

EDGE OF A CLIFF

Poultry Farmers in Brazil Southern

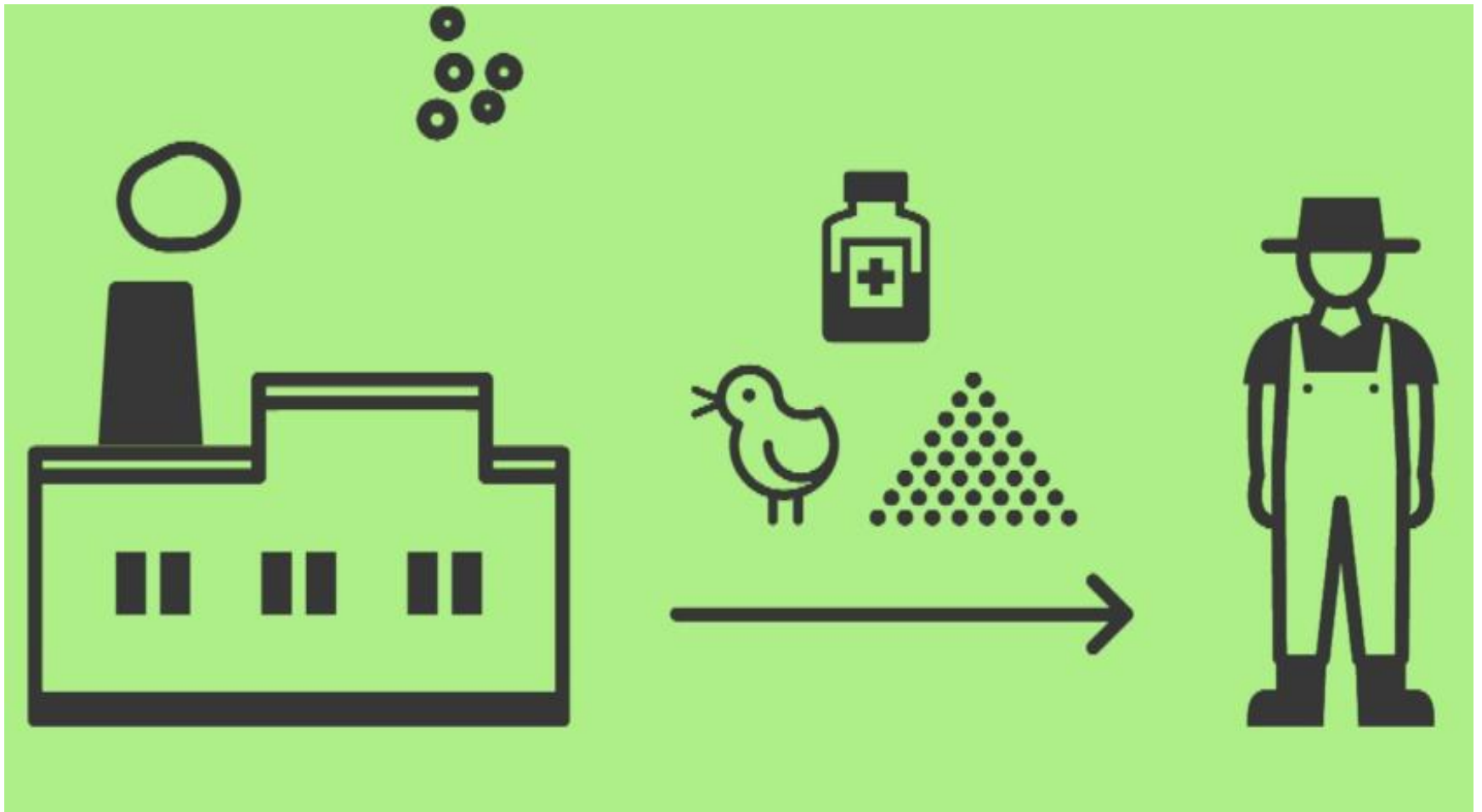
HIGHLIGHTS

Brazil is the world's largest poultry exporter.

Only in 2014, exports totaled US\$ 8 billion.

There are 180,000 poultry farmers in Brazil Southern.

INTEGRATION CONTRACT



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Basically, meatpacking companies provide chicks, feed and drugs.

Industries also provide technical support, and besides buying chickens, they pick them up at the properties of contracted farmers.

After discounting the costs, the industry pays farmers.

INTEGRATION CONTRACT

Chickens' weight and the amount of feed they consume are the main factors in a complex formula used to calculate farmers' payment. The number of dead animals and the volume of drugs used also enter the equation.

Some contracts have two and a half pages of formulas.

Farmers don't take part in that math.

BRAZILIAN MEAT COMPANIES

Brazilian meat industry market is highly concentrated. The most important meat companies are JBS and BRF - responsible for 70% of Brazilian chicken exports.



GOVERNMENT PUSH



The second largest shareholder of JBS (31.4% of capital) is BNDES - the Brazilian State development bank.

In September, Moy Park - one of the 15 biggest food companies of the UK - was acquired by JBS. Moy Park supplies retailers and fast food restaurant chains.

GOVERNMENT PUSH



BRF's capital is pulverized, including Brazil's main pension funds, linked to State companies.

Since 2007, Brasil Foods is the owner of Plusfood - a poultry processor with industrial facilities in the Netherlands and UK, as well as sales offices in countries like Italy, the Netherlands, and UK.