United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** August 28, 2024

Report Number: UY2024-0003

Report Name: Livestock and Products Annual

Country: Uruguay

Post: Buenos Aires

Report Category: Livestock and Products

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Report Highlights:

Uruguayan beef exports in 2025 are forecast to remain unchanged at 475,000 tons carcass weight equivalent (cwe). The final volume will depend on how active Chinese buyers are the remainder of the year and FOB prices. Exports to the United States are projected to remain high. Although the number of cattle slaughtered is expected to increase marginally in 2025, beef production is projected to remain flat at 595,000 tons cwe. The 2025 calf crop is forecast at 2.9 million calves born, 9 percent lower than the 2024 calf crop which is expected to be a record with 3.2 million calves born. Ending cattle inventories in 2023-2025 are estimated to fluctuate between 11.4 and 11.85 million head.

Production

Beef production in 2025 is forecast at 595,000 tons, carcass weight equivalent (cwe), a similar volume as in the past three years, but 75,000 tons cwe lower than the record production of 2021. The number of slaughtered cattle is projected at 2.275 million head, 2.5 percent higher than the previous year, but cattle are expected to be slaughtered at a lighter weight.

The slaughter in 2025 is expected to rebound somewhat primarily due to a lower supply of finished cattle in the second half of 2024 which producers would market for slaughtered in 2025. This is primarily due to unstable weather in 2024, with excess rains in autumn, and a drier and much colder winter than normal. Severe frosts negatively affected pasture production, while some are still being planted, outside the optimal time window. Most weather forecasts predict a La Niña weather pattern, which in Uruguay normally means dry conditions, in the last part of 2024.

The below photos are late sown pastures in July in Departamento de Maldonado:

Photo 1.

Source: Ing. E. Montes Narbondo

In 2025, the average weight of cattle carcasses is expected to be around 262 kilos, which is about 4 kilos less than in 2024. This decrease is likely because more cattle will be slaughtered, which usually lowers the average weight. Additionally, more cows (which generally weigh less) will be slaughtered, and fewer grain-fed cattle (which typically weigh more than grass-fed cattle) will be processed.

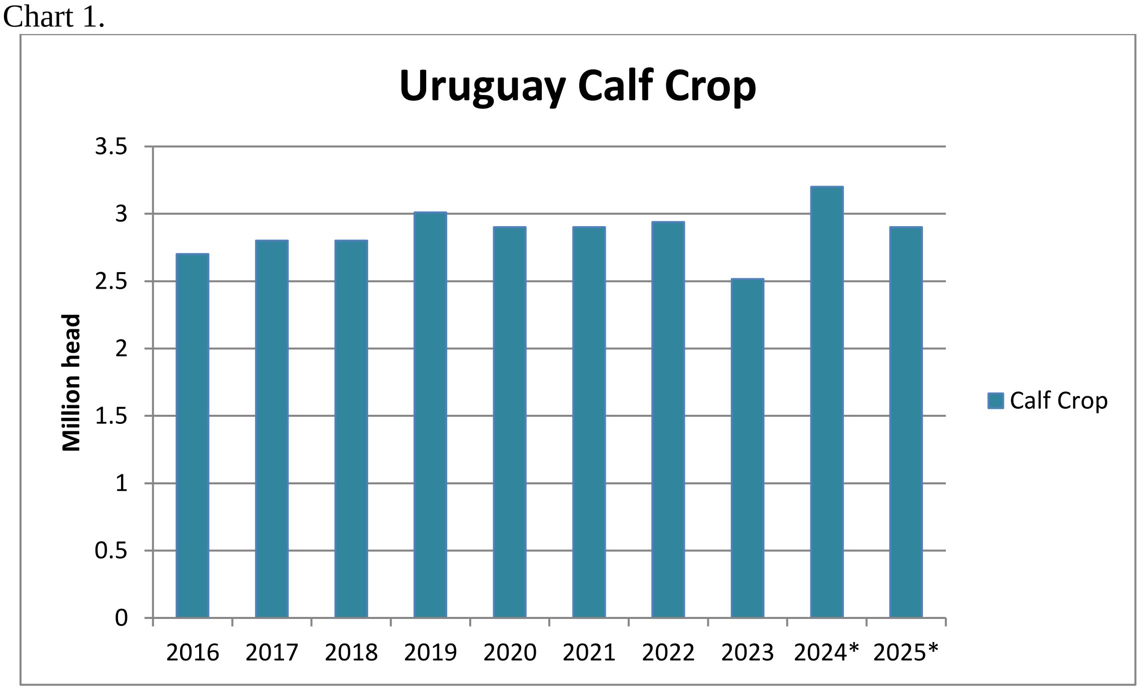
The number of cattle finished on grain is expected to diminish somewhat in 2024 and 2025 as contacts in the sector indicate there is a lack of incentive to feed a greater number of cattle on grain. The main reasons are the shrinking of the profitable EU high-quality beef quota, once the main driver of the feedlot sector, and secondly, the absence of a cattle's future market, which would reduce the level of uncertainty of the business. Contacts believe despite lower corn prices, the combination of weaker prices for fed cattle and firm prices of feeder cattle could play against the development of this business in the months to come.

The number of calves born in 2025 is forecast at 2.9 million head, 9 percent lower than the expected record of 2024 due to a smaller number of breeding cows and more normal weather conditions than the previous breeding season which was exceptionally good (see Chart 1). Despite a harsh winter in 2024, cows are still in a good corporal condition which should guarantee at least a normal pregnancy in the later part of 2024. The calf crop in 2024 is expected to reach 3.2 million, though some believe it might be slightly higher. Favorable weather in late 2023 and the first half of 2024, along with a large number of open cows from the previous breeding season affected by dry conditions, have contributed to this increase. If achieved, this would be the largest calf crop ever, surpassing the previous record set in 2020 by 6 percent.

High, profitable, and consistent prices of calves and breeding cows in the past 3-4 seasons have encouraged breeders to incorporate and adopt technology and management tools to improve efficiency and returns. The exports of live cattle, mostly light, young bulls, have helped to maintain firm and stable feeder prices. However, looking into 2025, breeders are in a weaker situation than in the past 4-5 years when they enjoyed good returns. Their financial situation is becoming more delicate, with somewhat growing debts. The combination of lower cattle prices since the record of 2022-2023 plus a strong local currency is hurting cattlemen's profitability. This situation is expected to put a break on investment, affecting primarily the sowing of pastures, reducing strategic supplementation, fences, genetics, etc.

Breeders have been focusing in improving the nutrition of their cattle, especially the condition of the cows to express its reproductive potential, using strategic supplementation in female calves, adjusting the cows-per-acre rate, and supplying more widely minerals and salt. Also, producers now use early and super-early weaning, pregnancy diagnosis, and normally open cows are eliminated from the breeding herds. There is a stricter sanitary control, especially in detecting and minimizing the negative effects of reproductive diseases. Many of these management tools were not used in many ranches until just a few years ago.

Chart 1.



Source: Post with INAC data * Post estimate/projection

Post contacts estimate Angus and Herefords make roughly 80 percent of Uruguay's cattle herd, with some Brahman crosses in the hotter climate in the northern part of the country, and dairy breeds (mostly Holsteins). Herefords and Angus crosses are very popular, providing good Black and Red Baldy cattle which have the advantage of hybrid vigor, maximizing the best traits of both breeds (see photo 2 below). While the frame of the cows remains moderate due to the country's breeding conditions on natural pastures, the weight of steers at slaughter has been increasing while their age has decreased drastically at the same time, primarily because of the feeding of grains and more efficient production at the ranch level.

Photo 2.

Source: Ing. Diego Cortabarria

Backgrounding cattle has become a key link of the production chain as the number of cattle fed grain has expanded widely in the past few years together with the growth of beef exports under the EU high quality beef quota. There are many kinds of operations which background cattle, but in general most take weaned male and female calves from 150-180 kilos live to 350-400 kilo steers and heifers at 12-18 months of age, ready to enter corrals with intensive grain feeding. Most of the backgrounding is done on natural or planted pastures with or without supplementation.

Cattle in Uruguay are mostly finished on pastures. Roughly one third of the country's total slaughter is cattle fattened on natural pastures and older in age. There are also many cattle finished on sown improved pastures and supplemented with either grain (corn or sorghum) silage or high moisture grain in the last few months prior to sending to slaughter.

The finishing of cattle in confinement is done normally in the last 120-200 days for steers and heifers weighing about 400 kilos coming in from backgrounding programs. The government tracks only those cattle coming from roughly 160 operations which have an capacity of 500 head or more (see below photo 3). Officially these operations total approximately 300,000-380,000 head per year, while contacts estimate an additional 250-300,000 head a year are finished in smaller operations and/or in farms which are not captured by official records. A few of the large export-oriented meat packers own big feedlots which preferably purchase backgrounded cattle to finish them at the age of 18-24 months at approximately 500 kilos live.

Photo 3.

Source: Ing. Rafael Tardaguila

In marketing year 2023/2024 Uruguay had a record corn crop which surpassed 1 million tons of production, a volume that barely covers the total domestic demand of corn. The feedlot sector consumes approximately 400,000 tons of corn a year, while the balance is consumed primarily by the dairy and poultry sectors. Uruguay has normally been a net importer of corn, importing 200,000-500,000 tons from neighboring Paraguay and Argentina.

During the first half of 2024 there were 32 meat packing plants operating in the country. Two Brazilian conglomerates operated 8 plants, accounting for roughly 50 percent of the total slaughter. Together with the two largest local groups, which operate 3 plants they account for 75 percent of the country’s slaughter. In mid-2023, one of the Brazilian companies offered the other Brazilian company to buy 16 meat plants in southern Latin America, of which 3 plants are located in Uruguay. In mid-May 2024, the Uruguayan Government, through the Commission for Promotion and Defense of Competition blocked the transaction due to concerns of possible negative effects on cattle producers as the purchasing company would account for 40-45 percent of the country’s total cattle slaughter. Some people believe that eventually there could be an agreement by which at least one plant could be sold.

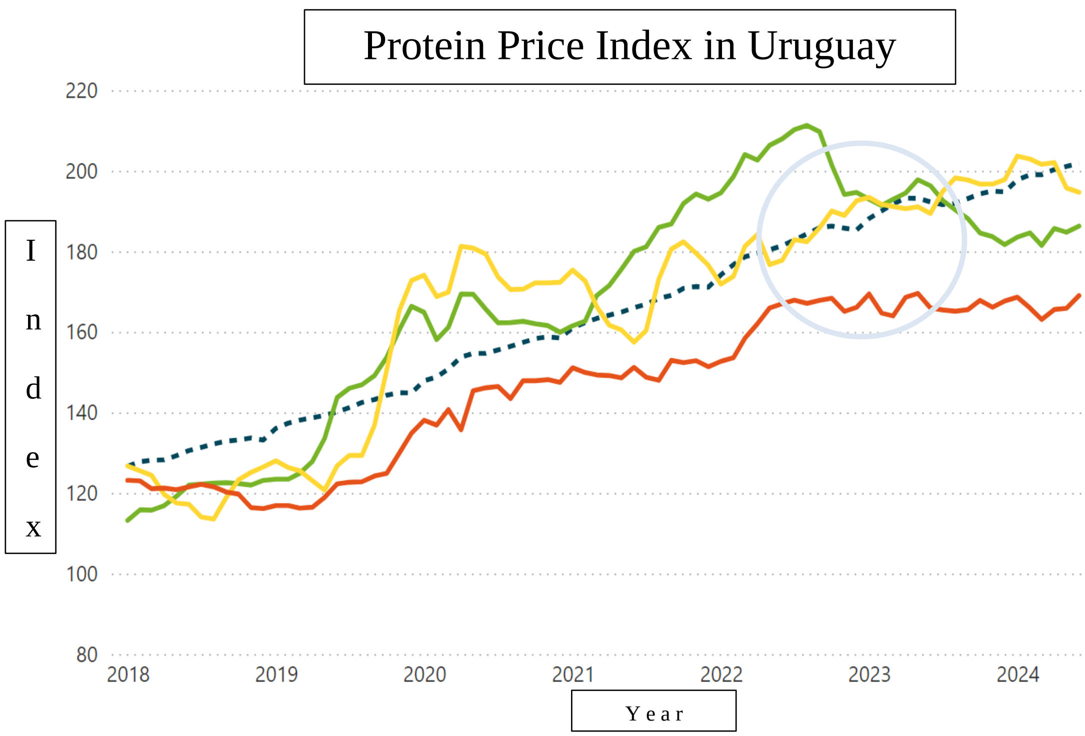
Industry contacts indicate that the sector is going through times of difficulties because of low profitability. The main reasons are a strong local currency which makes most local products expensive vis-a-vis other suppliers in the region, consistent weak import prices in China, relatively firm local fed cattle prices and higher costs to comply with environmental demands from several importing countries. Smaller shipments to China complicate the normal production dynamics of the export plants which in the past few years were used to export most of the beef from each carcass, but now they must find new destinations for many of the cuts. More beef is currently being produced for the United States, Israel, and the Russian Federation. Local exporters hope that in 2025 the Chinese beef demand recovers in volume and price. Exports of byproducts such as hides and offals are also going through a difficult moment, due to low world prices. Local meat packers are expected to focus on tightening costs as much as possible.

Domestic Consumption

Beef demand in 2025 is projected at 168,000 tons cwe, unchanged from 2024 with larger beef production, lower imports and similar export volume. Weaker export prices in 2024 have made local meat packers sell larger volumes of beef in the domestic market at lower prices, a pattern expected to repeat in 2025. Uruguay’s average export price dropped 15 percent in 2023 and 7 percent in the first semester of 2024. At the same time, imported beef, which accounts for approximately 30 percent of total domestic consumption, is also less expensive and helps maintain consumption.

The chart below shows Uruguay’s consumer price index of beef, poultry, pork and inflation in the past 5-6 years. The circle in blue shows the drop in retail beef prices since mid-2023, which coincides with lower prices of beef exported to China. Poultry prices and even inflation grew above beef prices. Pork prices remained practically flat which is mostly imported.

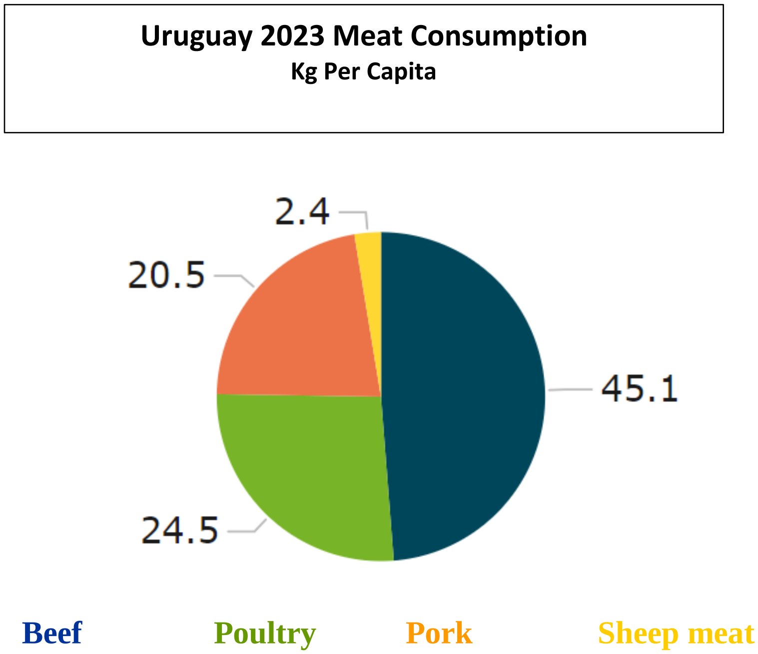
Chart 2.



Price Index Beef **Price Index Poultry** **Price Index Pork** **Consumer Price Index**
Source: Post with INAC data

Based on INAC data, in 2023 the combined consumption of poultry and pork was higher than that of beef for the first time ever. In 2023, Uruguayans consumed 94 kilos per capita of meat, 2 percent larger than five years back. During this period, beef consumption dropped 14 percent while consumption of poultry increased 31 percent, pork 20 percent, and sheep meat 7 percent. The drop in beef consumption is a clear result of steady, large exports at high prices which made local beef prices too expensive for most Uruguayan consumers, making room for larger poultry and pork consumption. Char 3 below shows 2023 per capita consumption in kilograms per different meats.

Chart 3.



Source: INAC

Trade

Uruguayan beef exports in 2025 are forecast at 475,000 tons cwe, unchanged from the previous year with a rather stable production and domestic consumption. Most contacts highlight the final volume will depend largely on how active the Chinese market is and FOB prices. Exports are calculated with USDA's conversion rates of product weight to carcass weight which differ from Uruguay's official rates.

The following table shows the importance of the Chinese market for Uruguayan beef exports in the past 5-6 years. It shows China's share of Uruguay's total export volume (in product weight), and its average export price:

Table 1.

Year	2019	2020	2021	2022	2023	2024*
% of Total	69	58	67	66	58	42
Avg $	4,696	4,151	5,083	5,724	4,529	4,074

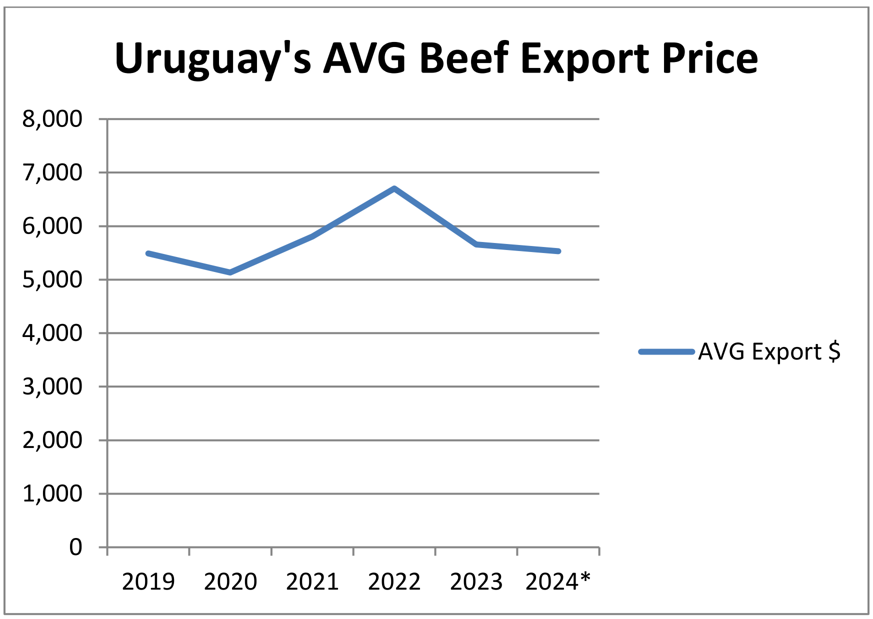
Source: Trade Data Monitor, Inc.
* First half

Uruguayan packers are suffering thin profitability, in the best of cases, because of the combination of weak export prices to China and high production costs measured in dollars due to a strong local currency. In addition, low prices of byproducts such as offal and raw hides also play against the profitability of the beef industry. In recent years, China accounted for 60-70 percent of Uruguay's exports, with a wide variety of cuts from all types of cattle (primarily cows, but also steers and heifers) which was convenient for the processing plants. The current situation creates greater difficulties in planning production and export programs cautiously monitoring costs and attempt to direct each cut to the highest paying market for each individual cut. This explains the recent rise in exports to the United States, the Russian Federation, and Korea. Most local meat packers speculate the export market will remain relatively unchanged in 2025, although some are optimistic beef prices in China could increase if Brazil's exports diminish.

Many in the sector believe the country should continue focus on opening new markets, especially those in South East Asia such as Vietnam, Malaysia, Indonesia, and the Philippines. However, some players believe more efforts should be directed at lowering import duties in markets which are already open.

Uruguayan beef exports in 2023 totaled $2.1 billion, a drop of 20 percent from the previous year primarily because of a significantly lower average export price, primarily to China. The total value in the first half of 2024 continued to drop slightly compared to the same period in 2023. The three main destinations in 2023 were China, the United States, and the EU, which together accounted for 81 percent of the total value. Char 4 below shows Uruguay's average export price since 2019 through the first half of 2024:

Chart 4.



Source: Post with Trade Data Monitor, Inc. * First half 2024

In the first half of 2024 Uruguay exported 183,000 tons of beef, product weight. The following table 2 shows the different products exported, their share and main destinations:

Table #2

Product	Tons	%	Main Destinations
Boneless frozen	126,644	69	China, US
Bone in frozen	29,271	16	China
Boneless chilled	21,707	12	EU, US, Chile
Prepared	5,320	3	US

Source: Trade Data Monitor, Inc.

Measured in value, China is expected to continue to be the main market in 2025, followed closely by the United States. Exporters hope the recent slight increase in import prices in China consolidates to bring much needed profitability. Some exporters even indicate that Brazil, the leading beef supplier in China, could initiate in 2025 a cattle rebuilding phase which could lead to lower beef exports and firmer prices in that market. Exports to China are composed of 70 percent of a wide variety of boneless frozen beef cuts and the balance of bone in beef, primarily forequarters. Exports of high-quality chilled cuts remain small, but it is a market which local meat packers want to expand despite knowing they face strong competition from Australian and U.S. products.

Exports to the United States in 2025 are forecast to remain large, being currently a profitable market which helps local meat packers compensate for lower exports at weaker prices to China. Exporters indicate that the United States is a market with higher demands; such as high sanitary standards which result in greater costs and also risks, but is considered to be a very safe market. Uruguay enjoys a tariff rate beef quota of 20,000 tons a year to be shipped to the United States, paying a very low import duty. Imports outside the quota pay 26.4 percent. In 2023, roughly 60 percent of Uruguay's exports to the United States were outside the quota, one of the highest shares ever. Frozen boneless beef is the main product exported. The Canadian market demands lower volumes but has many similarities to the United States and is also forecast to continue very active in the next year.

In 2025, exports to the EU are projected to remain quite flat, as it has been in the past 5 years. Despite a smaller volume and participation of exports under the EU high quality beef quota (called 481 Quota in Uruguay) which continues to diminish for other origins outside the United States, yearly beef exports range between 27,000-32,000 tons product weight. Roughly 2/3 is boneless chilled cuts (primarily under the Hilton Quota and the high-quality beef quota) and the balance is boneless frozen beef. Exports increased 2 percent in the first half of 2024, with an average price of $11,300 per ton for chilled beef and $7,400 for frozen beef. Exports to the Netherlands accounted for 8,200 tons product weight, representing 46 percent of the total. Following it were Italy, Germany, and Spain. These four countries accounted for 89 percent of the EU's beef imports from Uruguay. The country can also participate of the EU Gatt and Bilan quotas. The Hilton Quota totals 5,600 tons product weight a year, typically filled with premium chilled cuts (mostly rump and loin) which pay 20 percent duty. In 2024, the high-quality beef quota from other origins totals 14,800 tons, volume which is filled by Uruguay, Australia and, Argentina.

Exports to Israel are forecast to be strong in 2025. In the first semester of 2024 Uruguay shipped 8,466 tons product weight, 181 percent higher than the same period last year. There was an exponential increase in exports of Kosher boneless chilled beef, but also significant increases in exports of Kosher boneless frozen beef. Since February 2024, and for the first time, Uruguay exported Kosher frozen bone in beef, with exports averaging some 100 tons per month. Israel's total beef imports in the first semester increased 10 percent in value, with imports from Poland and France dropping significantly vis-a-vis 2023. This allows greater imports from other origins, such as Uruguay.

Japanese beef imports have been declining in recent years, and Uruguayan exports not exempted. Since the market opened in 2019, exports in 2025 are forecast to continue to be weak. While exports of boneless frozen beef continue to increase, exports of chilled beef are forecast to drop. Uruguayan beef pays a 38.5 percent duty to enter in Japan where Australian and U.S. product dominate the market.

Uruguayan cattle exports in 2025 are forecast to increase at 320,000 head, although the final number will depend on how active the foreign demand is. Projected large calf crops in 2024 and 2025 are expected to encourage higher cattle exports. Turkey is forecast to be the main destination, with probable small exports to China and some other minor markets. Based on information reported by the National Meat Institute, Inac, cattle exports in the past decade totaled 2.4 million head, the equivalent of the slaughter of a full year. Depending on the destination, cattle exports can vary from animals for breeding purposes to steers and/or young bulls and heifers for fattening. In 2023, the vast majority were young bulls weighing approximately 280 kilos, live weight.

Beef imports in 2025 are forecast down at 48,000 tons cwe, because of somewhat larger beef output and unchanged exports and domestic demand. Most imports are chilled beef from Brazil and secondly from Paraguay. Frozen beef imports are significantly smaller. Imported beef is well accepted by local consumers.

Statistical Tables

Animal Numbers, Cattle	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	11795	11795	11366	11366	0	11805
Dairy Cows Beg. Stocks (1000 HEAD)	300	300	300	300	0	300
Beef Cows Beg. Stocks (1000 HEAD)	3840	3840	3880	3960	0	3900
Production (Calf Crop) (1000 HEAD)	2515	2515	2900	3200	0	2900
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	14310	14310	14266	14566	0	14705
Total Exports (1000 HEAD)	299	299	225	280	0	320
Cow Slaughter (1000 HEAD)	1164	1164	1050	1050	0	1090
Calf Slaughter (1000 HEAD)	11	11	10	10	0	10
Other Slaughter (1000 HEAD)	1130	1130	1160	1160	0	1175
Total Slaughter (1000 HEAD)	2305	2305	2220	2220	0	2275
Loss and Residual (1000 HEAD)	340	340	261	261	0	260
Ending Inventories (1000 HEAD)	11366	11366	11560	11805	0	11850
Total Distribution (1000 HEAD)	14310	14310	14266	14566	0	14705
(1000 HEAD)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Meat, Beef and Veal	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	2305	2305	2220	2220	0	2275
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	600	600	590	590	0	595
Total Imports (1000 MT CWE)	47	47	50	53	0	48
Total Supply (1000 MT CWE)	647	647	640	643	0	643
Total Exports (1000 MT CWE)	485	485	475	475	0	475
Human Dom. Consumption (1000 MT CWE)	162	162	165	168	0	168
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	162	162	165	168	0	168
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	647	647	640	643	0	643
(1000 HEAD) ,(1000 MT CWE)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments