

# LIVESTOCK SECTOR IN URUGUAY



JUNE 2024



**Uruguay XXI**  
INVESTMENT, EXPORT AND COUNTRY  
BRAND PROMOTION AGENCY

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# 1. EXECUTIVE SUMMARY

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Livestock is a fundamental pillar of the agricultural sector in Uruguay. Considering the subsectors and the related industries it is generally known as the agro-industrial sector, the GDP contribution of which fluctuates between 14% and 16%. In addition to its direct participation, the agroindustry creates positive effects in other sectors, with backward linkages (increasing demand for transport services, storage, supplies production, telecommunications, etc.) and forward linkages (a major part of the national agro-industrial production serves as input for other industries).

In 2023, around 107,000 people worked in livestock activities and related industries. While 27% of these people were employed by this industry, 73% of them worked in the primary activity.

This report defines the **livestock sector** as a field of agriculture which is dedicated to acquiring animal-based products through animal breeding and management. This sector includes **meat** production (such as bovine, porcine, ovine and poultry), **by-products** (such as bones and innards), **dairy** (such as milk, cheese, yogurt and butter), **leather** (animal skins for the leather industry), **wool** (animal fiber used for the textile industry) and **live cattle**.

The livestock sector remained as Uruguay's top exporter, based on this classification, generating income of around US\$ 4 billion in 2023, comparable to the previous exports record of 2021. Meat products equivalent to 695,000 tons, amounted to US\$ 2,647 billion in 2023 for the livestock sector exports.

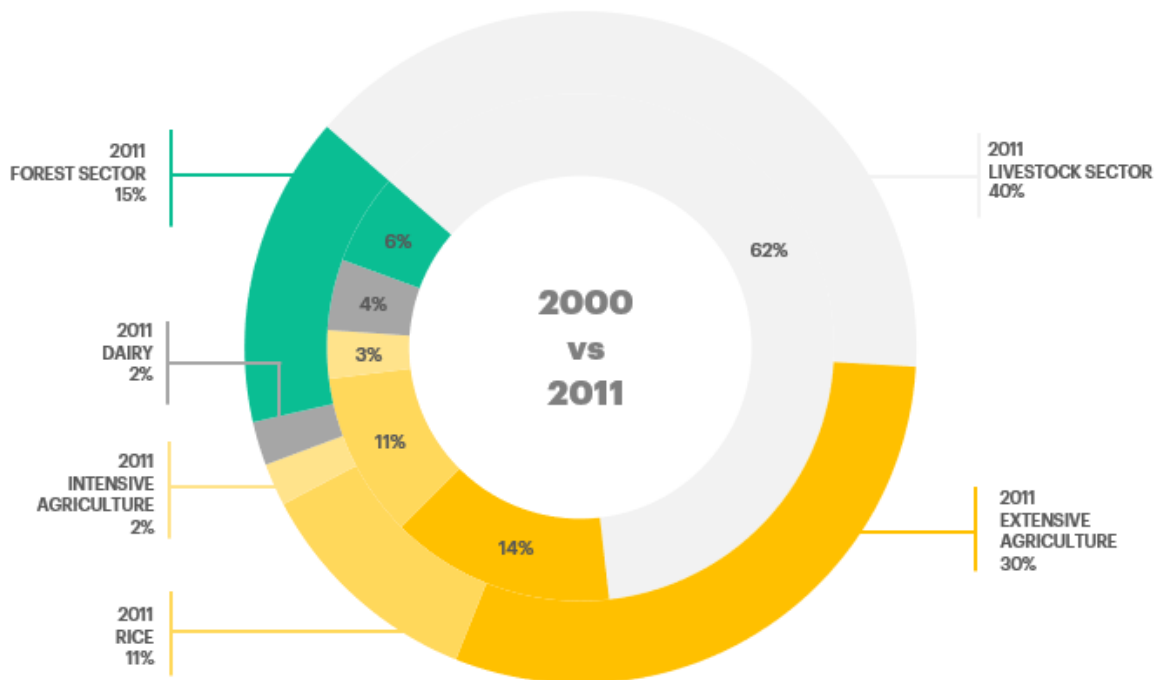
The Uruguayan livestock products exports reached around 100 destinations in 2023, with a strong participation of countries from Asia and Middle East (41%), Europe (20%) and South America (17%). China was the main export destination for the Uruguayan livestock, gathering 33% of the sector's exports.

## 2. LAND USE BY ACTIVITY TYPE

Uruguay has 16.4 million hectares intended for agricultural use, which covers more than 90% of its territorial area. This abundance of natural resources and factors of production provide the country with comparative advantages, reinforcing it as a global supplier in this area.

The latest available data is from the 2011 census, and it shows the evolution of the Uruguayan agricultural sector. A significant change in the relative land distribution among the main productive activities was observed. The portions meant for agriculture increased from 14% in 2000 to 30% in 2011, whereas those meant for livestock decreased from 62% to 40% in the same time span<sup>1</sup>. This reduction in the land used for livestock does not imply less production, it rather implies an increased intensity in the land usage.

Graph N°1 – Share of agricultural activities in the total area under cultivation –2000 and 2011



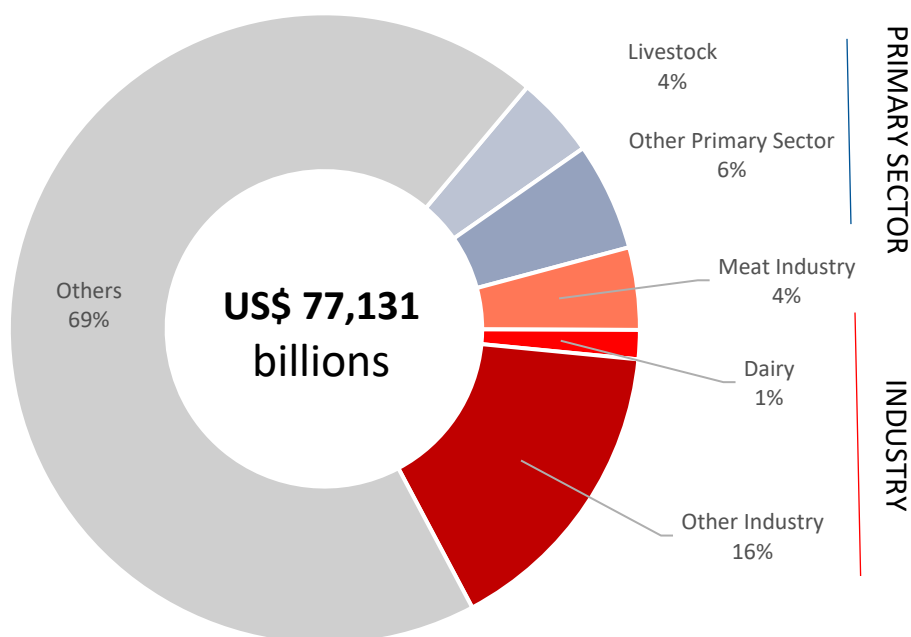
Source: Compiled by Uruguay XXI based on the 2021 Annual Agricultural Statistics Report of the Office of Agricultural Statistics (DIEA, for its acronym in Spanish) of the Ministry of Livestock, Agriculture and Fisheries (MGAP, for its acronym in Spanish).

<sup>1</sup> Source: [Annual Agricultural Statistics Report of the Office of Agricultural Statistics \(DIEA 2023\)](#)

## 2.1. LIVESTOCK INDUSTRY CONTRIBUTION TO GDP

In 2023, the primary sector stood out as a significant part of the economy contributing of 8% to the Gross Domestic Product (GDP). In Uruguay this sector comprises of agriculture, livestock and fishing, which not only generate direct income, but also has a crucial impact on food security and job creation in rural areas.

Graph N°2 – GDP of Uruguay (Share % by sector – 2023\*)



Source: Compiled by Uruguay XXI based on data from the Central Bank of Uruguay (BCU, for its acronym in Spanish). Estimations based on participations of the industries in 2022 and 2023.

If the contribution of livestock industry to the GDP in 2023 is projected<sup>2</sup>, it will be found that livestock farming as the primary activity represented 4.4% of the GDP contribution, whereas production of meat and its byproducts contributed another 4.4%. In addition, dairy products' GDP contribution is 1.5%. **Summing up all of the figures, the livestock sector, including meat, by-products and dairy, accounted for close to 10% of Uruguay's GDP.**

While having a direct impact on the economy, the agroindustry also generates multiplier effects in other sectors. This is because it increases the demand for services like transportation, storage, production of supplies, telecommunications and so on, and its products are then used as raw material in other industries.

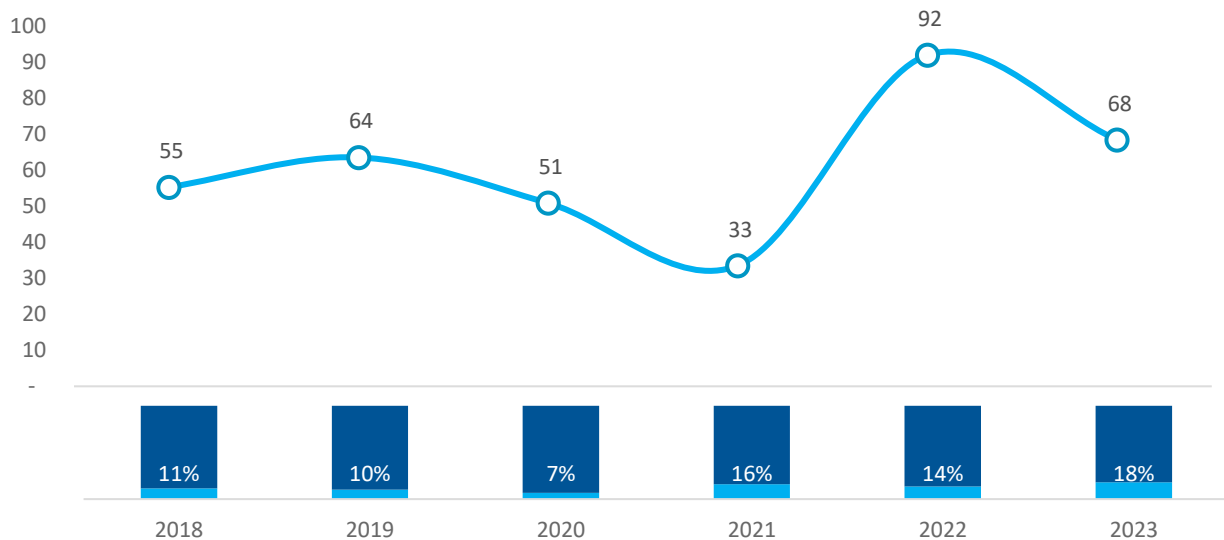
<sup>2</sup> The latest data available in National Accounts is from 2022, which allows us to capture the share of the livestock industry, but this has remained practically stable in recent years.

Livestock farming in particular is closely linked to the meat processing industry, the meat-based foods and leather industry.

## 2.2. INVESTMENT IN THE LIVESTOCK SECTOR

Between 2010 and 2020 the agricultural sector accumulated an investment of US\$ 4,7 billion, 23% of this came from the livestock sector, of which 13% accounted for investment in dairy farms and the dairy industry, 9% to meat production and the rest 1% to the leather and wool industry.

Graph N°3 – Investment projects in the agricultural sector approved by the Investment Law Application Commission (COMAP, for its acronym in Spanish) – Millions of US\$ and Share % by the agricultural sector of the total projects



Source: Compiled by Uruguay XXI based on data from COMAP.

The country implemented new regulations linked to the Investment Law (N°. 16.906) in October 2020, causing a positive impact on the number of projects and the invested capital. The number of projects presented to the Investment Law Application Commission (COMAP) increased substantially, going from an average of 431 projects approved annually between 2016 and 2020, to more than 723 during the period 2022-2023. This new regulation specially boosted projects linked to the sector, which represented 11% of the total in 2020 and increased to 19% in 2023, the largest year-on-year variation (74%) among the economic sectors.

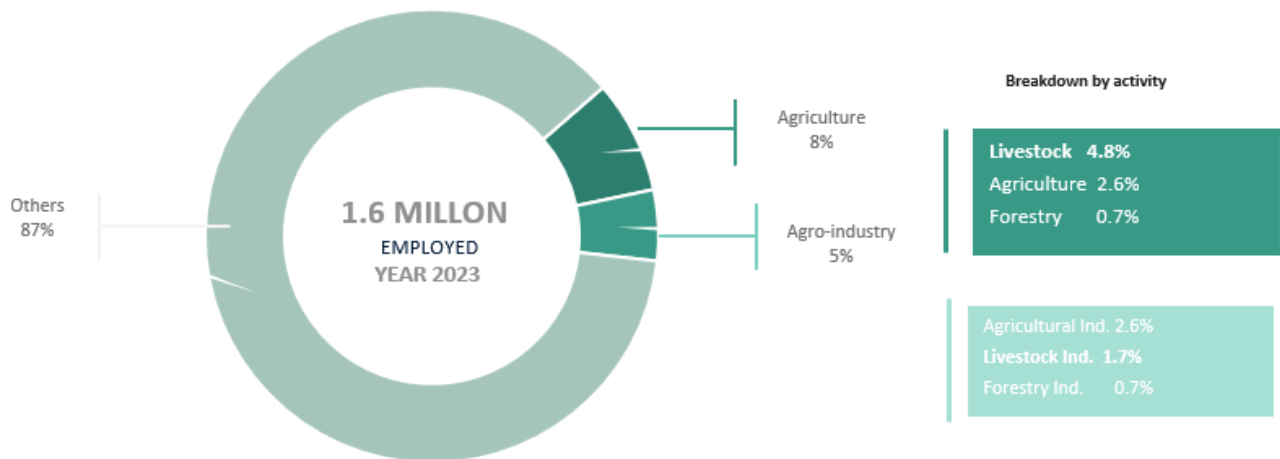
COMAP approved a total of 406 projects related to the agricultural sector after this implementation, which increased the percentage of agricultural investments approved by COMAP from 7% in 2020 to 18% in 2023.

Out of all the agricultural projects approved in the period 2020-2023, 56% belonging to the livestock sector accounted for a total of US\$ 78 million.

## 2.3. EMPLOYMENT IN THE LIVESTOCK SECTOR

The labor market employed 1.65 million people in 2023. The agribusiness sector particularly gave employment to 217,000 people, out of this around 133,500 worked in the agricultural sector, representing 8% of the country's population that is employed. On the other hand, 83,500 people worked in related industries, which constitutes 5% of the total.

Graph N°4 - Employment in the Agricultural industry and in the Livestock sector - 2023

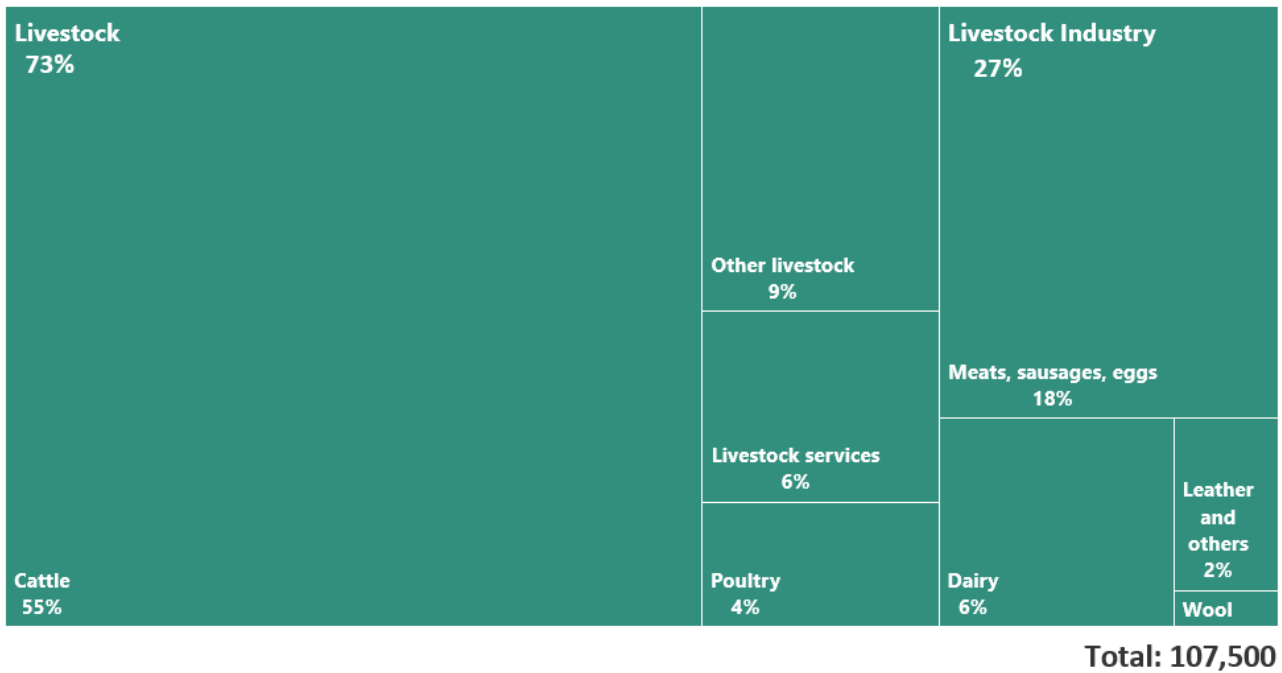


Source: Compiled by Uruguay XXI based on data from the Continuous Household Survey (ECH, for its acronym in Spanish) 2023, National Statistics Institute (INE, for its acronym in Spanish).

In 2023, 107,500 people worked in livestock farming activities and related industries. 73% of these people worked in the primary activities and the remaining 27% were employed in the industry. Although at different paces, the total employment in the sector decreased by 3% compared to 2022.



Graph N°5 - Employment in the Livestock sector - 2023



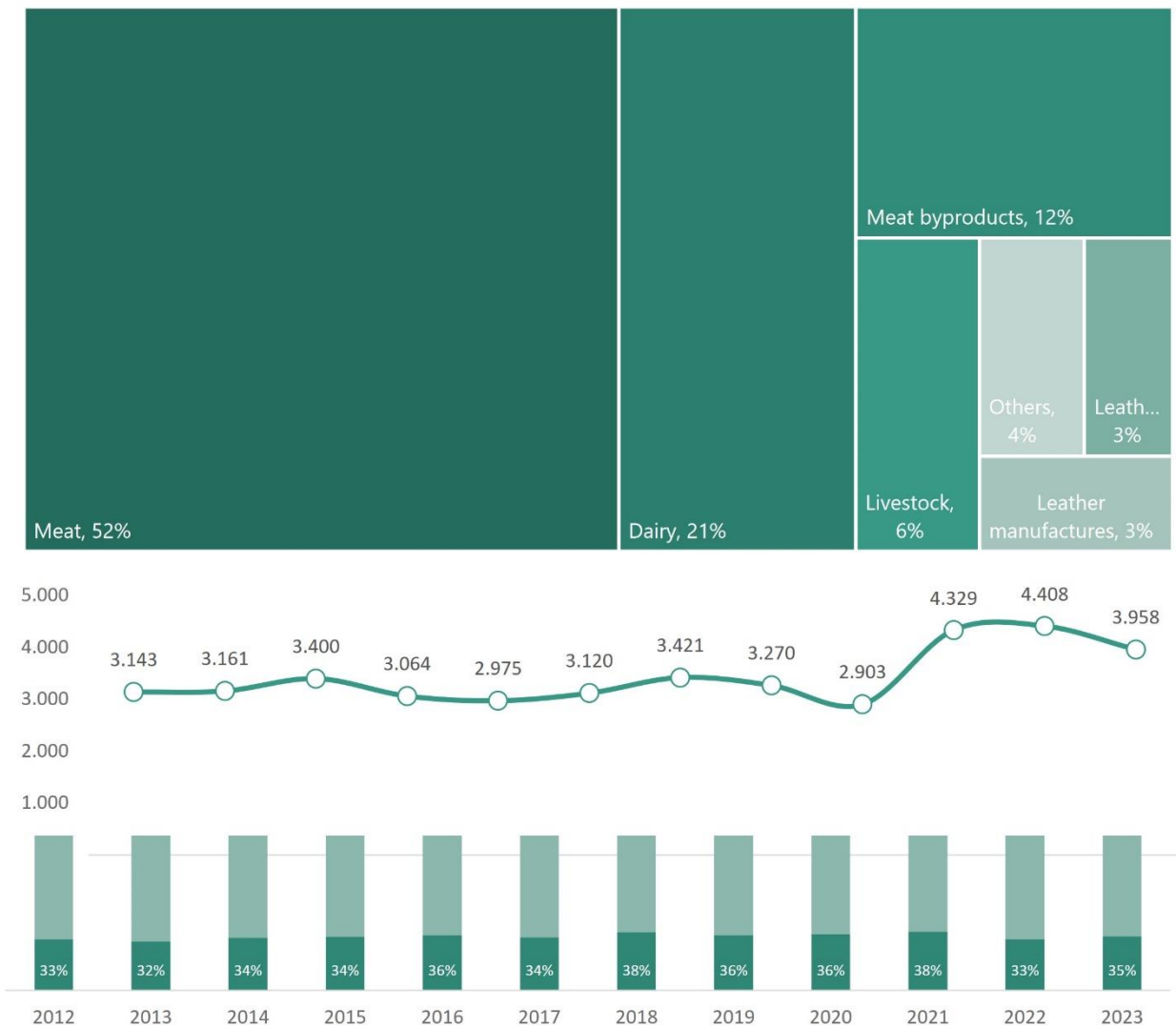
Source: Compiled by Uruguay XXI based on the data from the ECH 2023, INE.

In 2023, livestock breeding and rearing activities provided employment to around 70,000 people. On the other hand, industrial livestock farming provided employment to around 29,000 people, 60% of which work in the meat processing industry. The second industrial sector with more employees in 2023 was the dairy industry, with 6,500 jobs.

## 2.4. LIVESTOCK EXPORTS

In 2023, the Uruguayan livestock sector persisting as the main driver of exports, generated a total of US\$ 3,958 billion, which represented a 10% drop compared to 2022. This drop can be explained because the comparison was made with the year 2021 which was a year close to the record livestock exports and because of the negative impact of the drought in 2022-2023, as well as a drop in exports to top destinations like China. The industry's external sales, which constituted of 67% beef exports, reached US\$ 2,647 billion, which was equivalent to a total volume of 695,000 tons.

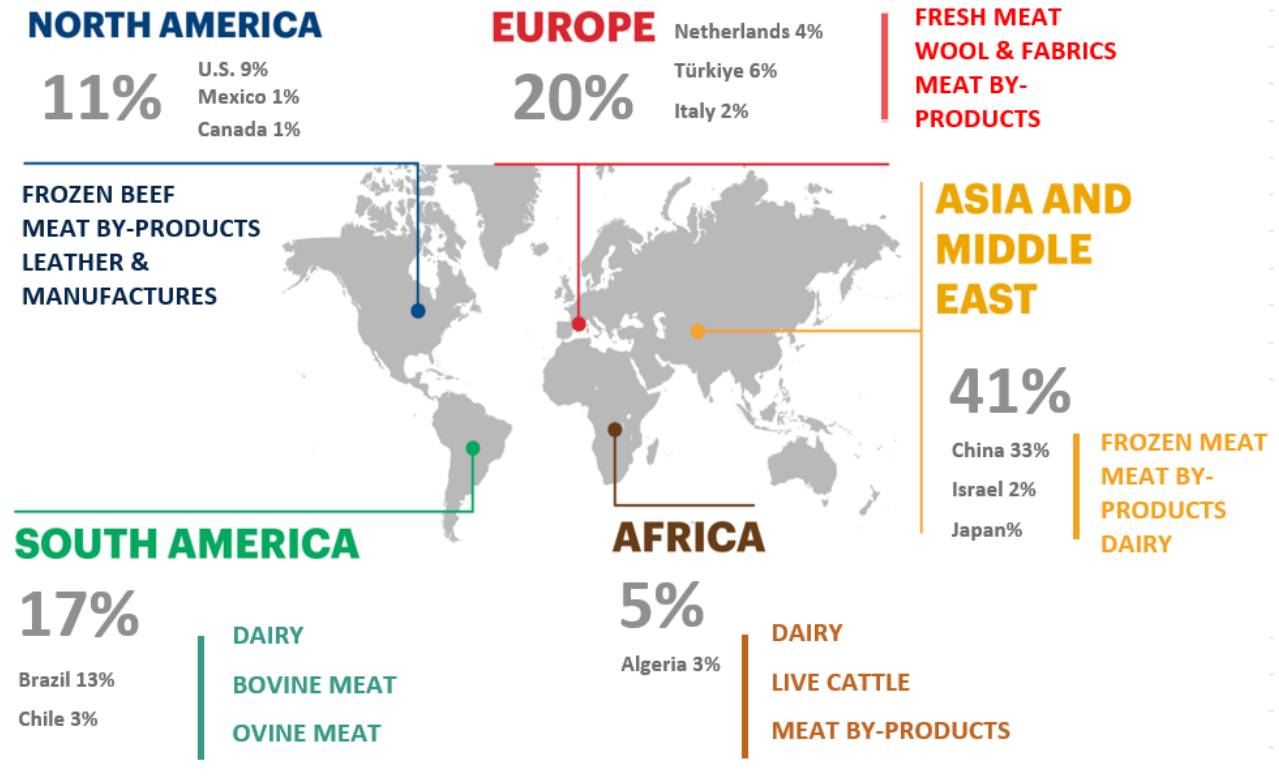
Graph N°6 - Livestock sector exports of Uruguay - Percentage of total exports in 2023 - Exports from 2012 to 2023, in US\$ FOB billion - Percentage of livestock exports over total exports from 2012 to 2023.



Source: Uruguay XXI based on data from the National Customs Directorate (DNA, for its acronym in Spanish).

The main elements of the livestock sector's exports were beef, dairy products and meat by-products. Industrially processed products accounted for 94% of exports, among which beef represented 52%, followed by dairy products with 21%, meat by-products with 12%, while wool and leather and others, each represented 3%. Live cattle sales constituted the rest of 6%.

Figure N°1 – Livestock exports of Uruguay  
 Main destinations and products – (Share % 2023)



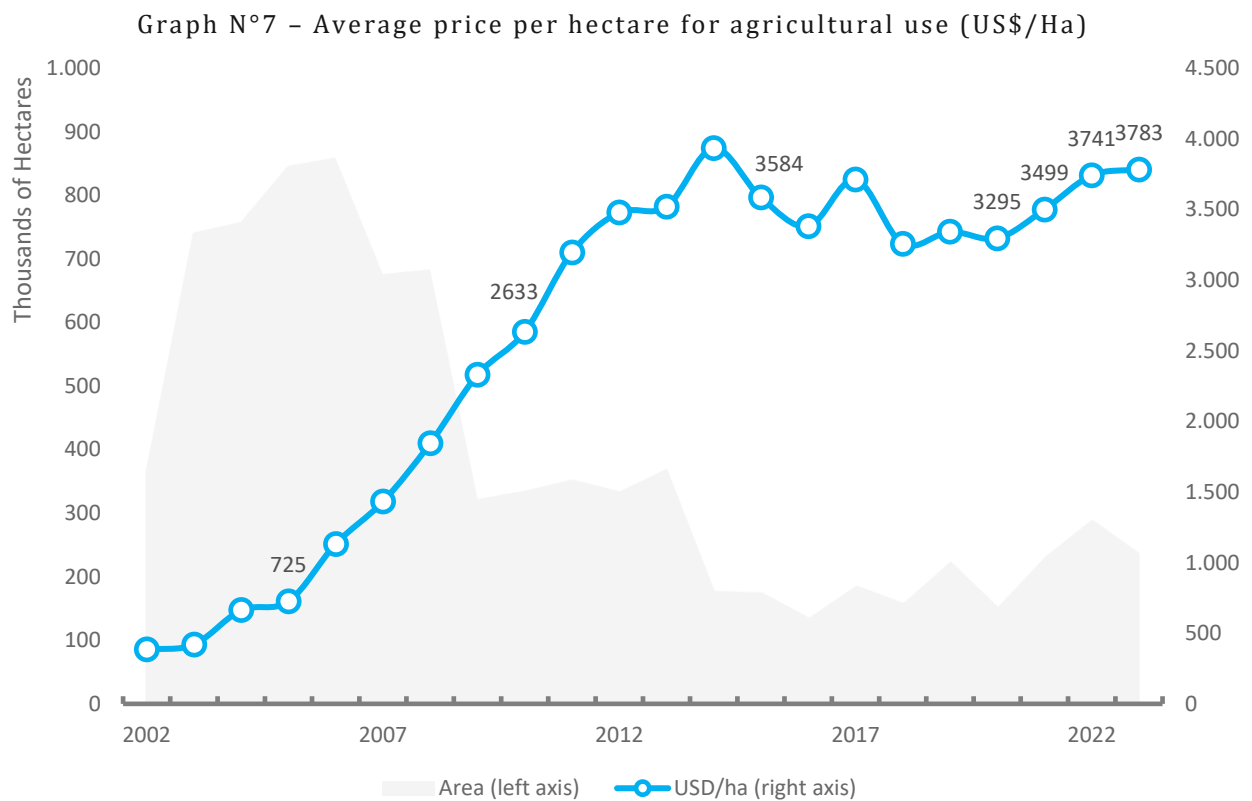
Source: Uruguay XXI based on data from the DNA, Nueva Palmira and Montes del Plata.

In 2023, Uruguay's livestock products exports reached almost 100 different destinations, with a significant presence in Asia and the Middle East, which took in 41% of exports, followed by Europe with 20% and North America with 17%.

## 2.5. LIVESTOCK DEVELOPMENT

### 2.5.1. TRADE

The constant increase in land price in Uruguay is explained by the progress of the agricultural industry. As per the trade data meant for agriculture use which is published by the Office of Agricultural Statistics (DIEA), the average price per hectare significantly increased from US\$ 385 in the year 2002 to US\$ 3,741 in the year 2022. This signifies that the value of land has increased more than nine times in the last two decades.



Source: Uruguay XXI based on data from the Office of Agricultural Statistics (DIEA).

Between 2003 and 2023, a total of 39,081 land trade transactions were conducted in Uruguay which involved an area of 8.3 million hectares and approximately US\$ 16,931 billion of total value. The total amount traded exceeded US\$ 901 million in 2023, representing an area of 238,000 hectares distributed in 1,437 trading contracts.

In general, the highest land values can be found in the country's southwest area, which is historically recognized for its agricultural and livestock related activity. The highest prices concur with the most productive land areas.

### 2.5.2. PRICE OF AGRICULTURAL FIELDS AND LEASES<sup>3</sup>

A diversity of investors engages in the land market given the diversity of social, political and economic actors in Uruguay. It includes investment funds, institutions and national and foreign investors.

The soil classification system known as National Commission for the Evaluation of Land Allocation (CONEAT, for its acronym in Spanish) is a vital technical aspect which has been in use since the 1960s. This system gives way to evaluation of the productivity of each rural land, assigning it an average value of 100, with minimum of 0 and maximum of 263. This tool has free access and it facilitates the characterization and evaluation of land in various areas of the country.

Livestock farming is the predominant activity encompassing the largest area of land. It develops mainly in the natural ranges which are paired with artificial pastures. Depending on the geographical location, the prices of these natural ranges vary between 3,500 and 13,000 US\$/ha. The following map presents reference land prices and leases for different regions of the country for 2023.

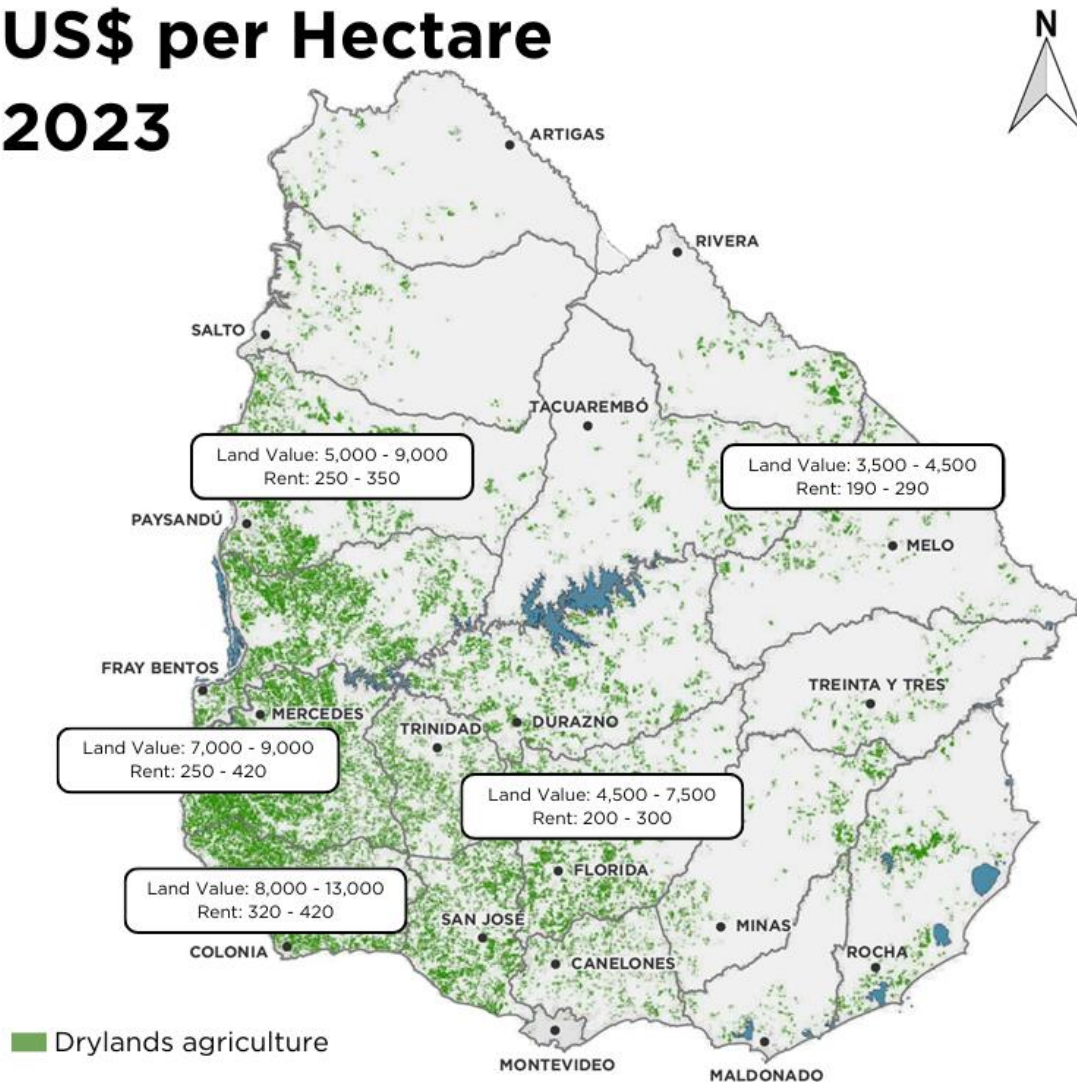
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<sup>3</sup> Source: <http://www.agroclaro.com.uy/>

Figure N°2 – Land value and lease prices for livestock fields

# US\$ per Hectare

## 2023



Source: Agroclaro based on trades 2023, Agency for Electronic Government and the Information and Knowledge Society (AGESIC, for its acronym in Spanish). Prices in USD/ha. Leases 1st. semester 2023, DIEA / MGAP and Agroclaro. Prices in USD/ha/year.

Approximately 1,150 lease contracts were made in the first half of 2023, a 7% year-on-year drop in the number of contracts, compared to the same period in 2022. The total area that was leased exceeded 365,000 hectares, with a total value of operations that exceeded US\$ 57 million and an average price of US\$ 155 per hectare, a price level similar to the average contract price of the previous year of US\$ 154. 66% of the leases were for periods of 3 years or less.

It was observed that the lease prices increased for the dairy and rice sectors. There was an increase in the average lease prices for fields for dairy use from US\$ 183 to US \$272 per hectare per year, and the prices of fields for rice cultivation increased from US\$152 to US\$177.

### 3. BEEF

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Livestock farming is one of the main activities in Uruguay. The Uruguayan meat gets its exceptional characteristics, highly nutritious and unique flavor, from its production method which is based on raising animals in the open air and feeding them on natural pastures. Uruguay was positioned as the sixth largest global exporter of frozen beef and the seventeenth largest exporter of chilled beef due to this recognition<sup>4</sup>.

The livestock sector in Uruguay has been able to guarantee the transparency and quality of its products for the past 18 years due to the implementation of a production traceability system. This mandatory tool which covers the entire bovine group allows the animal's information to be tracked from its birth until it reaches the final consumer. This is supported by a national law<sup>5</sup>, monitored by the Ministry of Livestock, Agriculture and Fisheries

This has placed Uruguay as a reference to the world in the process of traceability of meat products by making it possible to certify the quality and safety of the food and has been widely accepted in the most demanding international markets<sup>6</sup>.

Uruguayan meat has entered demanding markets such as the Japanese market<sup>7</sup> around the end of 2018 and the Israeli market in 2024. The latter allowed entry with bone-in beef and ovine meat, complementing the previous access with boneless beef. This depicts the quality and competitiveness of the meat sector in the high-grade international markets.

The country additionally pledged to achieve zero net greenhouse gas emissions before 2050. In that sense, a national strategy is being developed by the livestock sector, for the development of climate-smart livestock production, aimed at substantially reducing the balance of greenhouse gases in the sector.

Uruguay is a global pioneer in the certification of carbon neutral meat and currently five companies hold the Carbon Neutral label on their products, a declaration of environmental footprint that has been verified under the strict international standards of LSQA.

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<sup>4</sup> Source: Uruguay XXI based on Trade Map - 2023.

<sup>5</sup> [Law N°17.997 - Animal identification and registration system](#)

<sup>6</sup> Source: Uruguay XXI based on INAC.

<sup>7</sup> According to the MGAP, Japan authorized 16 meat processing plants to import beef from Uruguay. The first shipment of meat left in February 2019.

### 3.1. BOVINE STOCK AND SLAUGHTER

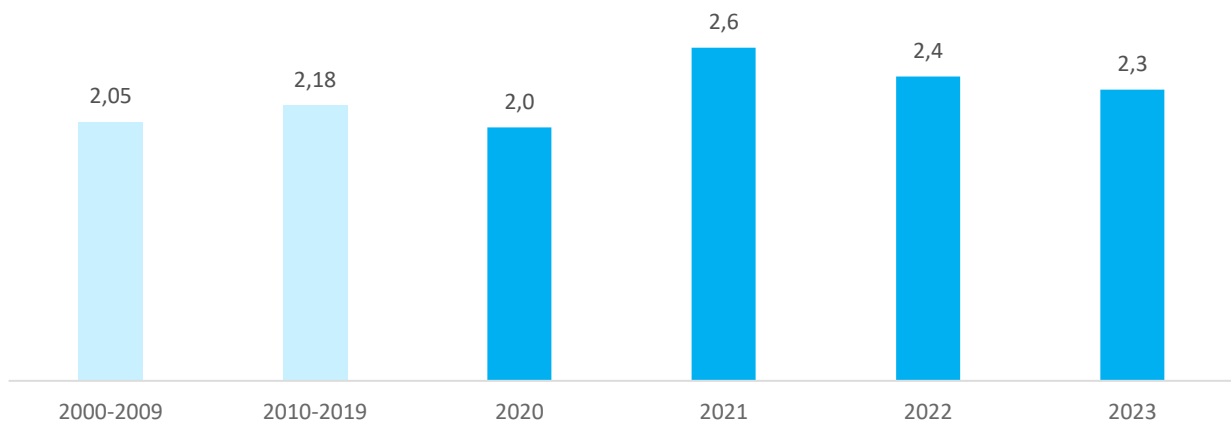
Bovine production remains crucial to the economy despite growing competition for land use. The cattle numbers have been stable in recent years, with a long-term increasing trend.

The bovine stock experienced a faint decrease in 2022 eventually reaching 11.57 million animals. This happened after it reached a total of 11.83 million animals in 2021, a figure similar to the previous year. The major drought that Uruguay experienced between 2021-2022 and its implications were the main cause of this drop in the number of animals.

The climatic conditions and special international demand caused an unusual slaughter trend: the first semester showed a drop of 19% depicting low activity, followed by a recovery in the second semester (+15%) compared to the previous year.

2023 closed with 2.3 million head count in cattle slaughter. Although remaining just above the average of the last decade, these figures were 4.3% below 2022.

Graph N°8 - Bovine slaughter - Millions of heads of cattle



Source: Uruguay XXI based on data from the National Meat Institute (INAC).

Other factors that affect the stock are live cattle exports. Türkiye was the main destination for live cattle exports in 2023, with 90% of the total exported. 95% of the cattle exported to this country were intended for feedlot and eventual processing.



Table N°1 – Beef production (thousands of tons of live weight)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23*
<b>Slaughter</b>	1034	1171	1124	1144	974	1128	1315	1079
<b>Live cattle exports</b>	69	74	127	78	39	52	47	31
<b>Inventory variation</b>	83	-109	-152	-114	121	22	-113	102
<b>Total production</b>	<b>1186</b>	<b>1136</b>	<b>1099</b>	<b>1108</b>	<b>1133</b>	<b>1202</b>	<b>1249</b>	<b>1211</b>

Source: Uruguay XXI based on data from the DIEA.

In 2023, 34 authorized facilities throughout the country slaughtered cattle. As of 2024, these facilities are all equipped with the Automatic Classification System (SAT, for its acronym in Spanish). This progress marks a significant achievement in the standardization and modernization of the cattle slaughter process, thereby facilitating the automatic classification of slaughtered cattle in the country<sup>8</sup>.

### 3.2. BEEF EXPORTS

Uruguay's main export product has historically been beef. Although it did not lose its leadership, in 2023 it reached a total of US\$ 2,055 billion. This represented a decrease of 19% compared to 2022. A 4% reduction in exported volumes and 15% drop in prices caused this decline. This can be explained both by the drought experienced during the year, in addition to reduced exports to the main destination of this product, China. The drought in 2023 caused an estimated damage of around US\$ 287 million, mainly due to a drop in the birth of calves and a minimal loss due to a lower slaughter volume<sup>9</sup>.

Table N°2 – Bovine meat exports

Year	US\$ Billion	Thousands of tons (net kg)	Average Price US\$/ton
2013	1,291	235	5,488
2014	1,459	248	5,881
2015	1,418	260	5,452
2016	1,431	293	4,878
2017	1,505	305	4,943
2018	1,618	324	4,990
2019	1,777	325	5,468
2020	1,570	308	5,103
2021	2,429	418	5,817
2022	2,548	382	6,667
2023	2,055	367	5,601

Source: Uruguay XXI based on data from DNA.

<sup>8</sup> [INAC - Year-end 2023](#)

<sup>9</sup> Source: [Impact of water shortage 2022-2023 on agricultural production - MGAP](#)

Despite decreased demand from China, the country once again was the main destination for Uruguayan beef in 2023, with a share of 48%. The United States and the European Union followed with shares of 17% and 16% respectively.

Table N°3 – Beef exports destinations- 2023

Market	Million U.S. dollars	Thousands of tons
China	988	219
United States	349	56
European Union	325	32
Canada	62	14
Brazil	60	7
Israel	57	8
Chile	54	7
Japan	35	5
United Kingdom	25	3
Switzerland	20	2

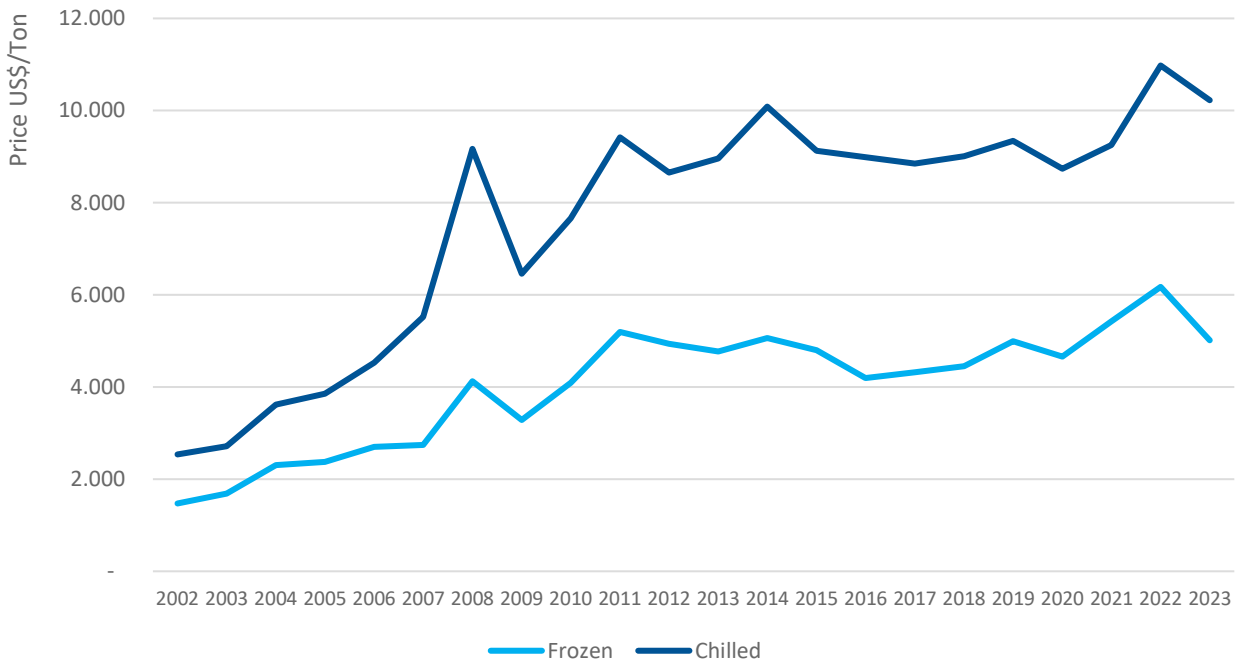
Source: Uruguay XXI based on data from DNA.

With regard to specific products, there was a 29% decrease (compared to 2022) in frozen boneless beef, which represented 58% of the total exported. On the flip side, chilled boneless beef with a share of 19%, recorded a drop of 4% compared to the previous year. However, sales of frozen bone-in beef, which represented 14% of the total meat exported in 2023, increased by 2% compared to 2022.

### 3.2.1. EXPORT PRICES

The exports average prices reflected a significant gap in favor of chilled beef. This difference, which can be explained by the conservation method, also reflects a more complex segmentation that includes various variables such as quotas to access different markets, types of cuts and purchasing power.

Graph N°9 –Average price of beef exports (US\$/Net Ton)



Source: Uruguay XXI based on data from the DNA.

Chilled meat are *premium* meat cuts which are intended mostly for markets with a robust purchasing power such as the European Union, Chile, United states and Japan. Frozen meat, on the other hand, mainly goes to China. Both segments observed a price drop in 2023. While frozen beef experienced a decrease of 19% which is 11% higher compared to 2022, chilled beef recorded a 7% drop, placing 8% below 2022 values.

### 3.2.2. EXPORTS DESTINATIONS

Uruguay exported beef to 46 countries in 2023. 11% of the total exports of this type of meat consists of chilled beef comprising of high worth cuts intended for demanding markets like the European Union (including Netherlands<sup>10</sup>, Germany and Italy), Chile, Japan, Switzerland, the United Kingdom and Unites states. In this segment, Brazil as well was relevant with a substantial export volume. Countries like China followed by United States, Israel and Brazil nevertheless led the rest of the 89% of frozen beef exports.

<sup>10</sup> Exports to the Netherlands are possibly overvalued considering that this country serves as an intermediate destination for many goods distributed throughout the rest of Europe. This phenomenon is generally known as the Rotterdam effect.

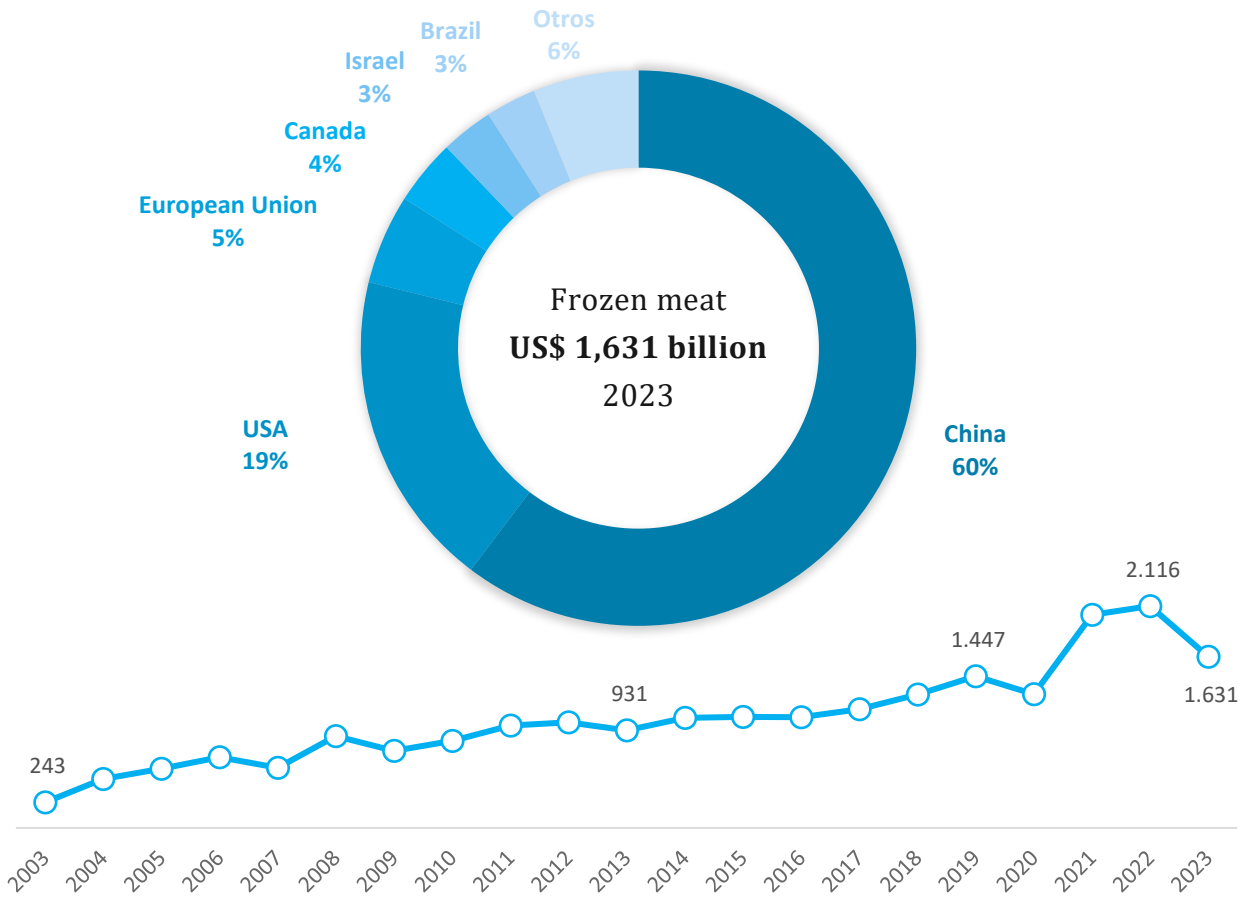
Figure N°3 – Authorized markets with a history of exporting meat and bovine by-products



Source: Uruguay XXI based on data from the Ministry of Livestock, Agriculture and Fisheries (MGAP).

Although there has been a decrease in China's dominance in the recent years, it has been the main destination for Uruguayan meat exports. In spite of the fact that the average export prices to this market were lower than the general average, its total export share increased from 2% to 61% in the past ten years. Structural changes in Chinese society like widespread urbanization and a diet mainly promoting protein caused this rise in demand. In 2023, China continued to be the market leader, with 40% of exported value and 45% of total volume.

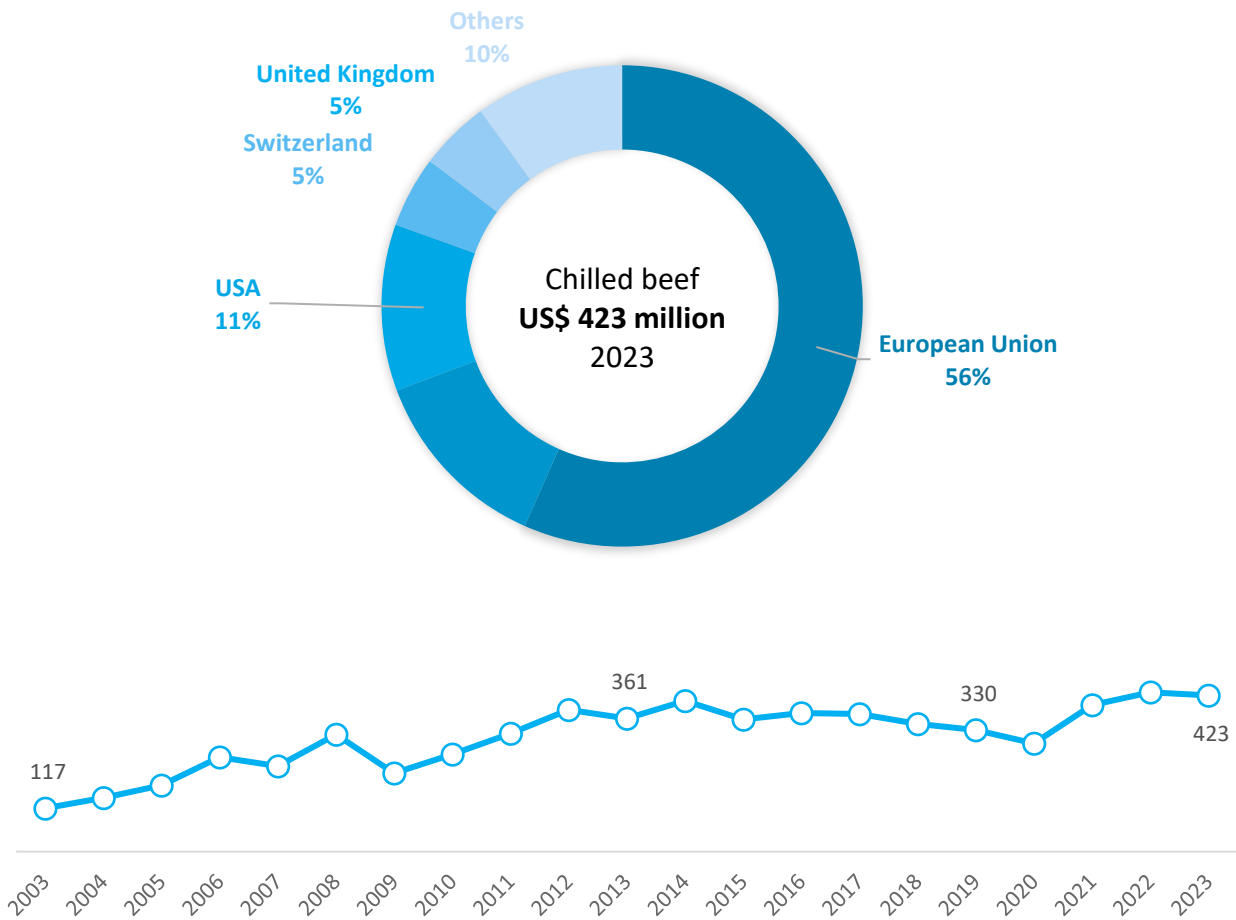
Graph N°10 – **Frozen** beef exports by country  
 (Share % and Billion US\$)



Source: Uruguay XXI based on data from the National Customs Directorate.

In 2023, Uruguay and China signed an updated beef protocol, allowing the export of stomachs and tripe. Annual income per tripe and omasum is estimated to increase by about US\$ 40 million, boosting the total income from US\$ 21 to US\$ 59 million. The update makes the logistics of livestock intended for China more flexible, enabling more movements of animals between agents prior to slaughter.

Graph N°11 – **Chilled** beef exports by country  
 (Share % and Million US\$)



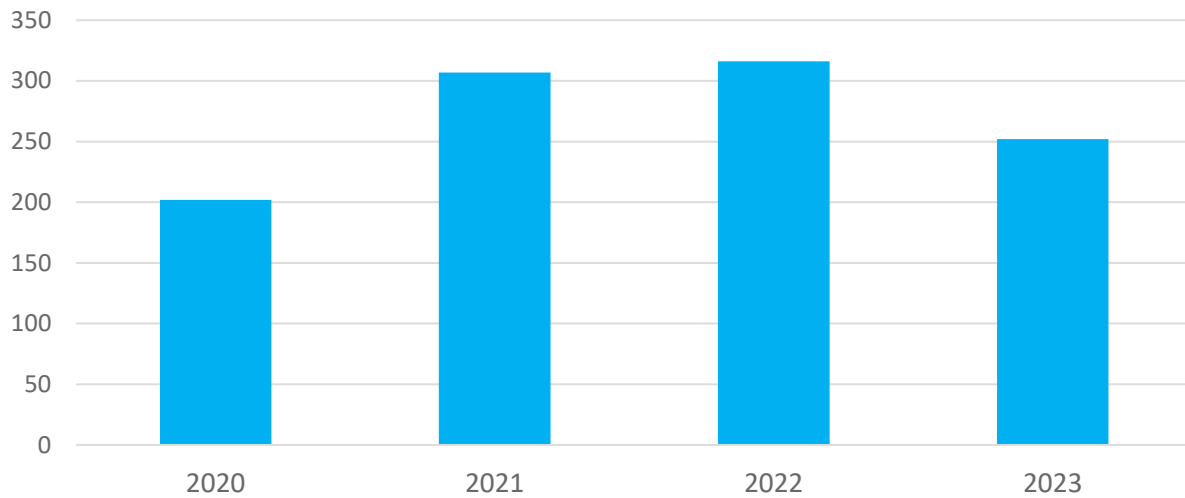
Source: Uruguay XXI based on data from the National customs Directorate.

### 3.2.3. TARIFFS PAID FOR BEEF<sup>11</sup>

Access to the markets at a global scale for meat products is established through two key aspects: health permits and the levied tariff conditions on exports from each country. As for Uruguay, beef, which has historically been the main export product, also stands out for being the one that pays the highest tariffs to enter third countries. In 2023, US\$ 252 million was paid for beef in export tariffs.

<sup>11</sup> For more information: [Report on tariffs paid by Uruguayan exports - 2023](#)

Graph N°12 - Tariffs paid for beef exports  
(Million US\$)



Source: Data from the National Meat Institute ([link](#)).

The country's meat exports entered with an average tariff of 11% in 2023 even though there are various quotas that grant tariff benefits to Uruguayan meat. This results into an additional cost of US\$ 0.8 per kilo of meat of Uruguayan origin for importers at the destination. Uruguay's access to markets continues to be perceived as a significant barrier for the sector in spite of its robust productive capacity which has historically enabled it to be one of the main beef exporters in the world, as it faces the improvement in preferential access achieved by some of its main competitors (Australia, New Zealand) in some of its main markets.

Tariff benefits for Uruguayan beef exports are provided by the following various quotas. Each quota provides unique characteristics with respect to product requirements, allocated contingent and allocation method<sup>12</sup>.

<sup>12</sup> For example, the Hilton quota requires high quality cuts, with age, weight, teeth and diet conditions of the animal. Product distribution in the European market under this standard reap the benefit of a 20% reduced tariff. Quota 481 is a quota for high-quality meats, opening a quota of 48,200 tons that is determined on a first-come, first-served basis and not under the licensing regime.

Table N°4 – Quotas for beef- 2022

QUOTA NAME		REGION	USERS	IN-QUOTA TARIFF	QUOTA VOLUME
<b>Israel Erga Omnes</b>		Israel	All authorized countries	12%	17,500 tons
<b>FTA Israel-MCS</b>		Israel	Only Uruguay	0	400 tons
<b>United Kingdom Bilan</b>	Other Europe		All authorized countries	15%	44,027 tons
<b>United Kingdom GATT</b>	Other Europe		All authorized countries	20%	11,143 tons
<b>United Kingdom Hilton</b>	Other Europe		Only Uruguay	20%	770 tons
<b>Canada Quota</b>		NAFTA Canada	All authorized countries		11,809 tons
<b>United States Quota</b>		NAFTA United States	Only Uruguay	US\$ 44/tons	20,000 tons
<b>481</b>	European Union		All authorized countries		19,600 tons
<b>European Bilan</b>	European Union		All authorized countries	15%	19,676 tons
<b>European GATT</b>	European Union		All authorized countries	20%	43,732 tons
<b>European Hilton</b>	European Union		Only Uruguay	20%	5,606 tons
<b>FTA Mexico - UY</b>		FTA Mexico	Only Uruguay		450 tons

Source: Uruguay XXI based on data from INAC.



## 4. OVINE MEAT

### 4.1. SHEEP STOCK AND SLAUGHTER

The ovine sector has a long tradition and prestige in the country. Uruguay is currently the eighth largest exporter of ovine meat in the world and the first in the region.

Table N°5 – Stock and sheep slaughter and wool production

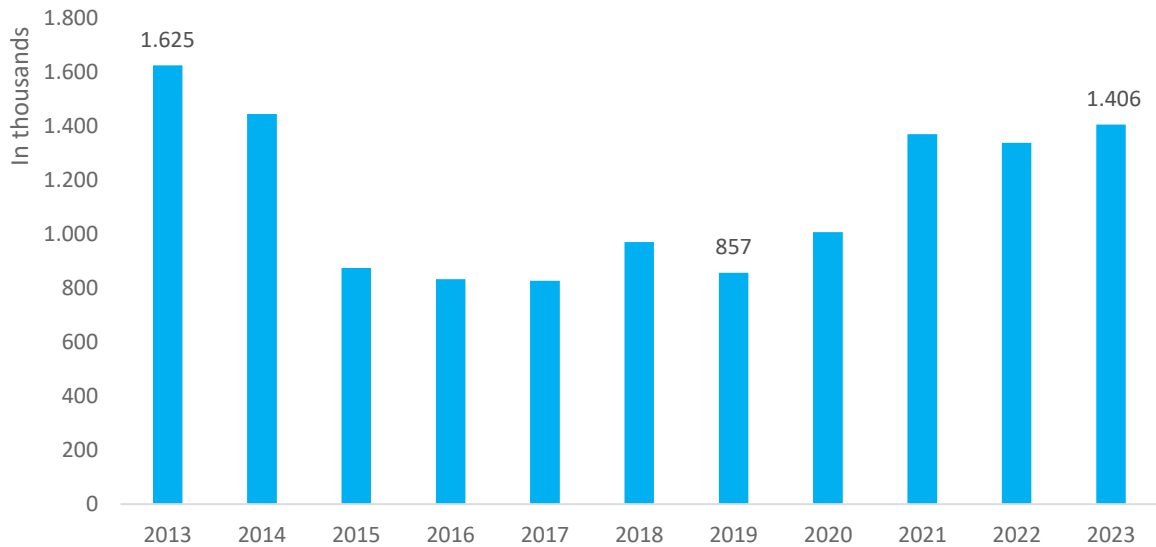
Year	Sheep stock (Millions of animals)	Sheep slaughter (Millions of animals)	Shorn wool production (Thousands of tones)
2013	8.2	1.6	32.4
2014	7.4	1.4	31
2015	6.6	0.9	27.7
2016	6.5	0.8	23.4
2017	6.6	0.8	24.8
2018	6.4	1.0	24.6
2019	6.4	0.9	25.8
2020	6.3	1.0	25.7
2021	6.2	1.4	23.7
2022	6.1	1.3	25.5
2023	5.9	1.4	24.7

Source: Uruguay XXI based on data from INAC, MGAP.

In 2023, the sheep stock in Uruguay reached 5.9 million animals, as a 5% decrease compared to the previous year. Breeding sheep made up 53% of the total stock, followed by lambs with 28%. This reduction meant 281,386 fewer animals than in 2022.

Sheep slaughter reached 1.4 million animals, reflecting an increase of 5% compared to 2022. This was the highest recorded level of slaughter since 2013.

Graph N°13 – Sheep slaughter (thousands of head)



Source: Uruguay XXI based on data from INAC.

## 4.2. OVINE SECTOR EXPORTS

In 2023, the ovine sector exports reached US\$ 224 million, portraying a decrease of 14% compared to 2022. Within this amount, wool and derived products made up 54% of the total, while the remaining 41% corresponded to sheep meat exports, which totaled sales of US\$ 91 million, 8% less than in 2022.

### 4.2.1. WOOL EXPORTS

As the world's fourth largest exporter of wool tops<sup>13</sup>, Uruguay along with Argentina, the Czech Republic and China is one of the few industrial export hubs that succeeded in surviving in the wool industry globally. Global demand for this product has decreased in the last 20 years, which has led to a lower reproduction of wool stock among the main producing countries.

<sup>13</sup> Source: Trade Map - Measured in volume

Table N°6 Exports of wool and wool products

Year	Wool Exports		Greasy wool		Wool tops	
	FOB US\$ Million	Tons	FOB US\$ Million	Tons	FOB US\$ Million	Tons
2013	263	33,781	107	13,465	144	17,514
2014	254	41,470	106	20,667	136	18,458
2015	248	40,153	103	20,088	133	17,559
2016	205	37,306	82	18,382	112	16,993
2017	211	29,183	88	13,615	113	13,704
2018	246	31,307	105	15,253	129	14,146
2019	186	32,357	74	15,842	106	13,636
2020	98	25,661	41	12,066	53	12,597
2021	169	14,425	74	7,277	90	6,599
2022	148	24,854	48	12,774	94	11,229
2023	122	23,666	46	10,509	71	11,759

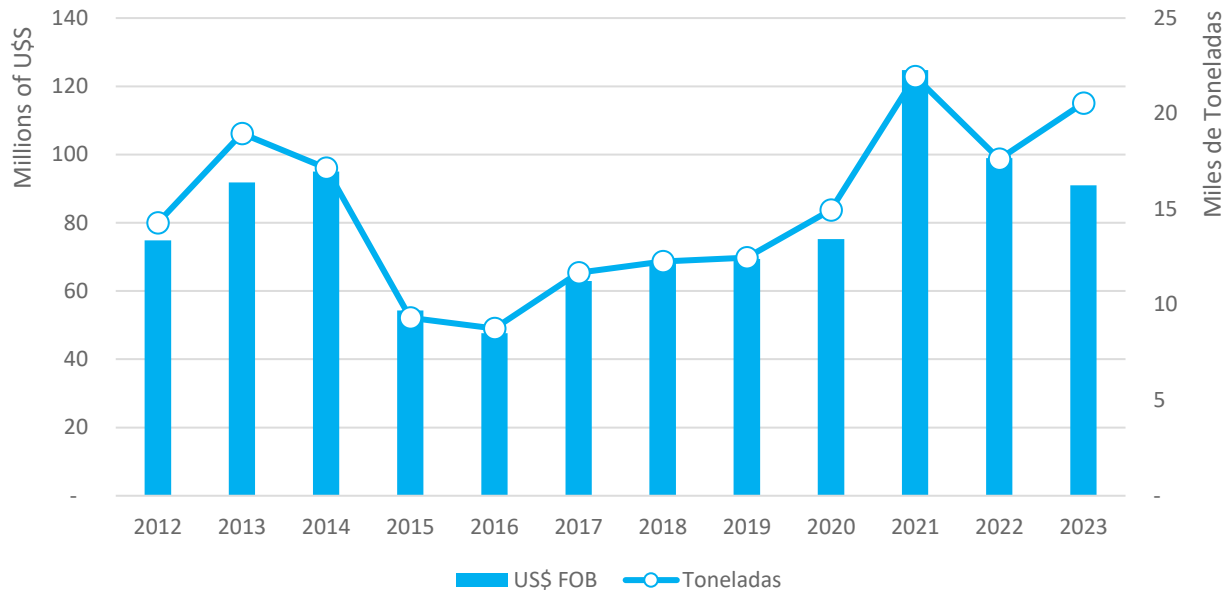
Source: Uruguay XXI based on data from DNA.

In 2023, Uruguay exported 24,800 tons of wool and derived products, generating income for a total of US\$ 122 million. This represented a 17% drop compared to 2022. In terms of countries, the main ones were the European Union, which represented 45% of exports, and China, which represented 27%.

#### 4.2.2. OVINE MEAT EXPORTS

In 2021, a record of 24,074 tons of carcass weight were recorded in export, an increase of 38% compared to the previous year, which meant sales of US\$ 125 million. Ovine meat exports represented 4% of the meat sector's total income in that year.

Graph N°14 - Ovine meat exports

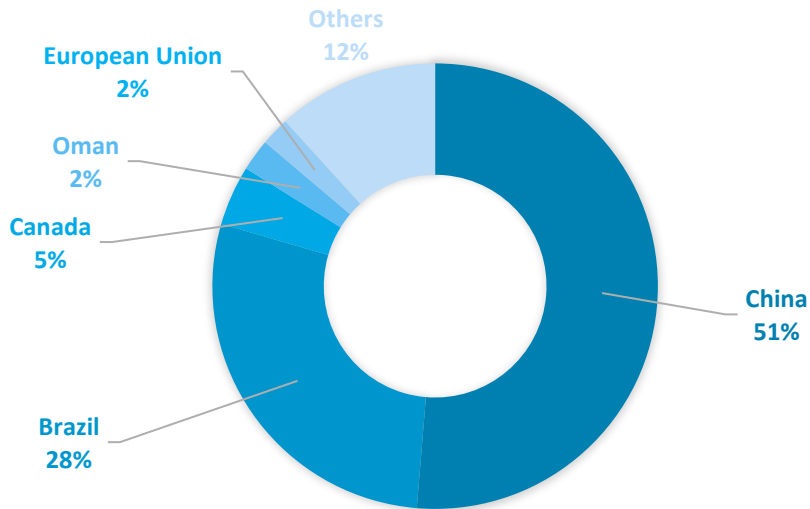


Source: Uruguay XXI based on data from DNA.

In 2022, Uruguay's ovine meat exports added up to US\$ 99 million, for a volume of 17,619 tons. Although the exported value decreased to US\$ 91 million in 2023, it experienced a 17% increase in the exported volume, which reached 20,557 tons.

China has substantially grown as a destination for Uruguayan sheep meat exports in the last decade, going from 3% of shipments in 2010 to a maximum of 77% in 2021. However, in 2023, a decline was visible in demand from China, just like in other types of meat. China received 12,647 tons in volume of carcass weight in 2023, 62% of the total exported, with a year-on-year variation of 38%. Brazil took the second place with 4,056 tons of carcass weight.

Graph N°15- Ovine meat exports. Destinations (Share %- 2023)

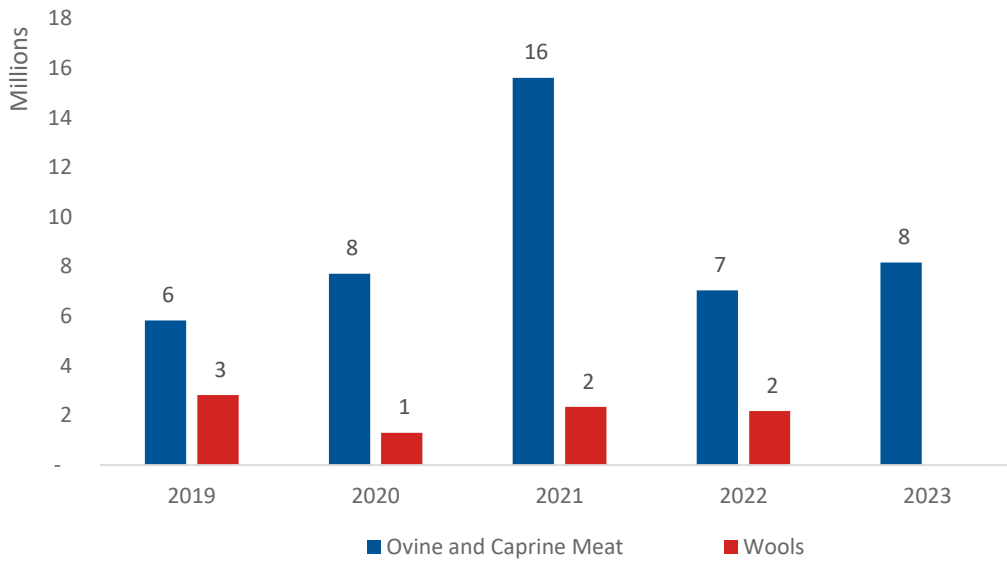


Source: Uruguay XXI based on data from DNA.

#### 4.2.3. TARIFFS PAID FOR OVINE SECTOR EXPORTS

In the foreign market, ovine meat faced a tariff burden of US\$ 8 million, 16% higher than the amount in 2022. This increase occurred despite a 9% decrease in the export value. This is explained by a substitution of export destinations in favor of markets with higher tariffs: while the value exported to China increased 20% compared to 2022, placements in the United Arab Emirates and Kuwait decreased 77% and 87% respectively. It should be noted that the tariffs faced by Uruguay in China average 16% and around 5% in Middle Eastern countries.

Graph N°16 – Tariffs paid for ovine products (Millions of US\$)



Source: INAC and Uruguay XXI.

No updated data is yet available for wool in 2023, yet in 2022 Uruguay spent around US\$ 2 million in tariffs associated with wool exports. This is because Uruguayan wool accesses the different export markets under the Most-Favored-Nation (MFN) clause, which generally does not imply a 0% tariff. China, which is the main market for Uruguayan wool, has quotas applied for the wool sector. These quotas may go up to 287,000 tons for greasy and washed wool, and 80,000 tons for tops, having intra-quota tariffs of 1% and 3% respectively. These quotas see a notable decrease compared to the out-of-quota tariff, which is set at 38%. Note that these quotas are not exclusively designated for Uruguay, but instead adhere to the distribution system "*first come, first serve*", indicating that no allocation has been made in advance. Uruguay also does not have advantageous tariff access on this product compared to other suppliers in any of the target markets.

## 5. PORCINE MEAT

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The rise in pork consumption in China has been the main driver of the international pork market. Nevertheless, imports from the international market reduced in China due to the rise in animal stock and meat production since the second half of 2021. This change is intended to achieve a 20% reduction in these imports for 2022.

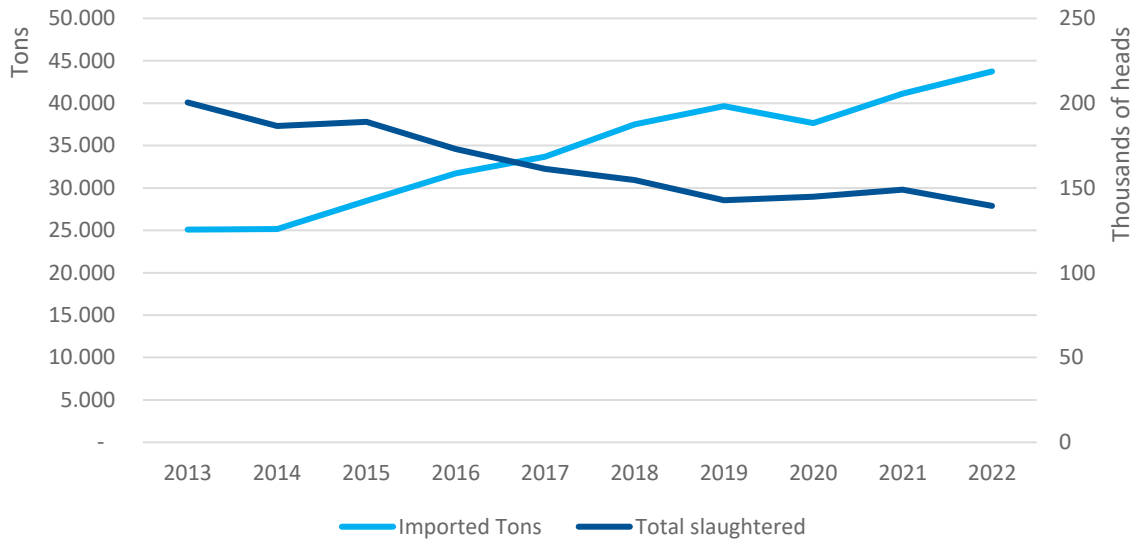
China's government aims to stabilize the production capacity of pork by around 55 million tons as part of its Five-Year Plan (2021-2025), which illustrates a substantial increase compared to the total production in 2020. In 2022, while this goal was met, production is projected to drop by 3% in 2024 compared to 2023. However, countries that have seen the greatest increase in exports in recent years are the European Union, Brazil and the United States. They have been able to sell at better prices due to this decrease in production and the increase in international demand.

### 5.1. DOMESTIC MARKET AND SLAUGHTER

Focusing primarily on the local market, the Uruguayan porcine industry displays significant diversity in both its stakeholders and business models. A segment of this industry managed to achieve levels of productivity in farms comparable to those in Brazil, which is the world's largest exporter of porcine meat. Substantial investments will be needed to leverage growth opportunities offered by the international market. Another segment of producers on the other hand, underdeveloped and affected by coordination shortcomings, is dealing with the rising competition posed by imported meat.

There are around 3,700 establishments with pigs in Uruguay, having a stock of 125,000 animals until 2021. The majority of the producers are small and medium-sized and conduct business with industries that do not have their own farms. There are also vertically integrated industries that have both farms and slaughterhouses. In 2023, a total of 136,000 animals were slaughtered, 2% less than in the previous year.

Graph N°17 – Slaughter and imports



Source: Uruguay XXI based on data from DNA and INAC.

## 6. POULTRY MEAT

Poultry meat tops global per capita animal protein consumption and is the highest-selling product by volume. The world poultry market demonstrates greater concentration in supply rather than demand. In 2023, the four main exporters, Brazil, the United States, the European Union and Thailand contributed 75% to the value of the global market.

Poultry meat's global high demand is partly due to its lower price in relation to other animal protein sources. With the decrease in costs of supplies, such as poultry feed, global supply is expected to increase.

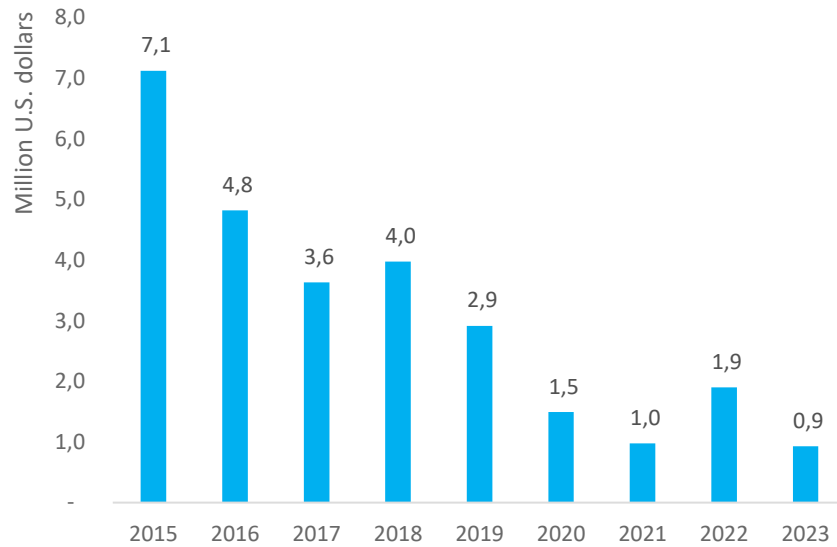
### 6.1. SLAUGHTER AND CONSUMPTION

The primary focus of poultry meat production in Uruguay is the local market, with a yearly average of 32 million animals slaughtered and a per capita consumption of 24.5 kg each year. Exports remain at low levels, with an average of 966 tons in the last three years.

Poultry slaughter is estimated to reach 32.9 million animals by the year 2023, representing the highest record since 2016. Almost 74% of the total animals slaughtered in Uruguay that year was attributed to the top three meat processing plants.



Graph N°18 – Poultry meat exports



Source: Uruguay XXI based on data from DNA.

Poultry meat exports summed up to almost US\$ 928,000 in 2023, which marked a 51% decrease compared to the previous year. It is worth noting that the only company that has been exporting these products since 2017 is Granja Tres Arroyos.

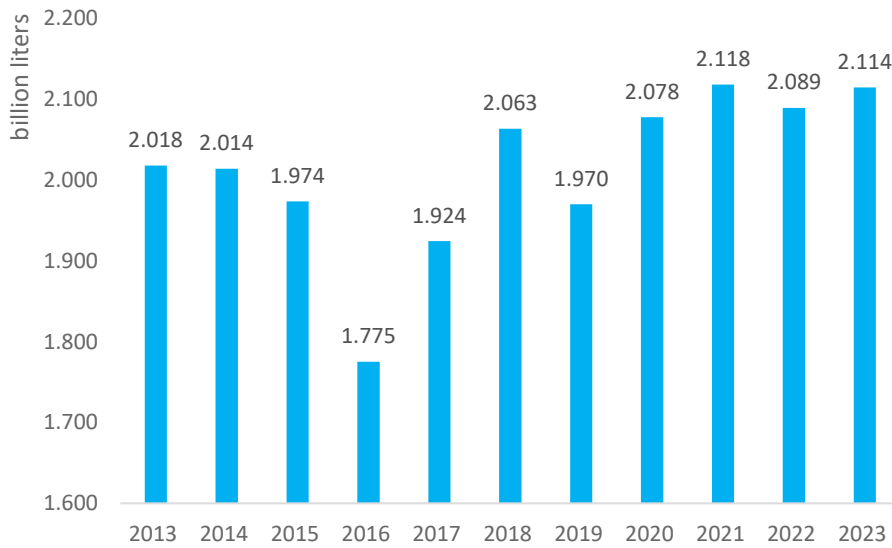
## 7. DAIRY PRODUCTS

The dairy industry plays a pivotal role in the Uruguayan economy as one of the sectors that provides the greatest added value. The favorable geographical location of the country offers favorable natural conditions such as soil and climate, making the environment ideal for milk production thereby giving it comparative advantages. Its ability to obtain high-quality milk at a low production cost makes it stand out, owing to systems centered around grazing and outdoor conditions.

### 7.1. PRODUCTION

In 2021, milk shipments hit a record of 2,118 billion liters. In 2023, with 2,114 billion liters shipped, production remained at a level similar to that of 2021.

Graph N°19 – Milk shipment to industrial facilities

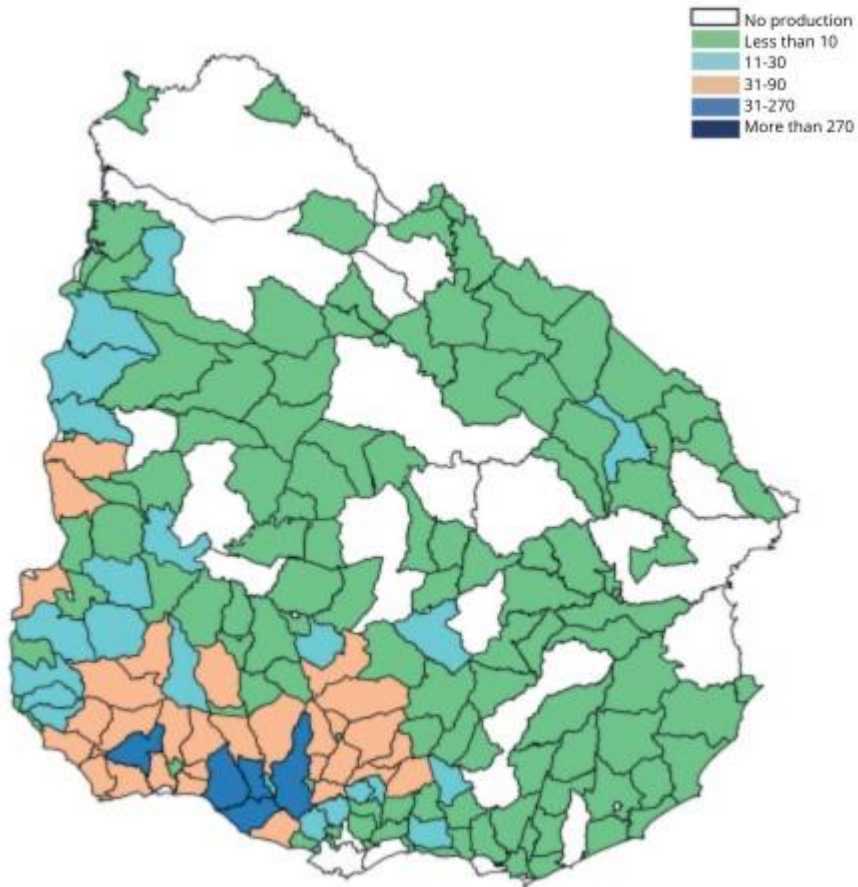


Source: Uruguay XXI based on data from DNA.

With respect to significant productivity growth, the dairy sector showed remarkable dynamism. The primary sector has consistently integrated technological improvements in areas such as grazing, livestock supplementation, machinery and equipment, animal health and genetic refinement of livestock. This activity is performed all over the country, although as illustrated in figure N°4, the key production center is in the southwest and along the coast of the Uruguay River.

The industrial sector, which is comprised of both national and multinational companies and led by a national cooperative company, consistently increased its production capacity while continuously working with the primary sector. This synergy enabled these companies to take on all dairy production, diversify their offer in the local market and export a wide range of products.

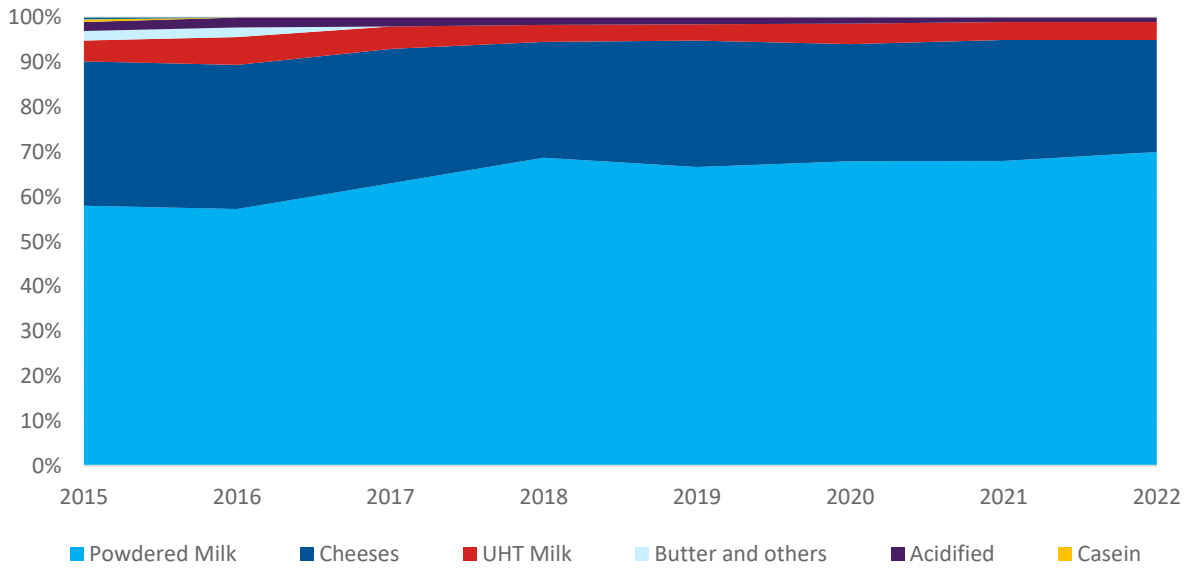
Figure N°4 - Commercial dairy producers by police section



Source: Annual report 2022 - DIEA - MGAP.

Considering Uruguay has a domestic market with one of the highest consumption rates (230 liters per capita per year) in Latin America, any rise in production will be directed towards exports, which currently represents 70% of the volume produced annually.

Graph N°20 – Sector production (% of total sector)

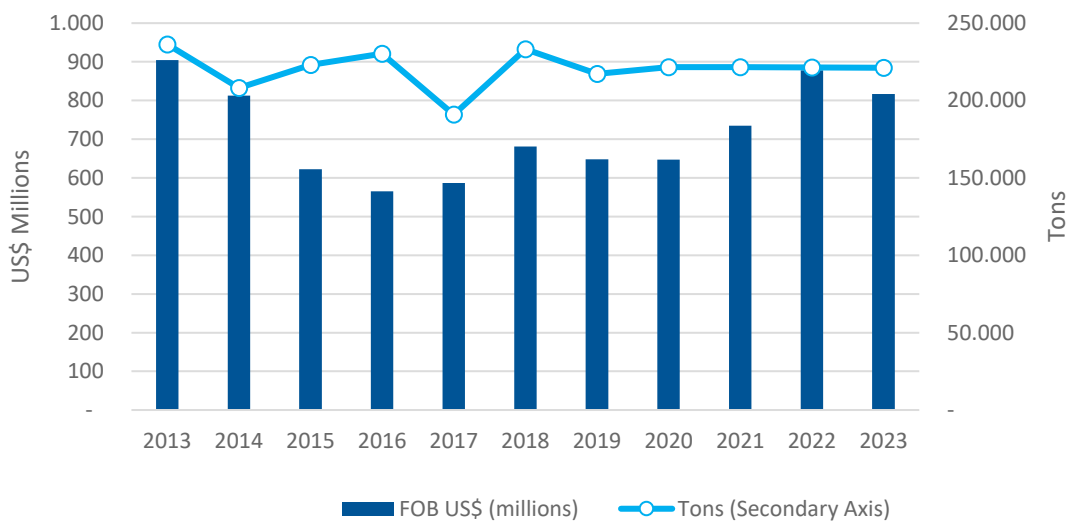


Source: Uruguay XXI based on data from DIEA – MGAP.

## 7.2. EXPORTS

In 2023, exports of dairy products represented 7% of the total export value, reaching US\$ 816 million.

Graph N°21 – Exports of the dairy sector (Millions of US\$)

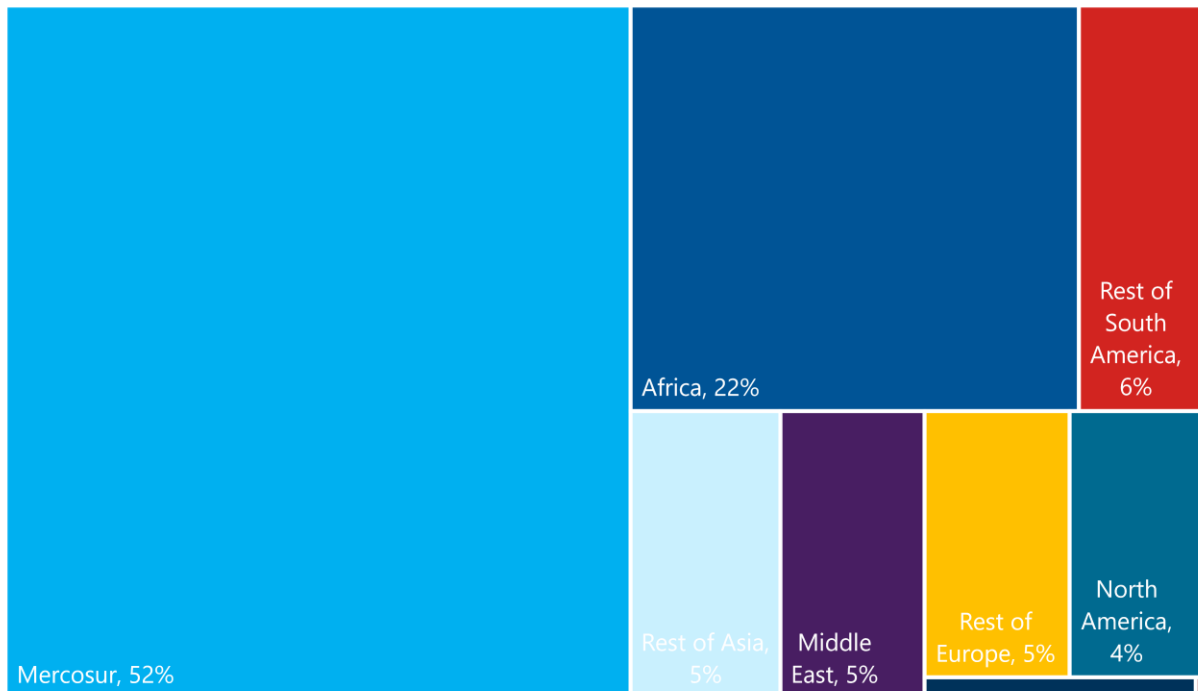


Source: Uruguay XXI based on data from DNA.

Dairy products were the third most exported item that year. In 2023, the total exported volume was 221,000 tons which is in line with the average exported volume of the last five years.

The distribution of exports varied in different ways: in the first decade of the 2000s, dairy exports were concentrated in the region. They are now distributed worldwide, with destinations including countries such as Algeria, Russia and Brazil. Currently, Algeria is the main destination for the sector's exports (US\$402 million in 2023), confirming its leading position held from 2018 to 2022. Exports to this market amounted to US\$ 121 million in 2023, followed by the Russian market with US\$ 32 million and the Mexican market with US\$ 32 million as well. At present, two-thirds of the volumes from the Uruguayan dairy industry are concentrated in these three destinations.

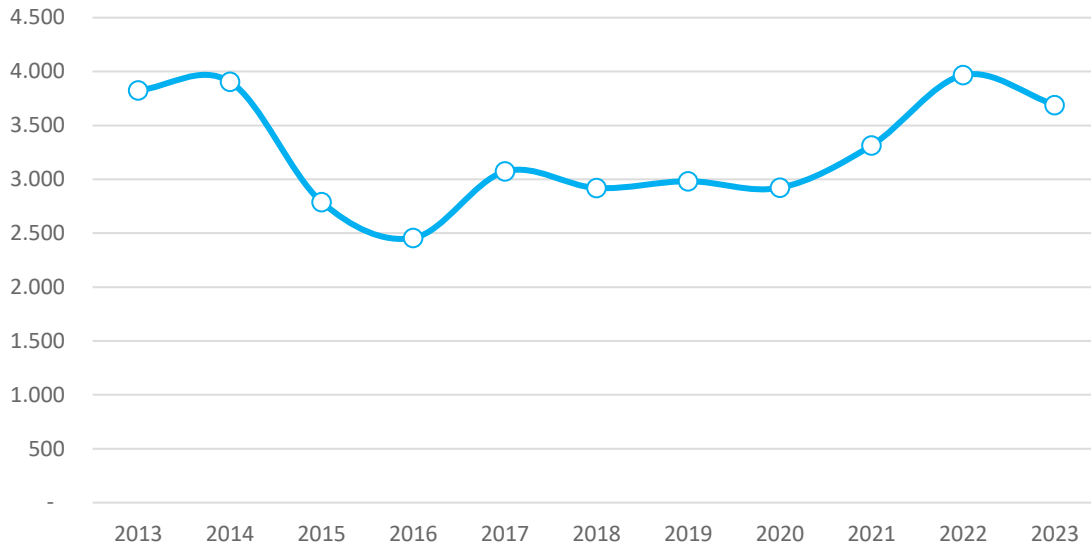
Graph N°22 – Dairy sector exports by block (percentage share of total exports 2023)



Source: Uruguay XXI based on data from DNA.

Despite the distinct evolution paths of each dairy product, the average price of Uruguayan exports increased between 2021 and 2022, a period in which export prices rose up to 30% the values of 2019 which were mainly driven by the booming demand from China. Nevertheless, in the following year, there was a decline in export prices due to the same factor that caused this increase. In 2023, there was a significant reduction in demand from China: from US\$ 95 million in 2022 to US\$ 22 million in 2023.

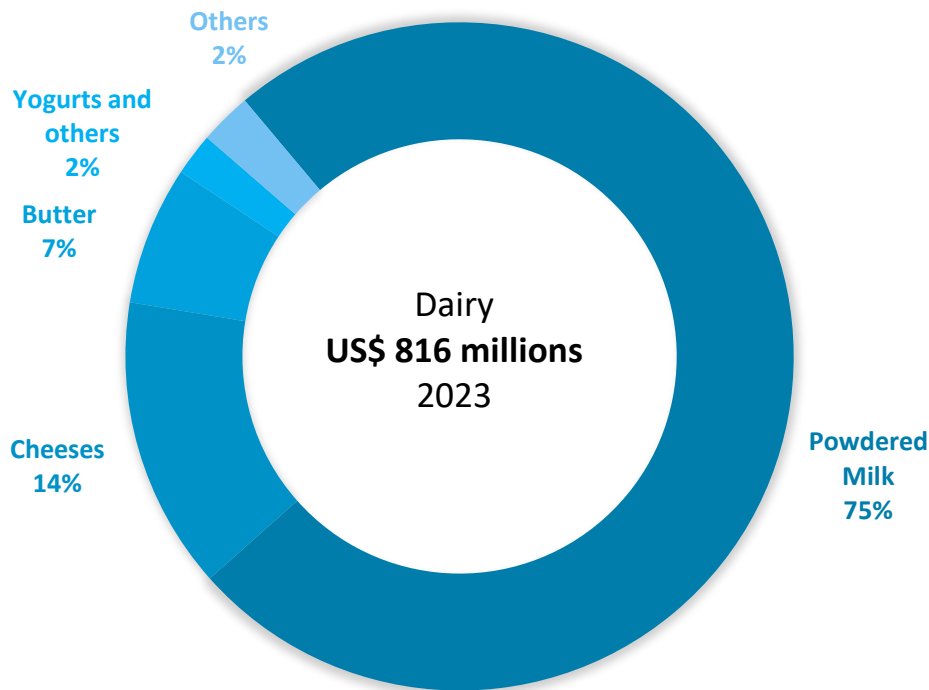
Graph N°23 – Average price of dairy exports - USD per Ton



Source: Uruguay XXI based on data from DNA.

In the previous year, certain products such as cheeses, extracts and whey saw an increase in price, but they could not compensate for the drop in whole milk powder, which is the main dairy product in exports. However, the exports, in terms of average volume, did not see a decrease with the exception of cheese exports, as they went from 23,334 tons in 2022 to 22,411 in 2023.

Graph N°24 – Dairy exports in 2023.



Source: Uruguay XXI based on data from DNA.

### 7.3. TARIFFS PAID BY THE DAIRY SECTOR

Tariffs that were paid on exports by the Uruguayan dairy sector mainly for milk powder, butter and cheese added up to US\$ 38 million in 2022. While contributing to 7% of the total tariffs, this sector accounted for 7% of Uruguay's total exports. Considering the global sensitivity surrounding the dairy industry, instruments like quotas and sanitary requirements, as well as other measures, protect this sector.

Dairy products exports to Brazil increased 65% during that year, reaching US\$ 238 million, whereas exports to China dropped to US\$ 95 million. The variation in exports patterns led to a decrease in tariffs paid for dairy products, because of the duty-free access to the Brazilian market.

The second leading market that received the most tariffs for exports of dairy products was Algeria. Total dairy exports to that country amounted to around US\$ 209 million, with milk powder comprising nearly all of it. A 5% tariff was applied to this product. The entry of Uruguayan products is through the general tariff and without any particular benefits, whereas Algeria grants preferences under various trade agreements, including quotas in some cases.

## 8. ANNEXES

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### 8.1. REGULATORY FRAMEWORK

To see the annex with information on the regulatory framework of the sector in Uruguay, access the following link: [Regulatory Framework](#)

### 8.2. INSTITUTIONAL FRAMEWORK (KEY PLAYERS)

To see the annex with information on the key players in Uruguay, access the following link: [Institutional Framework](#)



## 9. URUGUAY AT A GLANCE (2024)

<b>Official name</b>	Oriental Republic of Uruguay
<b>Geographical location</b>	South America, border with Argentina and Brazil
<b>Capital City</b>	Montevideo
<b>Surface Area</b>	176,215 km <sup>2</sup> . 95% of the territory is productive land, suitable for agricultural exploitation
<b>Population (2023)</b>	3.44 million
<b>GDP per capita (2023)</b>	US\$ 22,421
<b>Currency</b>	Uruguayan Peso (\$)
<b>Literacy index</b>	0.98
<b>Life expectancy at birth</b>	77.9 years
<b>Government type</b>	Democratic republic with presidential system
<b>Political division</b>	19 departments
<b>Time Zone</b>	GMT - 03:00
<b>Official language</b>	Spanish

Indicators	2017	2018	2019	2020	2021	2022	2023	2024*
<b>GDP (Annual % Var)</b>	1.74%	0.16%	0.93%	-7.38%	5.56%	4.71%	0.37%	<b>3.35%</b>
<b>GDP (US\$ Billions)</b>	64.995	65.259	62.166	53.615	60.728	70.236	77.131	<b>79.715</b>
<b>Population (Millions of people)</b>	3.43	3.43	3.44	3.44	3.44	3.44	3.44	<b>3.58</b>
<b>GDP per capita (US\$)</b>	18,949	19,010	18,095	15,593	17,648	20,395	22,422	<b>22,267</b>
<b>Unemployment rate – Annual Average (% PEA)</b>	7.9%	8.3%	8.9%	10.4%	9.3%	7.9%	8.3%	<b>8.6%</b>
<b>Exchange rate (Pesos per US\$, Annual Average)</b>	28.7	30.8	35.3	42.1	43.6	41.1	38.9	<b>40.0</b>
<b>Exchange rate (Annual Average Variation)</b>	-4.8%	7.3%	14.7%	19.2%	3.6%	-5.6%	-5.5%	<b>2.9%</b>
<b>Consumer Prices (Cumulative Annual Variation %)</b>	6.6%	8.0%	8.8%	9.4%	8.0%	8.3%	5.1%	<b>5.2%</b>
<b>Exports of goods and services (US\$ Billions)**</b>	16,845	17,283	17,254	13,909	19,639	22,611	25,353	<b>25,886</b>
<b>Imports of goods and services (US\$ Billions)**</b>	13,367	13,973	13,504	11,431	15,134	18,993	18,865	<b>19,997</b>
<b>Trade Surplus/Deficit (US\$ Billions)</b>	3,478	3,309	3,750	2,477	4,505	3,618	6,488	<b>5,889</b>
<b>Trade Surplus/Deficit (% of GDP)</b>	5.4%	5.1%	6.0%	4.6%	7.4%	5.2%	8.4%	<b>7.4%</b>
<b>Overall Fiscal Result (% of GDP)</b>	-3.2%	-3.9%	-4.4%	-5.8%	-4.1%	-3.4%	-3.6%	-
<b>Gross Capital Formation (% of GDP)</b>	15.9%	14.9%	14.1%	16.4%	18.3%	18.9%	17.3%	-
<b>Public Sector Gross Debt (% of GDP)</b>	59.8%	58.9%	59.9%	74.5%	69.8%	68.1%	0.69	-
<b>Foreign Direct Investment (US\$ Millions)***</b>	-590	-11	2,018	756	1,937	3,456	3,429	-
<b>Public Sector Gross Debt (% of GDP)</b>	-0.9%	0.0%	3.2%	1.4%	3.2%	4.9%	4.4%	-

\*\*\* In 2017 the Central Bank of Uruguay (BCU) adopted the methodology of the 6<sup>th</sup> manual on balance of payments. The data are net flows so they can have negative values.

\*Data projected in red.

Sources: BCU, INE, MEF and estimated data (\*). The fiscal result data includes the effect of Law N° 19,590 (people in their fifties). In 2017, the BCU adopted the methodology of the 6<sup>th</sup> manual on balance of payments. The methodology includes purchase, sale and re-export of goods and has been available since 2012. The data are net flows so they can have negative values (\*\*).