Tropentag, October 7-9, 2008, Hohenheim

"Competition for Resources in a Changing World:
New Drive for Rural Development"

The Beef Chain in Costa Rica: Identifying Critical Issues for Promoting its Modernisation, Efficiency, and Competitiveness

Federico Holmann[1], Libardo Rivas[2], Paul Schuetz[3]

[1] *International Center for Tropical Agriculture (CIAT) Cali, Pasture Research, Colombia*
[2] *International Center for Tropical Agriculture (CIAT) Cali, Economics, Colombia*
[3] *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Agriculture, Fisheries and Nutrition, Germany*

Abstract

The objectives of this study were to **(1)** describe the economic agents of the chain and their commercial and legal relationships; **(2)** identify the articulations between links, technological levels, indicators of efficiency, installed capacity (scale), and degrees of occupation; **(3)** characterise and estimate the costing and pricing structures, and the generation of value in different links of the chain; **(4)** identify those critical costs that can be modified through technological interventions, policy, or other activity; **(5)** determine the biological and economic risk factors throughout the chain; and **(6)** develop a methodology to identify and estimate the costs and benefits in each segment and evaluate the generation of value throughout the beef chain.

Data at the farm level was obtained from a national livestock survey (CORFOGA 2005b), which provided data on production systems, inventories, productivity, culling, and labour. In addition, surveys were carried out in different segments: **(1)** auction houses, **(2)** slaughterhouses, **(3)** butcher shops, and **(4)** supermarkets. The aim of these surveys was to describe behaviour, determine risks and costs, and identify problems.

The best performance in terms of efficiency and profitability is found in the retail sector of butchers and supermarkets. The rate of profits, expressed as the fraction of the final price paid by the consumer that remains in the butcher's hands as remuneration of his work, ranges widely between 3 % and 40 %, with an average of 32 %. If these profit rates are compared with those of other retail businesses, which are about 8 %, then this type of activity presents excellent profit margins with relatively low risk.

The value generated throughout the chain, as a percentage of the final value of the young steer at retail price according to activity, is distributed as follows: fattener (34 %), retailer (33 %), breeder (19 %), slaughterhouse (7 %), transporter (6 %), and auction house (1 %). The distribution of value throughout the beef chain is totally inequitable and incongruent with the level of individual risk confronted by the actors who form it.

Keywords: Beef value-chain, competitiveness, consumer, marketing, meat quality

Contact Address: Paul Schuetz, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Agriculture, Fisheries and Nutrition, Dag-Hammerskjöld-Weg 1-5, 65760 Eschborn, Germany, e-mail: paul.schuetz@gtz.de