



**Uruguay XXI**

PROMOCIÓN DE INVERSIONES,  
EXPORTACIONES E IMAGEN PAÍS

# ANNUAL REPORT

## FOREIGN TRADE

# 2023

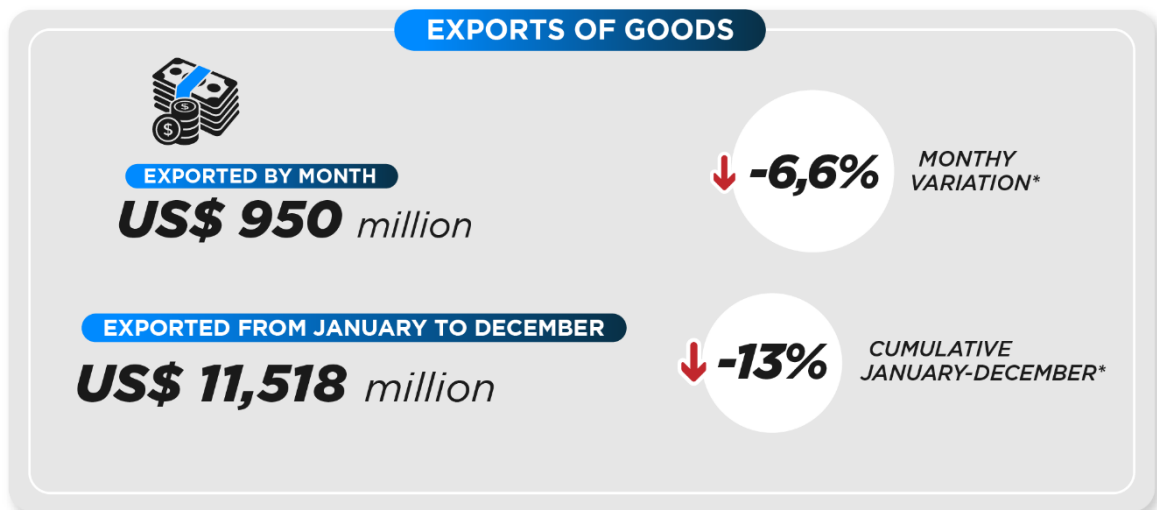
## CELLULOSE

STANDS OUT AS AN  
EXPORT PRODUCT



## EXECUTIVE SUMMARY

- Uruguayan goods exports amounted to US\$ 11.52 billion in 2023, a drop of 13% compared to 2022**, a record year for exports. During 2023, neither the external nor the internal context contributed to the export of Uruguayan goods. The meager growth of developed economies, the reduced demand from China and the drop in commodity prices created a complex external scenario. If we add internal factors such as the unprecedented drought the country suffered, affecting agricultural production -which has a considerable weight in the exports of goods- we can understand the aforementioned decline.



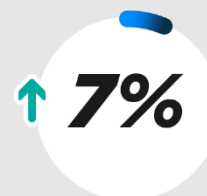
\*\*Variation with respect to 2022. Includes exports from Free Trade zones.  
 \*\* Excludes electricity data.

- The main export **products** in 2023 were beef, cellulose, dairy products, beverage concentrate and rice. Live cattle and cellulose were the items with the largest positive impact, while soybeans and beef accounted for a major part of the drop in exports.

## CELLULOSE EXPORTS

**Celulosa**  
**US\$ 2.02 billion**

Exports in 2023 reached record levels, with a 7% increase over exports in 2022 (US\$ 1.89 billion).



\*Variation with respect to 2022. Includes exports from Free Trade zones.

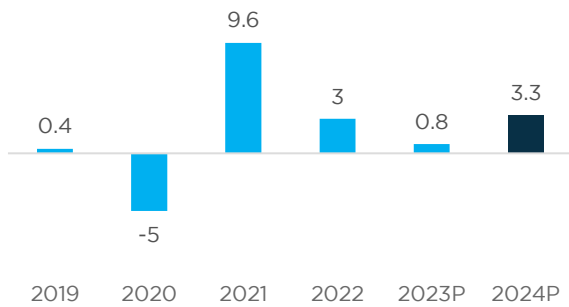
- The main **destination** for Uruguayan exports in 2023 was **China** (with 22% of the total), closely followed by **Brazil**, which had a 19% share, and, in third place, the European Union with 16% of total exports. The United States and Argentina accounted for 8% and 5%, respectively.
- **Imports** of goods, excluding oil, derivatives and energy, **totaled US\$ 10.61 billion in 2023, a 2% fall compared to 2022**. The main drop was recorded in imports of intermediate goods.
- In terms of external insertion, in 2023 Uruguay continued its process of economic expansion. A Free Trade Agreement was signed between Mercosur (Common Market of the South) and Singapore, which established Asia as a key partner for Uruguay. Bilateral relations with China were strengthened and new markets were accessed. In addition, priority was given to closing negotiations with the European Union, with the hope of making headway during the first half of 2024.

# EXTERNAL SETTING

## GLOBAL TRADE

The volume of global goods trade increased by a mere 0.8% in 2023, following a 3% growth in 2022 (World Trade Organization)<sup>1</sup>. The slowdown occurred in a context of weak expansion of global gross product<sup>2</sup>, marked by contractionary monetary policies in the United States and Europe, the real estate crisis in China, the consequences of the latest war conflicts and the effects between trade and geopolitics. By 2024, trade is expected to recover its momentum, with a volume increase of 3.3%.

Graph No.1  
**Global goods trade**  
(Volume. % Change)

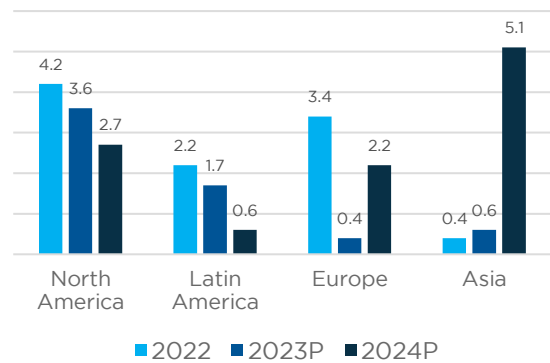


Source: World Trade Organization (Projections).

The deceleration was widespread, affecting a large number of countries and a wide range of products, especially industrial products. North America recorded the strongest expansion (3.6%). The rest of the

regions experienced modest growth in export volumes.

Graph No. 2  
**Export of goods**  
(Volume. % Change)



Source: World Trade Organization (Projections).

A recovery in Uruguay's imports from its main markets is expected by 2024. According to the World Trade Organization (WTO), Asia will have the greatest expansion at the regional level with a 5.8% increase in volume, Latin America 3.3%, while North America and Europe will have a more moderate rebound of 2.2% and 1.6%, respectively.

## REGIONAL TRADE

Regional trade of goods, in line with the global market, showed a sharp slowdown in 2023. The value of Latin American exports - which had slowed in 2022 - entered a

<sup>1</sup> World Trade Organization (WTO) projections, [Report Oct 23](#)

<sup>2</sup> The variation of goods trade growth in GDP growth provides a proxy for trade "elasticity" with regards

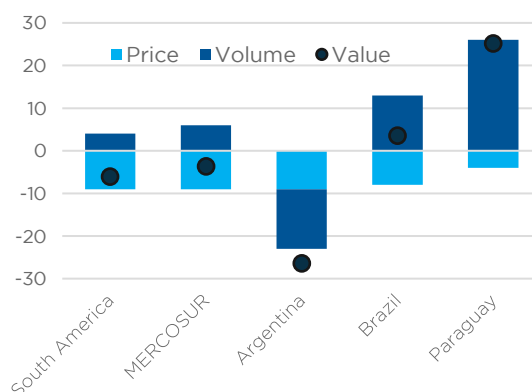
to income. The average of the 2019 and 2024 values gives an elasticity of 1.0, suggesting that trade grows in line with GDP.

contracting phase last year. The volume exported increased slightly, but it was not enough to compensate for the fall in prices.

According to the Economic Commission for Latin America and the Caribbean (ECLAC), the prices of the main commodities exported by the region fell by 7.4% year-on-year in 2023. The prices that dropped the most were those related to energy, which accumulated an average decrease of 17%. The decline was steep for natural gas and coal and reversed the increases recorded in 2022 as a result of the outbreak of war in Ukraine. The recovery of energy supplies in Europe, together with lower global economic activity, were the factors behind the fall in fuel export prices in the region.

Prices for minerals and metals accumulated a 5% drop in 2023. The main cause was lower demand from China's manufacturing industry, as well as its real estate crisis, which reduced purchases of copper, iron ore and other metals. The prices of agricultural and livestock products fell by 3% on average during 2023 and showed individual drops of between 8% and 28%, as well as increases of 22% in the case of rice, indicating great variability in these goods over the past year.

Graph No. 3  
**Goods exports from the region 2023**



Source: ECLAC Projections.

ECLAC estimates a drop in the export of goods in South America (5%) and in MERCOSUR (Common Market of the South) countries (3%) for 2023. Within the regional bloc, an increase in the value of exports was forecast for Brazil and Paraguay. The case of countries that experienced exceptional situations, such as the droughts in Argentina and Uruguay, which caused a drop in export volumes, mainly in soybeans and cereals, was different.

## URUGUAYAN GOODS EXPORTS DECLINED IN 2023

With a record year in 2022, Uruguayan goods exports, including from free trade zones, declined in 2023 as expected.

**Foreign sales totaled US\$ 11.52 billion and dropped 13%.** The 2023 figures were in line with the projections made by Uruguay XXI (a decrease of approximately 11%).

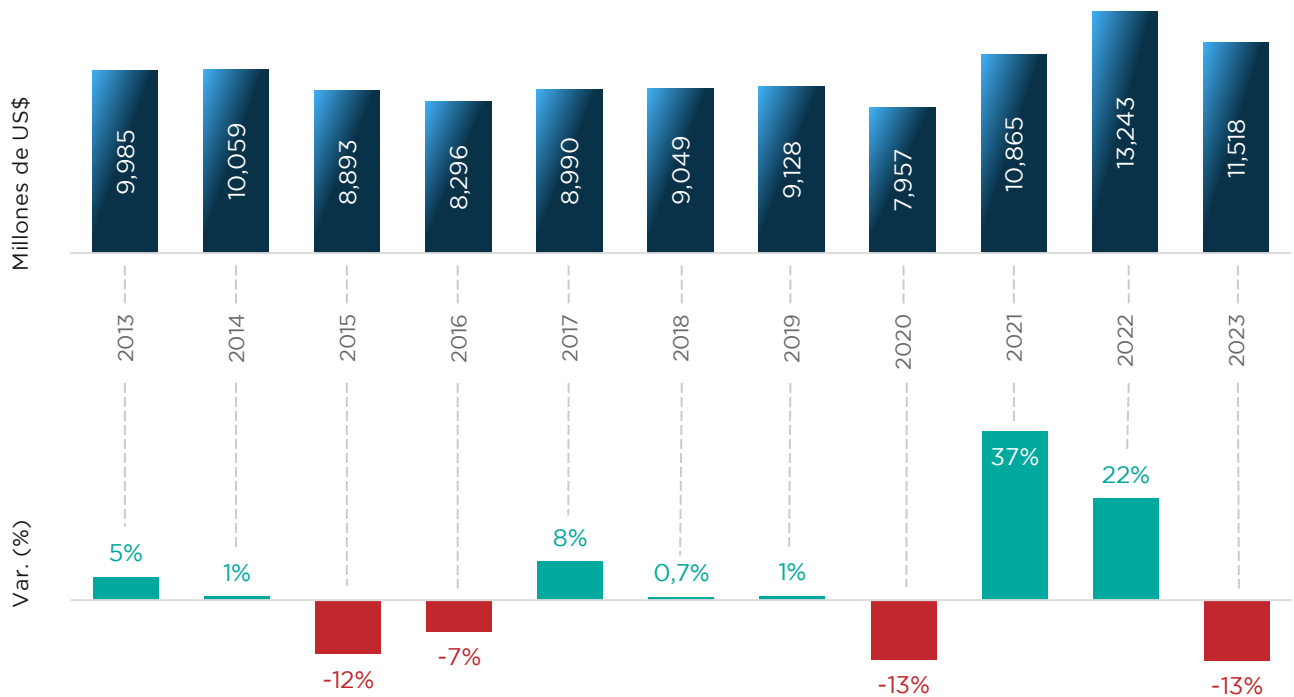
Although the drop in 2023 was similar to that recorded in 2020, it is the second year with the highest export value in the last decade (see Graph No. 4).

↓ **-13%**

**DECREASE IN EXPORTS IN 2023**

In 2023, soybean and beef placements decreased considerably, while live cattle and cellulose placements had a positive impact. Notably, the 2022-2023 harvest of summer crops (including soybeans) was affected by the unprecedented drought, which resulted in a poor harvest.

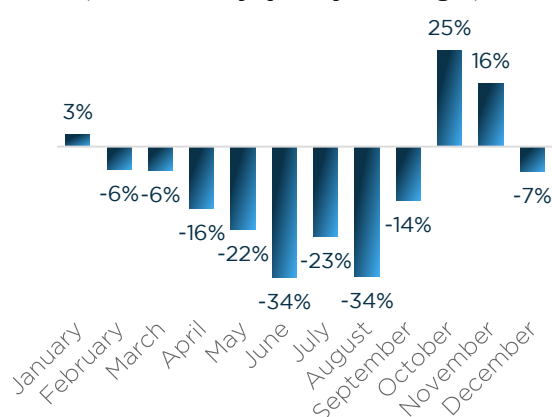
Graph No. 4  
**Uruguayan goods exports including free trade zones**



Note: excludes electricity exports. Source: Uruguay XXI based on data from the National Customs Directorate (DNA for its acronym in Spanish), Central Bank of Uruguay (BCU, for its acronym in Spanish), Montes del Plata and SiGes Nueva Palmira.

An analysis of export performance throughout the year shows that there were monthly year-on-year declines in almost every month except January, October and November. Specifically, in December 2023, export requests with free trade zones stood at US\$ 950 million, 7% below the 2022 figure.

Graph No. 5  
**Uruguayan goods exports including free trade zones**  
 (% monthly y-o-y change)



Note: excludes electricity exports. Source: Uruguay XXI based on data from DNA, BCU, Montes del Plata and SiGes Nueva Palmira.






It should be noted that until the end of 2023, the country experienced an unprecedented water deficit. According to estimates by the Office of Agricultural Programming and Policy (OPYPA for its acronym in Spanish), the losses caused by the drought in agricultural production amounted to approximately US\$ 1.88 billion, 3% of the GDP<sup>3</sup>.

<sup>3</sup> [Impacts of the 2022-2023 water deficit on agricultural and livestock production](#) - OPYPA - MGAP

**Soybean** was the item most affected by the drought. Sales of this product showed a sharp drop in value (US\$ 414 million exported in 2023), which was explained both by lower prices and lower volumes. The average productivity of the soybean crop was below one ton and the unharvested area reached 25% of the sown area. In addition, soybean prices were down 15% from the previous year's record. These are still high prices for soybeans compared to their historical levels, similar to the averages observed during 2021 or further back in time, in the 2012-2014 period.<sup>4</sup>

**Beef** also recorded decreases in both price and volume, while **cellulose** exports recorded increases in volume, but not in price.

Table No. 1  
**Main export products**  
 (Year-on-year % change)

	PRICE	VOLUME	VALUE
 <b>Beef</b>	↓-15%	↓-4%	↓-19%
 <b>Cellulose</b>	↓-20%	↑33%	↑7%
 <b>Dairy</b>	↓-7%	0%	↓-7%
 <b>Beverage concentrate</b>	↑7%	↑2%	↑9%
 <b>Rice</b>	↑19%	↑4%	↑23%

Source: Uruguay XXI based on data from DNA, BCU, Montes del Plata and SiGes Nueva Palmira.

<sup>4</sup> [Soybean and derivatives: situation and outlook - 2023 Yearbook](#) - OPYPA - MGAP



## MAIN EXPORT PRODUCTS

The ranking of exported products was led by beef, with a share of 18% of total exports. Cellulose, with a similar share, was in second place. Dairy products were in third place with a 7% share, followed by beverage concentrate (6%), rice (5%), meat by-products (4%), wood (4%), soybeans (4%) and vehicles (3%).

**#1 Beef**  
 US\$ 2.08 billion

↓19%  
 Var (%)

**Beef** was the main exported product in 2023. Exports amounted to US\$ 2.08 billion, 19% lower than in 2022. Export volumes decreased 4%, while prices fell 15%.

Despite lower demand from China, it was still the main destination for Uruguayan beef. Its share was 48% in 2023 (US\$ 998 million). It was followed by the United States and the European Union with shares of 17% and 16%, respectively.

If we analyze this by product, boneless frozen meat, whose share of total exports was 58%, recorded a decrease of 29% compared to 2022. Boneless refrigerated meat, with a 19% share, recorded a 4% drop compared to 2022. Sales of boneless frozen meat, which accounted for 14% of total exports in 2023, grew 2% compared to 2022.

**#2 Cellulose**  
 US\$ 2.02 billion

↑7%  
 Var (%)

**Cellulose** came in second place in the ranking. Exports totaled US\$ 2.02 billion in 2023. Compared to 2022, there was a 7% increase, and it was the second product with the highest positive impact in 2023. Although pulp export prices decreased in the last year, volumes increased considerably. This was largely explained by the fact that UPM's second mill has been exporting since May 2023.

The European Union, with a 42% share of the total, was the main destination for cellulose exports. It was followed by China, with a 37% share.

**#3 Dairy**  
 US\$ 818 million

↓7%  
 Var (%)

In 2023, **dairy product** exports decreased 7% compared to 2022. A total of US\$ 818 million was sold, 49% of which was purchased by Brazil, 15% by Algeria, 4% by Mexico and 4% by the Russian Federation. Brazil purchased dairy products for US\$ 404 million and exceeded the value purchased in 2022 (US\$ 240 million); on the other hand, Algeria purchased dairy products for US\$ 122 million, 42% less than the amount in 2022. Of total dairy product exports in 2023, milk powder accounted for 75%, cheese in all its varieties 14%, and butter 7%.



**#4 Beverage concentrate**  
 US\$ 739 million

↑9%  
 Var (%)

Exports of **beverage concentrates** reached US\$ 739 million in 2023, 9% higher than the previous year. These exports traveled mainly to Latin American countries. Mexico, the main destination, purchased beverage concentrate for US\$ 162 million, a similar figure to the previous year (US\$ 159 million). It was followed by Guatemala (14% of total exports), Brazil (10% of total exports), Honduras (10% of total exports) and El Salvador (8% of total exports).

**#5 Rice**  
 US\$ 616 million

↑23%  
 Var (%)

**Rice** exports totaled US\$ 616 in 2023, 23% above the value recorded in 2022. Brazil was the main destination for this product, acquiring 29% of total exports and doubling the value of 2022. Other important destinations were the European Union (18%), Peru (8%) and Panama (8%). Sales to Panama, which in 2022 were almost US\$ 113 thousand, increased to US\$ 49 million in 2023.

**Soybeans ranked eighth in the export ranking for 2023** and was the main product with a negative impact on placements. On the other hand, foreign sales of **live cattle** had the greatest positive impact, tripling the amount exported in 2022, from US\$ 76 million to US\$ 245 million. Cellulose was the

second product to have a positive impact on exports in 2023, followed by rice.

The impact of each product on cumulative exports is available in the [annex](#).

## MAIN EXPORT DESTINATIONS

In 2023, **China** continued to be the leading export destination, despite a 33% decrease in shipments to this market. Exports to the Asian market amounted to US\$ 2.51 billion (22% of the total). The decrease was due to lower soybean sales, which fell 76%, as well as beef sales, which declined 32%. In contrast, cellulose exports grew 47% in the last year and became the second largest export product, overtaking soybeans.

**Brazil** was the second export destination. Sales to this country amounted to almost US\$ 2.19 billion, 14% above the 2022 figure. The increase in both absolute terms and in share of dairy product exports stood out, with a 68% increase, followed by rice, which doubled the amount exported in 2022, and wheat, which grew 89%. Other products exported to the Brazilian market were malt, vehicles and plastics, with a 14%, 11% and 10% share, respectively.

The **European Union** was the third destination for Uruguayan goods exports. Sales to the EU fell 6% and totaled US\$ 1.85 billion. Cellulose exports, the main product sold in this market, accounted for 46% of the total despite falling 16% compared to 2022. Sales of beef also stood out, as well as

those of rapeseed, which represented 18% and 9% of the total, respectively.

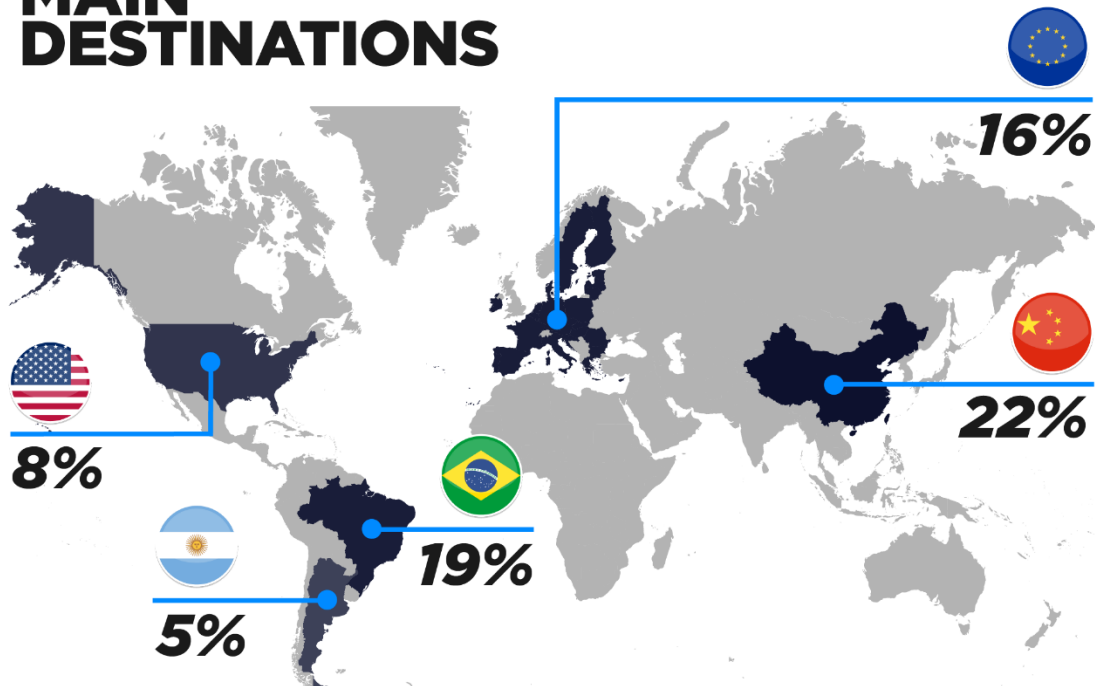
Exports to the **United States**, the fourth largest export destination, totaled US\$ 873 million in 2023. Sales to this market increased by 11% and the destination's share of the total was 8%. The placements of beef and meat by-products -which accounted for 41% and 20% of total exports- increased by 12% and 54% compared to 2022, respectively. Wood exports to this destination decreased 10%, while cellulose exports increased 25%.

**Argentina** was the fifth destination for Uruguayan exports in 2023. With a 5% share, placements in the neighboring country totaled US\$ 565 million, 47% less

than in 2022. The main products sold there were auto parts, vehicles and cellulose, with shares of 16%, 12% and 9%, respectively. As for soybeans, while US\$ 486 million were exported in 2022, in 2023 the value of soybean shipments decreased to US\$ 30 million.

Other relevant export destinations in 2023 were Turkey (4%), Mexico (3%), Chile (3%) and Paraguay (1%). Exports to **Turkey**, in particular, quadrupled compared to 2022, rising from US\$ 114 million to US\$ 423 million in 2023. The increase in live cattle exports, which rose from US\$ 20 million to US\$ 223 million, and cellulose exports, which grew from US\$ 48 million to US\$ 160 million, accounted for this result.

## MAIN DESTINATIONS



\* Share in total exports. Includes exports from Free Trade zones.

## OUTLOOK FOR 2024

There are good prospects for export activities for this year. Once the drought is over, summer crops will return to normal yields and, in particular, a significant recovery in soybean exports is expected. According to OPYPA, agribusiness exports will grow by around 18% in 2024. <sup>5</sup>

Thus, the combination of improved weather conditions and a more favorable international environment will allow for a significant recovery of exports in 2024, although they will probably not reach the record level seen in 2022.

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<sup>5</sup> [2023 Yearbook](#) - OPYPA - MGAP (Livestock, Agriculture and Fishery Ministry)

## URUGUAYAN SERVICES EXPORTS

Services exports constitute an increasingly relevant proportion of Uruguay's export mix.

According to recent figures released by the Central Bank of Uruguay (BCU), in the rolling year to September 2023, service exports totaled US\$ 6.07 billion and registered a 19% increase in the year-on-year comparison.<sup>6</sup>

Table No. 2  
**Uruguay Service exports**  
 Millions of US\$ and % Year-on-year change

Service category	Moving year to III. 2023	Variation %
Travel	2,417	68%
Transportation	513	-10%
<b>Non-traditional services</b>	<b>3,144</b>	<b>2%</b>
Global services	3,023	2%
<i>Financial</i>	310	24%
<i>Intellectual property</i>	73	9%
<i>Telecommunications</i>	199	2%
<i>IT</i>	1,036	9%
<i>Professional and consulting</i>	1,295	-7%
<i>Technical and other business</i>	56	4%
<i>Personal, Cultural and Recreational</i>	55	15%
Other non-traditional	121	-5%
<b>Total services</b>	<b>6,074</b>	<b>19%</b>

Note: other non-traditional services include those associated with government, construction, insurance and pension services, and maintenance and repair services. Source: Central Bank of Uruguay

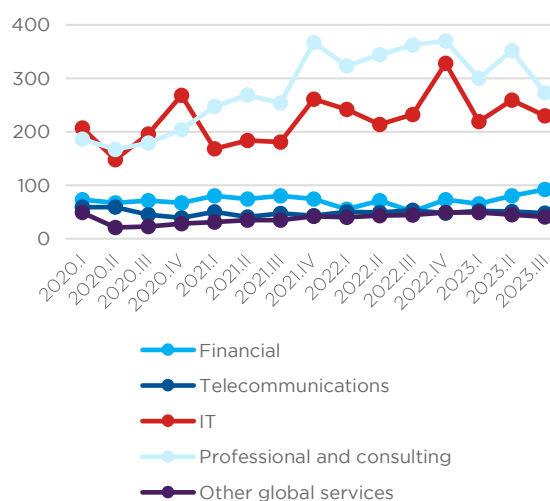
The increase was largely due to the recovery of traditional services. Tourism

<sup>6</sup> Services exports statistics are published quarterly by the BCU as part of the Balance of Payments. The

exports especially rebounded and amounted to US\$ 2.42 billion in the mobile year. Meanwhile, transportation exports decreased compared to 2022 and totaled US\$ 513 million.

Non-traditional services exports grew slightly, having a positive impact on the total variation of services trade with the rest of the world.

Graph No. 6  
**Global Services Exports**  
 Millions US\$



Source: Uruguay XXI based on BCU.

Non-traditional services exports totaled US\$ 3.14 billion as of September 2023. Most of these were global services exports (US\$ 3.02 billion).

presentation has a three-month lag, so the closed year will only be available by the end of March 2024.

The increase in global services exports was generalized at the item level, but sales of IT services played an important role. These sales showed a strong increase starting from the second half of 2021 and were the second largest item within global services,

with US\$ 1.04 billion in the rolling year. In turn, exports of professional and consulting services, the largest export item of global services, fell and totaled almost US\$ 1.3 billion in the period in question.

## URUGUAYAN GOODS IMPORTS IN 2023

**Imports of goods, excluding oil, derivatives and energy, reached US\$ 10.61 billion in 2023, registering a 2% drop** as compared to 2022.

Examining purchases according to economic categories, the decrease was mainly in imports of intermediate goods. Consumer and capital goods recorded a slight increase.

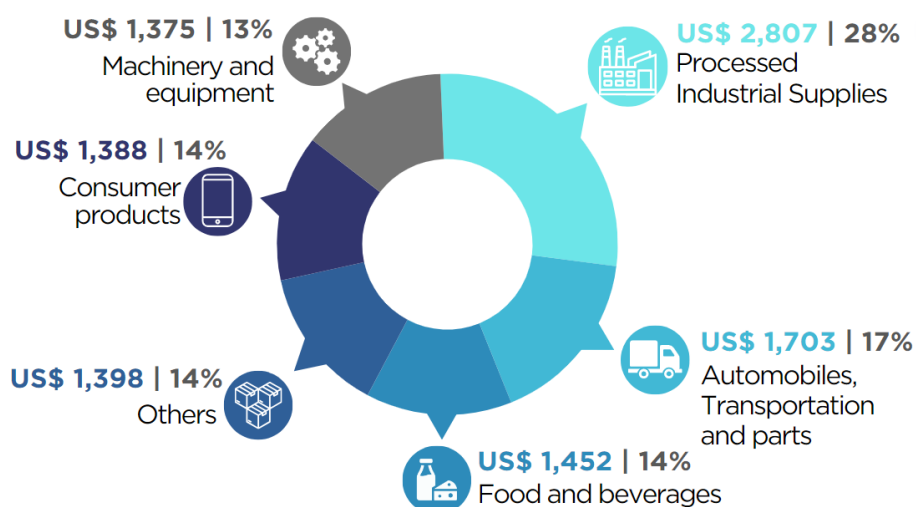
*Intermediate* goods, that is, products destined for the manufacture of end products for consumption, accounted for 41% of total imports. In 2023, they dropped 9%, with a notable decrease in processed industrial supplies, which fell from US\$ 3.35 billion in 2022 to US\$ 2.81 billion in 2023.

*Consumer* goods made up 33% of total imports and increased 1% compared to 2022. Within this category are food and beverages, automobiles, long-lasting goods, and other consumer goods.

*Capital* goods, which comprised 21% of the remaining imports, experienced a 1% year-over-year increase. This category includes vehicles such as tractors for agricultural production and computers, as well as machinery and appliances.

The largest import item in 2023 was **industrial supplies**. It decreased to US\$ 2.81 billion in 2023. A major component under this heading was mineral fertilizers, which fell 50% in the year-on-year comparison, from US\$ 340 million to US\$ 165 million. In

Graph No. 7  
**Main imported products**  
 Billion US\$ and Share % (2023)



Source: Uruguay XXI with data from the DNA.

2022 there was a shortage of fertilizers, which increased their price, and their subsequent stabilization led to the fall in imports of this item<sup>7</sup>.

Another relevant item was **vehicle and parts** imports. A total of US\$ 1.7 billion was imported, an amount 11% higher than in 2022. Of this figure, 35% consisted of automobiles, 34% of transportation equipment and the rest were related to vehicle parts and accessories. Forty-four percent of all imports came from countries within the Mercosur, mainly Brazil, which accounted for 37% of total imports.

Imports of **food and beverages** increased from US\$ 1.37 billion in 2022 to US\$ 1.45 billion in 2023. The main imports were beef and pork (18%) and grains (11%). Mercosur was the main source of these imports, with 73% of this item coming from Mercosur countries: Brazil (40% of the total), Argentina (27% of the total) and Paraguay (6% of the total). The rest came from countries within the European Union (7%), the United States (5%) and Mexico (5%), among others.

**Machinery and equipment** imports decreased 2% year-on-year, ending the year at US\$ 1.38 billion. This item is composed of machinery for industrial and domestic use.

The main origin of these imports was China, accounting for 30% of the total.

**Brazil** was the main origin of Uruguayan imports with a total of US\$ 2.56 billion, 24% of total imports. The main import item was vehicles and parts for US\$ 630 million, followed by processed industrial supplies for US\$ 590 million.

**China** was the second largest source of Uruguayan imports in 2023 (22% of the total). Purchases increased 1% and totaled US\$ 2.37 billion. Uruguay purchased processed industrial supplies for US\$ 615 million, followed by consumer goods for US\$ 443 million from China.

The third largest source of import was the **European Union** with US\$ 1.58 billion in 2023 and an increase of 4%. Manufactured industrial supplies were imported from the European Union for US\$ 380 million, and the increase in imports of vehicles and parts, which rose 13% in the interannual comparison, was noteworthy.

**Argentina**, which was the fourth largest import source, accounted for 6% of total imports. This figure reached US\$ 1.34 billion in 2023. Some highlights were food and beverages for US\$ 396 million and vehicles and parts for US\$ 118 million.

<sup>7</sup> [Fertilizer prices decline, but affordability and availability problems persist - World Bank](#)



## EXTERNAL INSERTION IN 2023

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In 2023, Uruguay continued its commitment to and consolidation of its economic expansion process.

Significant progress was made in trade within Mercosur. In the **goods** sector, the approval of a new Origin Regime (ROM for its acronym in Spanish) that makes the requirements for products more flexible and encourages participation in global and regional value chains was especially noteworthy. In addition, the culmination of the negotiation round for the liberalization of services trade means that Mercosur partners will grant each other improvements that had been granted in extra-regional agreements.

The ROM (Decision CMC No. 05/23 - within Mercosur) marked the first substantive change in the matter of origin since the establishment of Mercosur, adopting modern and flexible regulations in order to adapt to current trade. This change involved a less protectionist approach, allowing exporters to choose inputs on a global basis. Great progress was also made in the field of **services**: the VIII Round (CMC Decision 18/23) deepened liberalization commitments.

The group also signed the Free Trade Agreement (FTA) between Mercosur and Singapore. This agreement, which involves a gradual reduction of tariffs and a greater openness in the rules of origin, confirmed Asia as a key trading partner for Uruguay. It was the first free trade agreement signed by the Mercosur member countries since 2010, when the Mercosur-Egypt FTA was signed, and the first of its kind with a Southeast Asian country. This treaty could stimulate the signing of similar agreements in the region.<sup>8</sup>

In 2023, the trade bloc also prioritized the completion of negotiations with the European Union, which had begun in 2019 with some pending issues. Although the initial goal was to conclude negotiations in December, work continues with expectations of making progress during the first half of 2024.

The opening process also continued through the strengthening of bilateral relations. In November 2023, as part of a state visit to China, a total of 24 treaties were signed with the aim of strengthening strategic cooperation and facilitating access to the Chinese market<sup>9</sup>.

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<sup>8</sup> [MERCOSUR - SINGAPORE FTA - gub.uy](https://www.gub.uy/mercosur-singapore-fta)

<sup>9</sup> [Lacalle Pou will lead a government visit to the People's Republic of China - gub.uy](https://www.gub.uy/lacalle-pou-will-lead-a-government-visit-to-the-peoples-republic-of-china)

Also in 2023, new markets were accessed thanks to new authorizations in a total of 20 agricultural export items in 49 countries. It is worth mentioning that 10 dairy products plants were authorized to export to Saudi

Arabia, a new market for these products. This entry is a new opportunity to consolidate Uruguay's position in that region for the possible opening of new markets<sup>10</sup>.

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<sup>10</sup> [Uruguay was authorized to export dairy products and by-products to Saudi Arabia - gub.uy](https://gub.uy)



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 [www.uruguayxxi.gub.uy](http://www.uruguayxxi.gub.uy)

 [info@uruguayxxi.gub.uy](mailto:info@uruguayxxi.gub.uy)

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