms. These nucleus farms shall do their own purebreeding program. They shall develop an appropriate distribution & transfer scheme that will provide genetically improved stocks in the multiplier farms that would ultimately end at the backyard production system.

- 
- **Crossbreeding:** Ranchers & Multiplier Farms for the Backyard Raisers: Crossbreeding of *Bos indicus* x *Bos taurus* (Nellore/Brahman x Simmental/Simbrah).

The ranchers or multipliers shall produce crossbred beef cattle that will be promoted for the backyard production. These ranches/multiplier farms shall distribute improved crossbred to the backyard following the nucleus plasma or the big brother-small brother schemes.

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- **Terminal Crossbreeding:** Upgrading Backyard cattle x Nellore, Brahman, Simmental and Simbrah using bulls from the multiplier farms & AI.

UNAIP – The Unified National Artificial Insemination Program (UNAIP) of BAI shall expand the on-going initiative, intensifying the institutional capability of the LGUs along the GIP strategic directions. It shall put in place AI infrastructure and mechanism to ensure sustainability by way of improving essential integrals, including development of human resource, provision of equipment and strengthening institutional linkages, particularly the academe and the private sector – the stud breeders and ranchers.



STRATEGIES



■ HERD BUILD-UP PROGRAM

- Multi-Livestock Development Loan Program (MLDLP)
- Save the Herd Program
- Animal Infusion

■ FINANCING PROGRAM

- Quedancor, LBP, DBP & ACEF
- PL 480

New Financing



- ❑ **MLDLP** - The Multi-Livestock Development Loan Program (MLDLP) streamlined and pursued more vigorously and expanded for the HBUP – to include the ranchers.
- ❑ **Quedancor** - Tapped to provide credit financing for the backyard GIP and HBUP programs:
 1. **Bull Exchange – 1:25-30**
 2. **Herd Increase – 1:25**
- ❑ **ACEF, LBP & DBP** - GFIs enjoined to finance the stockyards, “hotels,” slaughterhouses, cutting floors and cold chains.
- ❑ **PL 480** - Make use of the commodity loan for animal & semen infusion.



STRATEGIES



- **NEW MARKETS & DISTRIBUTION**
 - Development of Grades and Standards
 - Meat Importers, Processors & Wholesalers
 - Cold Chain & Transport System
 - Livestock Hotels & Stockyard Complex
 - Slaughterhouse & Cutting Floors
 - Market Information System
 - E- Commerce

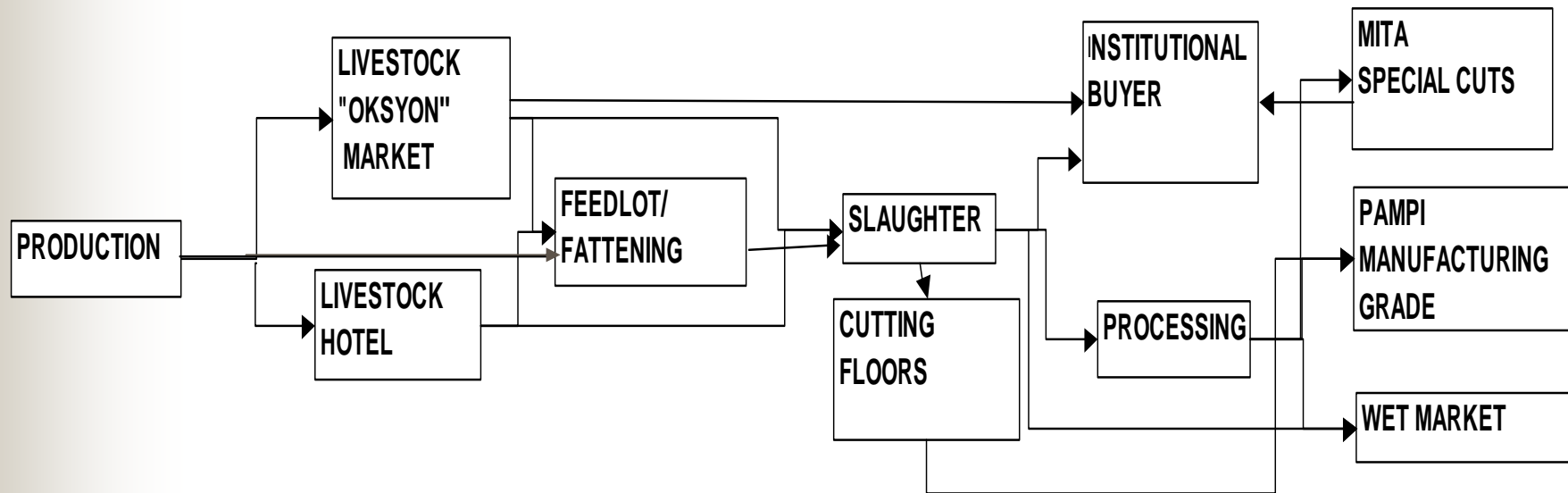


A Total Market and Distribution System

- ❑ Importers sourcing their growth locally;
- ❑ Post-harvest facilities allowing separation at slaughter to cut, box and freeze – and facilitate transport;
- ❑ Wholesalers buying directly from producers;
- ❑ “Okasyon” Markets & Livestock “Hotels” for culls, growers/finishers, and breeders.



A New Market and Distribution System



BAI-Marketing Division

TARGETS



- ❑ **Stockyards and “hotels”** - set up in strategic location.
- ❑ **Feedlots** - finishing local cattle to increase weights at slaughter - at least 350 for native cattle, 420 for upgrades and 450 for imported live imports.
- ❑ **Accredit stud and multiplier breeders** - production of bulls for the 1,492,892 breeder base - target around 59,715 bulls.
 - **Breeder Infusion** - To produce the bulls, some 167,692 cows are required. As the commercial sector has only 114,447 breeders, there is a gap of 53,245 females.
 - **Grazing Land** - The existing cow population, requires a total of 572,235 hectares of grazing land. The current land under cattle should be preserved for this purpose.

POLICIES



- ❑ **Promote local sourcing;**
- ❑ **“Commercialization” of the smallhold;**
- ❑ **Strengthening of support services;**
 - ❑ **animal health, standards, environment**
- ❑ **Coordination (DENR, DAR, NCIP, DILG)
& Linkages (LGUs & Private sector)**
- ❑ **Structural Provision:**
 - **Breeder Accreditation Board**
 - **Beef Cattle Development Center**

Daghang Salamat

