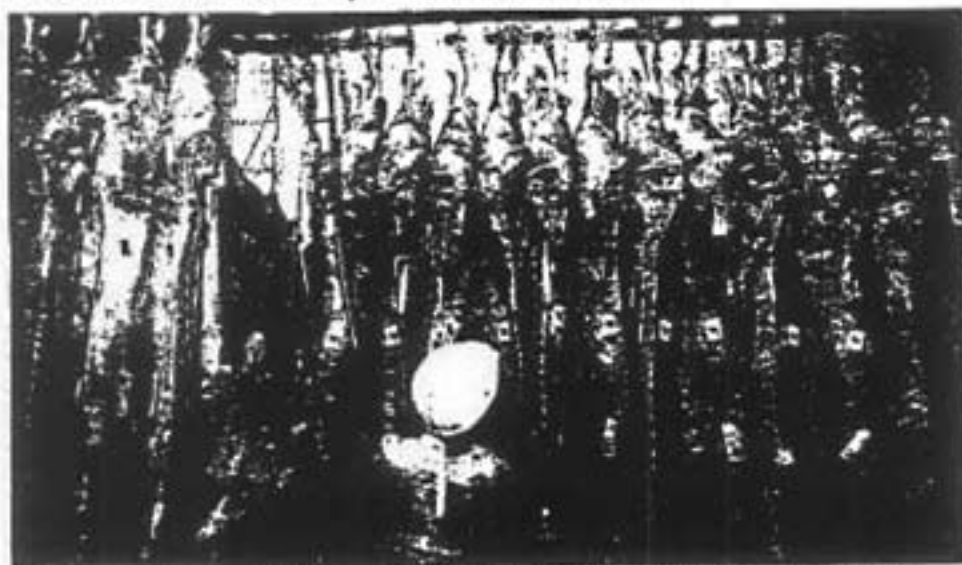


EDITED BY HARRY MAURER

THE WORLD MAY SOON TASTE PAMPAS BEEF...

Beef, to Argentines, is as sacred as tango and Eva Perón. Whether skewered over an open pit in the countryside or served up in Buenos Aires restaurants, grilled meat stars at nearly every occasion: Argentines eat an impressive 56 kilos per capita a year. But despite being practically cholesterol-free and a product of the natural pasture of the pampas, Argentine beef has been shut out of two-thirds of world markets because of problems with foot-and-mouth disease. That is, until now. For the first time in more than 60 years, the savory meat is about to be served up in the U.S.—and the rest of the world may follow.

After a seven-year, \$600 million campaign to wipe out foot-and-mouth, Argentina was declared free of the ailment at the end of May. But even more important is a long-awaited U.S. decision to follow through on a promised 20,000-ton quota of fresh beef first allotted to Argentina in 1994 under the General Agreement on Tariffs & Trade. With the quota expected to be cleared by August, Argentines are betting the U.S. green light will open the door to the lucrative Asian market. "This is the beginning of a new era," says Terry Moché, president of the Argentine Meat Industry Assn. "For the first time, we will have access to almost every market in the world."



At present, Argentina accounts for just 10% of global beef exports, worth \$12 billion last year. For years, the disease problem meant Argentina could only export canned and processed beef to the U.S. Now that it can export more profitable cuts of fresh beef, which Europe has been eating for years, the Argentines expect to quickly fill the 20,000-ton quota and hope to be given part of Australia and New Zealand's huge 580,000-ton U.S. quota as well.

The real prize, however, is Asia. Argentina

SAVORY SIDES
Argentina now accounts for just 10% of world beef exports

now exports 6,000 tons of processed meats a year to the region, but Moché predicts that high-priced cuts will be selling in Korea and Japan within 24 months. He figures Argentina can eventually snare 20% of shipments to Asia, which are expected to triple, to 2.9 million tons, by 2005.

BEGGING. The new markets will bring a badly needed boost to an industry in decline for 20 years. Many Argentine cattle breeders are on the verge of bankruptcy. Facing cattle prices that are lower, in real terms, than average prices over the last 30 years, ranchers have reached a "critical point," says Arturo Llavallol, owner of 2,000 head in the province of Buenos Aires.

The breeders have begged the government for better credit, incentives, and training—to no avail. So they're pinning hopes on the export market. "Argentina has good genetics and farming techniques. All the industry needs is a shot of liquidity, and access to the U.S. market will give it that kick," says Nicholas Walker, marketing director for Canadian import-export company Ronald A. Chisholm. In May, he picked up a 500-kg sampling of Argentine meat, the first to arrive in North America since the 1930s, at the Toronto airport for a promotional event. Meat lovers, get out your steak knives.

...AS BOOTLEGGERS GET THE BOOT AT HOME

To attract investment, the beef industry is going to have to clean up its act. Meat packers with high sanitary standards and certified for export have been cut out of Argentina's huge domestic meat market, unable to compete against the cut-rate prices offered by black-market operations that have bilked the government of some \$700 million in unpaid taxes. The unfair competition has frightened off investors, making the sector one of the few not to receive an influx of foreign capital since Argentina undertook economic reforms in the early 1990s.

The government is launching a multimillion-dollar policing program complete with satellites, computers, and tracking dogs to seek out illegal beef operations. "We will destroy them where we find them," says the head of the agriculture health service, Luis Osvaldo Barcos. Nevertheless, the government has failed to put any known offenders behind bars. One former congressman and aide to President Carlos Menem, José Samid, has yet to be prosecuted despite evading an estimated \$90 million in taxes for his alleged ownership of some 27 meat-packing and breeding operations. Now, will Argentina finally take the bull by the horns?

By Andrea Mandel-Campbell in Buenos Aires