



# Alumni Spotlight

## Lautaro Perez Rocha

2003 MAB grad  
Value Programs and Export Sales  
Frigorífico Colonia, Uruguay

by Cristina Mansfield



*A new edition to The Syllabus includes the Alumni Spotlight. This piece will focus on an MAB alum, and is written by Cristina Mansfield, a 2004 graduate.*

MAB alum and agronomy engineer, **Lautaro Pérez Rocha**, began his career in 1998 as an agricultural market analyst, analyzing the beef, grain and oilseeds market for MERCOSUR. In 2002 he joined the **National Meat Institute (INAC)** of Uruguay, managing international market research services, promotional strategy, and working on Uruguay's National Program for the Certification of Natural Beef.

Since 2004, Lautaro has been leading the value programs and assisting the export sales at **Frigorífico Colonia** ([www.fcolonia.com](http://www.fcolonia.com)), a specialized processor and top exporter of

beef in Uruguay, while teaching and doing research at Uruguay's ORT University. In 2002 he helped develop the

MERCOSUR module for Comparative Food and Agriculture Systems, an MAB course team taught by faculty at K-State partner institutions in Uruguay, France, Russia and Thailand. Lautaro has also taught a course titled Advanced Tools for Business Analysis since 2001 for undergraduate agribusiness students, and in 2005 he will participate in the Agricultural Marketing courses. He has also worked as a business consultant for private companies and for the Ministry of Agriculture of Uruguay (MGAP).

Lautaro has written on value creation strategies in the Uruguayan livestock sector; country of origin labelling and consumer perceptions; and the natural beef market in the U.S. His most recent publication is a research report for the University of California Agricultural Issues Center. It is titled "Grass-Fed Certification: the Case of the Uruguayan Beef Industry," and was written in collaboration with KSU professors **Michael Boland** and **John (Sean) Fox**. The article describes how Uruguay's highly developed **cattle identification and tracking system** and focus on **grass-fed certification** are helping to expand its beef market and develop a national brand image for Uruguayan beef, analogous to that associated with New Zealand lamb.

According to Fox, product traceability is an attribute that more and more consumers are seeking. "With the development of a verifiable tracking system, Uruguay has not only positioned itself to be very competitive in international beef markets, but has also

enhanced its capability to respond quickly and effectively to disease threats such as mad cow disease" Fox said.

The **Dicose** tracking system gives farmers a code consisting of a region number, a police station number, and a farm number. Every time an animal is moved, bought, or sold, the movement must be recorded and the animal accompanied by its paperwork. As a result, Uruguay was one of the first countries in the world to be able to trace animals back to their origin. However, it is virtually impossible to track each cut because of multiple cutting lines in most plants. Additionally, in 2001 the National Meat Institute developed the "**Certified Natural Meat Program of Uruguay**" to differentiate their product and increase consumer confidence.

The voluntary certification program involves the entire production line and focuses on food safety, traceability, animal welfare and environmental sustainability as expressed in the following claims made for animals marketed under the program:

- Source verification of animals and products
- No growth hormones used
- Not fed antibiotics
- No animal proteins in feed
- Grass fed
- Animals never confined

Uruguay's beef strategies are helping to expand its export market



*Lautaro speaks about Uruguay's cattle identification and tracking system.*

on a number of fronts. In 1989, the EU banned the import of animals and meat produced with growth hormones. Uruguay is in compliance with these EU rules because Uruguayan cattle are fed primarily on pasture alone and the use of growth hormones is strictly prohibited. Additionally, proposed EU regulation will mandate that all beef should be traceable from the table to the producer. Uruguay was the first country to have its traceability system accepted by the EU.

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"When we started in 2001 we did not have a market, an economic incentive, nor a clear idea of what would be the possible future," Rocha said. "We went through that, envisioned it, discovered it, and pushed the industry and farmers. Now it has started to work"

In August 2004, USDA announced that Uruguay's beef was verified according to this process. To date, Uruguay has filled its U.S. tariff rate quota with a combination of high and low quality beef. Certification of Uruguayan natural grass-fed beef would differentiate and enhance demand for high quality Uruguayan beef and would be expected to lead to a situation where the entire TRQ is filled with high quality beef.

### Lessons for U.S. producers

Recently almost a dozen producer alliances in the United States have been process verified and a number of other initiatives are underway. In March 2005, the state of South Dakota implemented the first state-certified beef program in the U.S. which will allow consumers to trace a product back to the ranch where the animal was born. The success of such a program hinges on the ability to market a brand name tied to a distinct set of desirable attributes. Given the range of attributes which consumers appear to value, there appears to be room in the market for several such differentiated products.

However, as programs proliferate, and face competition from



INAC has developed a country brand label, the use of which is granted subject to endorsement of the accredited certifying firm.

foreign programs such as Uruguay's, the initial benefits are likely to diminish. A recent study by Boland; Alena Bosse, K-State graduate research assistant; and Gary Brester, professor at Montana State, found that the U.S. lamb industry is now part of the global lamb industry. The authors suggest the U.S. beef

### Uruguay Beef Trivia

- In 2004, Uruguay exported a record 404,310 metric tons carcass weight
- Beef exports represent about 21% of Uruguay's total value of exports.
- 15% exports are chilled, 80% frozen.
- Uruguay supplies less than 5% of approximately 6 million tons of beef traded internationally.
- Until recently, slaughter animals were priced strictly on live weight basis.
- Most animals are pasture raised and finished.
- 5% percent of Uruguay steers are finished in feedlots vs. 90% in U.S.
- Average carcass weight: 580-620 pounds.
- In 2004, the U.S. became the largest export market for Uruguayan beef (52% of total beef exports). Other beef export markets include Canada, the EU, Israel, Argentina, Brazil and Chile.

industry is rapidly approaching a similar scenario.

"The implication of the study is that U.S. producers who are involved in alliances that use process verification built around some attribute such as no growth hormones and grassfed beef must realize that other countries can develop similar programs and may have lower costs relative to some U.S. producers," Boland said.

Clearly, some countries such as Uruguay may have highly differentiated products that are more competitive with U.S. beef. Producers involved in alliances seeking to differentiate their beef must realize that producers in other countries can develop similar products and that such certification programs are not sufficient barriers to entry in a global beef industry.

For more information about this article, contact Lautaro Perez Rocha at [lautaro@adinet.com.uy](mailto:lautaro@adinet.com.uy) or Cristina Mansfield at [cristinaleila@hotmail.com](mailto:cristinaleila@hotmail.com).

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### July 29

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