Agribusiness sector

Uruguay is well known worldwide for its production process and the quality of several of its agricultural products.

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1. Why invest in Agribusiness in Uruguay?

» Uruguay grew at an average annual rate of 5.4% between 2004 and 2014, which made it one of the fastest growing countries in the region.

» Foreign investment has reached record levels, and this allowed Uruguay to position itself as the second largest recipient of FDI in South America (5.6% of GDP) in the last decade.

» Global demand for agricultural commodities will remain firm in the coming decades, mainly sustained by Asia’s higher consumption of proteins, fats and sugars.

» Uruguay is part of the main food exporting region in the world (together with Argentina, Brazil and Paraguay)\(^1\).

» Uruguay has a comparative advantage in food production worldwide. The agribusiness sector accounts for 75% of all goods exported by Uruguay in 2014.

» Uruguay has 16.4 million hectares suitable for agricultural use, about 93% of the total land area of the country.

» Land itself has appreciated substantially in Uruguay in recent years, from USD 385 per hectare (ha) in 2002 to USD 3,934 per ha in 2014.

» Uruguay is well known worldwide for its production process and the quality of several of its agricultural products. In particular, cattle farming in Uruguay boasts a traceability system that allows to know all the product information from the birth of the animal until it reaches the final consumer.

» Uruguay has great potential to increase the production of agro-industrial goods. With a population of 3.5 million people, the country produces food for 28 million and it is expected to reach food production for 50 million people in the coming years.

» In Uruguay there are no limitations or restrictions on exports of agro-industrial goods.

» Uruguay maintains a strict policy of sustainable agricultural development, which includes a fully computerized system for managing crop rotation.

» The agribusiness sector is one of the most innovative. In the production of food and leather, 25% of the total investments were made in innovation and almost 30% of professionals were engaged in innovation activities\(^2\).

» Over 90% of the exports of the agribusiness sector in 2014 were high-tech exports\(^3\).


\(^3\) Source: Uruguay XXI based on the classification of Uruguayan exports per technological content, CINVE-CENIT. The “Innovation Effort” indicator was used.
2. Economic importance of the Agro-industrial Sector in Uruguay

2.1. Characteristics of the sector

2.1.1. Percentage of GDP

In the last 12 years Uruguay has had an uninterrupted growth process that led to quadruple its per capita income (measured in current US dollars), which rose from USD 4,062 (2002) to USD 16,640 (2014). Uruguay’s GDP grew 5.4% per annum in the last decade showing a markedly higher dynamism than in previous decades. Said dynamism was fostered by the agriculture sector and agro-industrial chains, as they occupy a key role in the economy. The agribusiness sector accounted for about 12.6% of the GDP in 2014. While the primary sector (agriculture, livestock and forestry) represented 6.5%, the remaining 6.1% accounted for industries related to agricultural and cattle farming activities. In addition, other sectors like "Construction" and "Transport, storage and communications" are also strongly associated with the development of the national agriculture and agro-industrial sector (see Graph No. 1).

Graph No. 1: Uruguay’s GDP per sector of activity (Share % 2014)

Source: Uruguay XXI based on Central Bank of Uruguay.

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4 Source: Uruguay XXI based on the Central Bank of Uruguay.
5 Source: Uruguay XXI based on the Central Bank of Uruguay. The annual average growth of the economy was 1.1% in the 80’s and 3.3% in the 90’s.

6 The following were included as industries related to the agricultural and cattle farming activities: "Manufacture of food products, beverages and tobacco" (the GDP of this sector was deducted an estimate of the GDP for the manufacturing of beverages and other food products) and "Manufacture of paper and paper products and cardboard". Source: Uruguay XXI based on the Central Bank of Uruguay.
As shown in Graph No. 2, the agro-industrial sector had a major expansion in the last decade. In particular the GDP of "Agriculture, cattle farming, hunting and forestry" grew 3.3% annual average between 2002 and 2014.

**Graph No. 2: Uruguay’s GDP per sector (Base 100=1997)**

In the agricultural and cattle farming sector the dynamics of the agricultural sector stood out, especially led by the cultivation of soybean.

**Graph No.3: GDP – Cumulative real growth 2002-2014**

2.1.2. Foreign Investment

The increase in international commodity prices in the last decade, the appropriate business climate and Uruguay's clear comparative advantage in the production of intensive goods in the use of land had a significant impact on the inflow of Foreign Direct Investment (FDI) in the agricultural and agro-industrial sector.

Between 2003 and 2013 FDI in land totaled USD 1,879 million, including the purchase of land and costs associated with the first production. By 2013 (the last year available) said investment accounted for 3.9% of the total FDI in the country

**Graph No.4: FDI in land (Million USD)**

When observing FDI per sector, particularly in the case of "Agriculture, cattle farming, hunting and forestry", the cumulative 2002-2013 reached USD 3,427 million and accounted for 13% of the total FDI in 2013.

Investments made by Argentine companies stood out in this period, particularly in the agricultural area, in which the incorporation of technology had great impact on grain production. Some of the largest grain traders in the world are also set up in the country (ADM, Bunge, Cargill and Louis Dreyfus, among others). On the other hand, cumulative FDI in the food
Agribusiness Sector

processing industry amounted to USD 1,018 million between 2002 and 2013.\(^7\)

\subsection{Land value}

The price of land is an indicator which reflects the development of the agriculture and cattle farming sector in Uruguay in the last decade.

Data provided by the Direction of Agricultural Statistics (DIEA - MGAP), on the purchase of land for agricultural use shows that the average price of transactions in 2002 was USD 385/ha, while in 2014 it amounted to USD 3,934/ha. Thus, in 12 years the price of land has increased tenfold, and taking into account that Uruguay has 16.42 million hectares of agricultural use, the estimated total value of land in Uruguay increased from USD 6,322 million in 2002 to USD 64,593 million in 2014.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Graph5.png}
\caption{Average price of a hectare of agricultural use (USD/ha)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Graph6.png}
\caption{Total amounts transacted per year in the purchase and sale of land (Million USD)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Graph7.png}
\caption{Average price of land lease (USD/ha per year)}
\end{figure}

Between 2000 and 2014 there were 33,749 operations for the purchase of land, which involved 7.7 million ha. The total accumulated amount transacted was USD 11,066 million and in 2014 in particular, it reached USD 702 million.

Similarly, the average price of land lease has shown a remarkable dynamism since the beginning of the last decade. From a low of USD 24/ha per year in 2002, the cost of leasing land increased sevenfold to reach USD 174/ha in 2014.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Graph8.png}
\caption{Average price of land lease (USD/ha per year)}
\end{figure}

\(7\) Source: Uruguay XXI based on the Central Bank of Uruguay. Said amount may be overvalued since the sector for the “Elaboration of Food products and Beverages” was also considered.
2.1.4. Employment

The number of people employed in the agro-industrial sector amounted to 244,240 in 2014, representing 16% of the total labor force in the country in 2014.

By looking within the sector, "Agricultural production" employed 66% of workers. Within this subsector, the largest number of employed people are in "Cattle Breeding" (66,000) and "Growing of cereals (except rice), leguminous crops and oil seeds" (31,000).

Table No.1: Number of people employed – Agro-industrial Sector - 2014

<table>
<thead>
<tr>
<th>Industry</th>
<th>No. of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and cattle farming</td>
<td>161,073</td>
</tr>
<tr>
<td>Preparation of food products</td>
<td>66,223</td>
</tr>
<tr>
<td>Forestry sector</td>
<td>16,082</td>
</tr>
<tr>
<td>Fishing and Aquaculture</td>
<td>862</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>244,240</strong></td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on data from the BPS.

Note that these figures refer only to direct employment. In this sense, the agro-industrial sector has also had an impact on the generation of indirect jobs and the development of local economies.

2.1.5. Exports

With a small domestic market of only 3.4 million people, the growing production of the agro-industrial sector of the country is destined to exports. In this sense, total exports of food in the country cover the food needs of 28 million people in the world9.

The agro-industrial sector plays a key role in the international insertion of the country, reflected in a share of over 75% of the total value of goods exported by Uruguay (2014). Said year, agribusiness sales exceeded USD 7,500 million. The ranking was led by exports of grains (especially soybeans), beef, forestry and dairy products10.

Graph No.8: Agro-industrial Exports - Main products 2014

Soybeans 21%

Beef 19%

Cellulose 11%

Rice 6%

Leather 4%

Wheat 4%

Diary Prod. 10%

Wood 4%

Others 13%

Meat by-products 3%

Source: Uruguay XXI based on DNA, including ZZFF.

In terms of destinations, sales usually target China as the main destination of soybeans, beef, cellulose, wool and by-products and meat preparations. Brazil comes next on the list, which was the first destination for wheat (for more than 80% of exports of the cereal), second destination for dairy products and third largest market for rice.

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8 Source: Uruguay XXI based on data from the BPS of December 2014. The following divisions of the CIJU Rev. 4 were included in the agro-industrial sector: 01, 02, 03, 10, 11, 12, 16 y 17.

9 Source: Yearbook OPYPYA 2014.

10 Source: Uruguay XXI based on data of the DNA.
Graph No.9: Agro-industrial exports. Main destinations -2014

Source: Uruguay XXI based on DNA.
2.2. **Agricultural sector**

In the last decade Uruguay has witnessed great changes in the agricultural sector. This transformation was led particularly by the agriculture sector which registered a strong expansion of production as a result of increased demand and international prices.

Graph No.10 features the evolution of agricultural GDP and shows its remarkable growth in the past 12 years (96%). This represented an average annual increase of 6%, which doubled the growth of the whole primary sector of Uruguay in the same period.

**Graph No.10: Agricultural GDP of Uruguay (Base 100= 2005)**

![Graph of Agricultural GDP](Image)

Source: Uruguay XXI based on Central Bank of Uruguay.

Uruguay has historically been a cattle country; however, between 2000 and 2011, there was an increase of 138% of land for agricultural use.

<table>
<thead>
<tr>
<th>Land Use</th>
<th>2000</th>
<th>2011</th>
<th>Share in 2011</th>
<th>Var. 11/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>16,420</td>
<td>16,357</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Cattle</td>
<td>13,960</td>
<td>12,727</td>
<td>78%</td>
<td>-9%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>673</td>
<td>1,604</td>
<td>10%</td>
<td>138%</td>
</tr>
<tr>
<td>Forestry</td>
<td>661</td>
<td>1,071</td>
<td>7%</td>
<td>62%</td>
</tr>
<tr>
<td>Other uses</td>
<td>1,125</td>
<td>955</td>
<td>6%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA – MGAP.

This expansion was led by the remarkable increase in the area sown with soybean, which in turn affected the growth of the area cultivated with wheat. The arrival of foreign investment (mainly from Argentina) promoted and accelerated the modernization of the agricultural sector.

**Graph No.11: Main crops of Uruguay – Sown areas (Thousand ha.)**

![Graph of Main Crops](Image)

Source: Uruguay XXI based on DIEA y Deloitte.

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11 Source: Agricultural census of DIEA – MGAP.

12 The greatest contributions seem to be identified in “organization and process” innovations, more than in the “agronomy” of the crop. Source: Information provided by Opypa.
2.2.1. Soybean

Soybean cultivation began to gain increasing importance in Uruguay as of the growth in global demand led strongly by China. The rise in international prices which took place from the first decade of this century, along with new technologies in sowing and seeds, together with foreign investment in the sector, generated significant increases in the cultivated area and crop yields. As a result of this phenomenon, in recent years soybean has been the main export of the country.

Since the 2003-04 harvest soybean has been the legume which covers the greatest cultivated area in the country. Along with increased performance that was even more evident in the last three harvests and reached 2,200 kg/ha in 2014, soybean production grew 24% annually in the last decade and reached 3.2 million in the last harvest\(^\text{13}\).

![Graph No.12: Soybean – Production and yield](image)

*Source: Uruguay XXI based on DIEA and Deloitte.*

The overall increase in the international price and the quantities sold led to a significant rise in the export of soybean in Uruguay. Between 2001 and 2014 exports increased from USD 1.6 million to USD 1.616 million, which led to its consolidation as a major export product of the country. Also, in recent years Uruguay has positioned itself within the six largest exporters of soybean in the world\(^\text{14}\). In the same period, the volume increased from 11,000 tons to 3.2 million tons, representing an average annual growth of 55%.

![Graph No.13: Exports of soybean – Million USD](image)

*Source: Uruguay XXI based on DNA.*

In line with the general rise in commodity prices that occurred in international markets, the average price of soybean exported from Uruguay grew 246% between 2001 and 2014 (Graph 14).

\(^{13}\) In coming years, the planted area is expected not to grow too much due to the implementation of land use plans. This is related to the goal of sustainable production and protection of natural resources. See Section 3.3.

\(^{14}\) Ranking: USA, Brazil, Argentina, Paraguay, Canada and Uruguay for 2014. Source: www.trademap.org
Similarly, a significant decline in international prices of oilseeds has been observed since the end of 2012, resulting from an increase in supply.

As for the destination of Uruguayan exports of soybean, China has remained in the first place. In particular in 2014 the Asian country had 74% of the total exports.

2.2.2. Rice

Rice cultivation began to gain importance in the country in the 70’s, and in the next decade exports started to increase linked to successive trade agreements made with Brazil. For decades rice was the main agricultural export product of the country, a position which was lost in the last decade against soybean exports.

The use of state-of-the-art technology throughout the value chain is a feature of the industry that gave Uruguay an excellent international reputation as a producer and exporter of rice. Care for the environment and sustainability of rice systems have been a priority for this

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15 Source: Opypa Yearbook, 2014, p. 516
sector, and today studies and indicators confirm its low environmental footprint and product safety\textsuperscript{16}.

The rice sown area was of 167,000 hectares in the 2013/14 harvest, which meant a decrease of 3.1% over the previous harvest. Despite the significant increase in international prices in the last decade, the sown area did not follow said trend.

Although it has shown swings, crop yield has improved in the last decade and it is now one of the highest worldwide. In the 2013/14 harvest the yield reached 8,064 kg/ha, close to the record in 2010/11 when it was 8,400 kg / ha.

**Graph No.16: Rice – Average production and yield**

![Graph](image)

This way, the production of rice in Uruguay stood between 1.1 million and 1.6 million tons in the last decade. The record high was in the 2010-11 harvest, which coincided with the increased sown area and higher performance for the period. In 2014 production totaled 1.3 million tons, 0.8% lower than in 2013\textsuperscript{17}.

In the last decade rice exports grew 35% in volume; however, they had an increase of 167% in terms of export value. This was due to an increase of 98% of the average export price in the last decade. Such behavior was in line with the general increase in commodity prices internationally.

High technology applied throughout the agro-industrial chain and effective integration of all its components have allowed Uruguayan rice to be a "premium" product in international markets, thus currently obtaining better prices per ton than the United States, a traditional world reference on rice quality.

In 2014 this crop was the second agricultural export product of the country with a value of USD 507 million. This positioned the country among the ten biggest rice exporters in the world, besides being the main one in Latin America.

**Table No.4: Rice exports**

<table>
<thead>
<tr>
<th>Year</th>
<th>Million USD</th>
<th>Tons</th>
<th>USD/Ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>172</td>
<td>845,437</td>
<td>204</td>
</tr>
<tr>
<td>2002</td>
<td>140</td>
<td>676,371</td>
<td>208</td>
</tr>
<tr>
<td>2003</td>
<td>188</td>
<td>669,548</td>
<td>281</td>
</tr>
<tr>
<td>2004</td>
<td>190</td>
<td>677,001</td>
<td>280</td>
</tr>
<tr>
<td>2005</td>
<td>204</td>
<td>737,668</td>
<td>276</td>
</tr>
<tr>
<td>2006</td>
<td>210</td>
<td>710,150</td>
<td>296</td>
</tr>
<tr>
<td>2007</td>
<td>282</td>
<td>802,374</td>
<td>351</td>
</tr>
<tr>
<td>2008</td>
<td>462</td>
<td>760,985</td>
<td>607</td>
</tr>
<tr>
<td>2009</td>
<td>446</td>
<td>990,425</td>
<td>450</td>
</tr>
<tr>
<td>2010</td>
<td>385</td>
<td>784,087</td>
<td>491</td>
</tr>
<tr>
<td>2011</td>
<td>474</td>
<td>935,916</td>
<td>507</td>
</tr>
<tr>
<td>2012</td>
<td>553</td>
<td>1,058,972</td>
<td>523</td>
</tr>
<tr>
<td>2013</td>
<td>512</td>
<td>926,384</td>
<td>552</td>
</tr>
<tr>
<td>2014</td>
<td>507</td>
<td>911,954</td>
<td>556</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DNA.

\textsuperscript{16} Source: Report from the MGAP available at: [http://www.mgap.gub.uy/media/content/audio/source0000000011/AU0000002000002811.pdf](http://www.mgap.gub.uy/media/content/audio/source0000000011/AU0000002000002811.pdf)

\textsuperscript{17} Source: Uruguay XXI based on DIEA.
As for the main markets, sales in 2014 focused on Iraq, Peru and Brazil, with respective shares of 40%, 18% and 12%.

2.2.3. Wheat

Wheat has traditionally been the main winter crop in Uruguay. It was generally associated with the domestic market and exports were basically the surplus, if any. Ever since the country’s agricultural rebound in the last decade, wheat has grown significantly.

With a planted area of around 620,000 hectares in the 2013/14 harvest, production totaled just over 2 million tons, 75% higher than the figure reached in the previous harvest. Crop yield was around 3,317 kg/ha in the 2013/2014 harvest, which represented an improvement of 51% over the previous harvest, when climatic problems occurred\(^{18}\).

Graph No.17: Average wheat production and yield

According to DIEA, the wheat sown area fell sharply in the 2014/15 harvest, reaching just under 400,000 ha, decreasing its surface by 36% compared to the previous harvest. Weather problems also affected the quality and harvesting of the cereal, which did not exceed 1.2 million tons.

When considering foreign sales, wheat has been the third grain in terms of export value in recent years. Until 2013 exports increased significantly and they suffered a drop in production that year. The volume of exports recovered in 2014 and grew 20% over the previous year, but due to a decrease of 15% in the price, the value of exports grew only 2% over 2013.

Graph No.18: Wheat exports (Million USD)

Wheat sales were concentrated in Brazil, which in 2014 represented 80% of the total exports.

Table No.5: Wheat exports per destination – Share in % 2014

<table>
<thead>
<tr>
<th>Destination</th>
<th>Share in % 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>80%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>6%</td>
</tr>
<tr>
<td>Morocco</td>
<td>3%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DNA.

Source: Estimates of Uruguay XXI based on DNA.

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\(^{18}\) Source: Uruguay XXI based on DIEA, Opypa and Deloitte.
2.2.4. Other grains

Barley and Malt

Malted barley production in Uruguay has historically been destined almost entirely for export and subsequent production of malt by the Brazilian industry. Currently the planting of feed barley has increased, particularly for export. Phyto-sanitary agreements have been signed recently to enter different markets including China.

In the last 2013/14 harvest, despite the 38% drop in the sown area, improved productivity resulted in a marked recovery in production, which reached 316 thousand tons, 15% higher than the previous harvest. The yield of 3,510 kg/ha set a new record for the growth of barley in the country.

The estimation for the 2014/15 harvest is a sown area of 99,500 ha and a slight decrease in production of 12% due to lower crop yield.

In the last decade malt exports were around 265,000 tons, and last year in particular, they totaled USD182 million, due to an average price of USD 635/ton.

Table No.6: Barley growing – Cultivated area, production and yield

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Cultivated area (ha)</th>
<th>Production (Tons)</th>
<th>Yield (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-05</td>
<td>136,600</td>
<td>406,500</td>
<td>2,976</td>
</tr>
<tr>
<td>05-06</td>
<td>78,100</td>
<td>242,300</td>
<td>3,102</td>
</tr>
<tr>
<td>06-07</td>
<td>125,500</td>
<td>432,100</td>
<td>3,443</td>
</tr>
<tr>
<td>07-08</td>
<td>138,200</td>
<td>310,200</td>
<td>2,245</td>
</tr>
<tr>
<td>08-09</td>
<td>129,900</td>
<td>409,500</td>
<td>3,152</td>
</tr>
<tr>
<td>09-10</td>
<td>140,200</td>
<td>461,800</td>
<td>3,294</td>
</tr>
<tr>
<td>10-11</td>
<td>61,900</td>
<td>186,319</td>
<td>3,010</td>
</tr>
<tr>
<td>11-12</td>
<td>104,600</td>
<td>326,900</td>
<td>3,125</td>
</tr>
<tr>
<td>12-13</td>
<td>145,000</td>
<td>275,500</td>
<td>1,900</td>
</tr>
<tr>
<td>13-14</td>
<td>90,000</td>
<td>315,900</td>
<td>3,510</td>
</tr>
<tr>
<td>14-15</td>
<td>99,500</td>
<td>278,600</td>
<td>2,800</td>
</tr>
<tr>
<td>Var. %</td>
<td>-38%</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>Var. %</td>
<td>11%</td>
<td>-12%</td>
<td>-20%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA and OPYPA.

Since this is intra-company trade with Brazilian brewing companies, 96% of exports of Uruguayan malt concentrated in the northern country.
Corn growing has historically been oriented to the domestic market; however, as of the last decade there has been a significant increase in production that generated an exportable surplus. This was prompted by an increase in the sown area and crop yield in a context of increasing international prices driven by increased demand, both for conventional uses (food and feed) and for ethanol production.

### Table No.7: Corn growing – Cultivated area, production and yield

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Cultivated area (ha)</th>
<th>Production (Ton)</th>
<th>Yield (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-05</td>
<td>60,601</td>
<td>250,952</td>
<td>4,141</td>
</tr>
<tr>
<td>05-06</td>
<td>49,000</td>
<td>205,000</td>
<td>4,184</td>
</tr>
<tr>
<td>06-07</td>
<td>58,674</td>
<td>337,763</td>
<td>5,757</td>
</tr>
<tr>
<td>07-08</td>
<td>80,600</td>
<td>334,700</td>
<td>4,153</td>
</tr>
<tr>
<td>08-09</td>
<td>87,500</td>
<td>269,800</td>
<td>3,083</td>
</tr>
<tr>
<td>09-10</td>
<td>96,000</td>
<td>527,100</td>
<td>5,491</td>
</tr>
<tr>
<td>10-11</td>
<td>80,900</td>
<td>286,200</td>
<td>3,538</td>
</tr>
<tr>
<td>11-12</td>
<td>123,900</td>
<td>528,300</td>
<td>4,264</td>
</tr>
<tr>
<td>12-13</td>
<td>122,600</td>
<td>692,444</td>
<td>5,648</td>
</tr>
<tr>
<td>13-14</td>
<td>131,000</td>
<td>564,500</td>
<td>4,309</td>
</tr>
<tr>
<td>14-15</td>
<td>103,000</td>
<td>500,000</td>
<td>4,854</td>
</tr>
<tr>
<td>Var. 14/13</td>
<td>7%</td>
<td>-18%</td>
<td>-24%</td>
</tr>
<tr>
<td>Var. 15/14</td>
<td>-21%</td>
<td>-11%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA y OPYPA.

Sorghum

In recent years there has been an increase in sorghum cultivated areas as a result of an increase in the use of corn for animal feed, and more recently, the result of the growing demand from ALUR\(^\text{20}\), which uses this grain for the production of biofuels.

For ethanol production the company prioritizes the use of sorghum as raw material for its low cost and hardiness. In this sense, ALUR has been developing a policy of using sorghum, which has sustained the demand for the grain.

A new generation of a biofuel plant from ALUR is expected to start operations in 2015. The plant will have a capacity to process 200,000 tons of grains a year.

\(^{19}\) Source: Uruguay XXI based on Yearbook 2014 – OPYPA, MGAP.

\(^{20}\) ALUR is a company dedicated to the production of biofuels among other activities: www.alur.com.uy
Table No.8: Cultivation of sorghum – Cultivated area, Production and Yield

<table>
<thead>
<tr>
<th>Harvest Year</th>
<th>Cultivated area (ha)</th>
<th>Production (Ton)</th>
<th>Yield (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-05</td>
<td>19,043</td>
<td>84,731</td>
<td>4,450</td>
</tr>
<tr>
<td>05-06</td>
<td>15,800</td>
<td>61,300</td>
<td>3,880</td>
</tr>
<tr>
<td>06-07</td>
<td>42,833</td>
<td>162,766</td>
<td>3,800</td>
</tr>
<tr>
<td>07-08</td>
<td>37,700</td>
<td>151,200</td>
<td>4,011</td>
</tr>
<tr>
<td>08-09</td>
<td>68,100</td>
<td>324,200</td>
<td>4,761</td>
</tr>
<tr>
<td>09-10</td>
<td>35,300</td>
<td>138,300</td>
<td>3,918</td>
</tr>
<tr>
<td>10-11</td>
<td>31,400</td>
<td>123,400</td>
<td>3,930</td>
</tr>
<tr>
<td>11-12</td>
<td>88,200</td>
<td>372,600</td>
<td>4,224</td>
</tr>
<tr>
<td>12-13</td>
<td>49,000</td>
<td>209,000</td>
<td>4,265</td>
</tr>
<tr>
<td>13-14</td>
<td>75,000</td>
<td>303,000</td>
<td>4,040</td>
</tr>
<tr>
<td>14-15</td>
<td>92,000</td>
<td>414,000</td>
<td>4,500</td>
</tr>
<tr>
<td>Var. 14/13</td>
<td>53%</td>
<td>45%</td>
<td>-5%</td>
</tr>
<tr>
<td>Var. 15/14</td>
<td>23%</td>
<td>37%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA.

2.3. Animal production

2.3.1. Cattle farming

Cattle farming is one of the most important activities in Uruguay. Its sustainable production system based on animals that graze all year round and are fed on natural pastures makes Uruguayan meat natural, safe, highly nutritious, extra lean and with a distinctive flavor\(^{21}\). It also has great international prestige, and it is exported to 50 countries, which positions Uruguay as one of the top 10 exporters of beef in the world\(^{22}\).

The sector has a production traceability system that enables to know all the product information, from the birth of the animal until it reaches the final consumer. This allows for certification of the quality and safety of food, which has been widely accepted in the most demanding international markets, and has positioned Uruguay as a world leader in the process of traceability of meat products\(^{23}\).

Despite increasing competition from agriculture for the use of land, cattle farming has not lost its importance in recent years. While many production units have been converted to agricultural plantations, the number of cattle has remained relatively stable over the last decade. For its part, the slaughter of animals has had a slight drop in the period.

The stock of cattle increased to approximately 12 million in 2014, while slaughter was just under two million heads\(^{24}\).

Graph No.22: Cattle Stock and slaughter (Thousands of cattle heads)

![Graph showing cattle stock and slaughter](Image)

Source: Uruguay XXI based on DIEA and OPYPA.

During 2010 there was a fall of 650,000 cattle heads in stock due to a low calving rate; however, the stock rebounded in the following years.

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\(^{21}\) Source: Uruguay XXI based on INAC.

\(^{22}\) Source: Uruguay XXI based on Trade Map.

\(^{23}\) Source: Uruguay XXI based on INAC.

\(^{24}\) Source: Opypa based on an urgent sample from DICOSE.
Table No. 9: Evolution of cattle pregnancy and calving rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Pregnancy Rate</th>
<th>Calving Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>69.8</td>
<td>63.7</td>
</tr>
<tr>
<td>2005</td>
<td>73.9</td>
<td>62.6</td>
</tr>
<tr>
<td>2006</td>
<td>79</td>
<td>64.1</td>
</tr>
<tr>
<td>2007</td>
<td>76.1</td>
<td>66</td>
</tr>
<tr>
<td>2008</td>
<td>77.7</td>
<td>67.8</td>
</tr>
<tr>
<td>2009</td>
<td>64.3</td>
<td>66.2</td>
</tr>
<tr>
<td>2010</td>
<td>78.9</td>
<td>59.2</td>
</tr>
<tr>
<td>2011</td>
<td>72.3</td>
<td>68</td>
</tr>
<tr>
<td>2012</td>
<td>74.5</td>
<td>71.3</td>
</tr>
<tr>
<td>2013</td>
<td>80.5</td>
<td>71.4</td>
</tr>
<tr>
<td>2014</td>
<td>76.2</td>
<td>70.2</td>
</tr>
</tbody>
</table>

Pregnancy rate = Pregnant cows/served cows. Calving rate = weaned calves/served cows. (Every year it has to be related to the pregnancy rate of the previous year).

Source: Uruguay XXI based on DIEA-MGAP.

Beef production for the year ended on June 2014 was 1.1 million tons of live cattle, 4% higher than the previous year. Production of the last financial year can be broken down as follows: 86% slaughter beef, 12% differences in inventories and 2% of exports of live cattle.

Table No.10: Beef Production (Thousands of tons of live cattle – agricultural year)

<table>
<thead>
<tr>
<th></th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slaughter</td>
<td>930</td>
<td>964</td>
<td>1.029</td>
<td>943</td>
</tr>
<tr>
<td>Inventory</td>
<td>-13</td>
<td>64</td>
<td>10</td>
<td>132</td>
</tr>
<tr>
<td>Live cattle</td>
<td>52</td>
<td>20</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>969</td>
<td>1.047</td>
<td>1.058</td>
<td>1.101</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on OPYPA.

When measuring price development in the last decade, it is noted that the average price of fat steers at the slaughter plant remained relatively high in the agricultural year 2013/2014, although it showed a slight decrease of 8% from the peak of USD 2.0/kg in the previous year.

Graph No.23: Average price of fat steer at slaughter plant (USD/kg live cattle)

Source: Uruguay XXI based on INAC.

Beef has traditionally been the main export product of Uruguay, although in recent years soybean exports have led the ranking.

As shown in Table No. 11, exports have been very dynamic over the last decade. Since the crisis of the foot-and-mouth disease in 2001, the country has recovered nearly all of its markets and has even opened new ones. Furthermore, access to more demanding markets has been reflected in a rise in export prices.

In 2014, beef exports totaled USD 1,463 million, which represented an increase of 13% over the previous year. Thus, beef was the second export product of the country with a share of 14% of total sales.
Agribusiness Sector

Table No.11: Beef Exports from Uruguay

<table>
<thead>
<tr>
<th>Year</th>
<th>million USD</th>
<th>Thousand tons</th>
<th>Avg. price USD/ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>361</td>
<td>187</td>
<td>1,926</td>
</tr>
<tr>
<td>2004</td>
<td>611</td>
<td>242</td>
<td>2,524</td>
</tr>
<tr>
<td>2005</td>
<td>744</td>
<td>284</td>
<td>2,616</td>
</tr>
<tr>
<td>2006</td>
<td>930</td>
<td>306</td>
<td>3,036</td>
</tr>
<tr>
<td>2007</td>
<td>804</td>
<td>251</td>
<td>3,208</td>
</tr>
<tr>
<td>2008</td>
<td>1,194</td>
<td>247</td>
<td>4,830</td>
</tr>
<tr>
<td>2009</td>
<td>954</td>
<td>258</td>
<td>3,692</td>
</tr>
<tr>
<td>2010</td>
<td>1,103</td>
<td>240</td>
<td>4,601</td>
</tr>
<tr>
<td>2011</td>
<td>1,295</td>
<td>222</td>
<td>5,842</td>
</tr>
<tr>
<td>2012</td>
<td>1,391</td>
<td>248</td>
<td>5,605</td>
</tr>
<tr>
<td>2013</td>
<td>1,292</td>
<td>235</td>
<td>5,487</td>
</tr>
<tr>
<td>2014</td>
<td>1,463</td>
<td>249</td>
<td>5,881</td>
</tr>
</tbody>
</table>

Note: This includes item 0201 – Fresh or chilled beef and 0202 – Frozen beef.
Source: Uruguay XXI based on DNA.

Negotiations are currently taking place to enter the Japanese market.

In 2004 only five markets concentrated 80% of beef exports, while in 2014 there were 9 countries representing the same percentage. In 2014 placements of chilled beef concentrated on the European Union and two countries of the region (Brazil and Chile). Meanwhile, exports of frozen beef are more diversified and are led by China, NAFTA, the European Union and Israel.

Graph No.25: Exports of chilled beef per destination (Share in % 2014)

Source: Uruguay XXI based on DNA.

Demanding markets have opened in recent years, such as the United States, Mexico, Russia and most recently South Korea.

The next Graph shows the increase in export value in the past decade based on the increase of the price received, mainly associated to the rise in sales to the European Union.

Graph No.24: Index of Beef Exports (Base 2001=100)

Source: Uruguay XXI based on DNA.

Graph No.26: Exports of frozen beef per destination (Share in % 2014)

Source: Uruguay XXI based on DNA.
2.3.2. Sheep farming

The sheep industry has a long tradition and prestige in Uruguay. The quality of the product positions Uruguay as one of the top 10 exporters of sheep meat in the world and the leading exporter of combed wool in America (fifth in the world).

In the last 20 years, the demand for wool has declined globally and this has led to a fall in the stock of sheep in all major producing countries, including Uruguay.

**Graph No.27: Evolution of sheep stock**

(Million heads)

![Graph showing evolving sheep stock](source: Uruguay XXI based on DIEA)

In this respect, production of wool and sheep meat has shown a downward trend.

**Table No.12: Production of shorn wool (thousands of tons) and sheep meat (thousands of tons, live cattle)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wool</th>
<th>Meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>35</td>
<td>81</td>
</tr>
<tr>
<td>2005</td>
<td>36</td>
<td>122</td>
</tr>
<tr>
<td>2006</td>
<td>44</td>
<td>123</td>
</tr>
<tr>
<td>2007</td>
<td>45</td>
<td>127</td>
</tr>
<tr>
<td>2008</td>
<td>41</td>
<td>116</td>
</tr>
<tr>
<td>2009</td>
<td>36</td>
<td>112</td>
</tr>
<tr>
<td>2010</td>
<td>36</td>
<td>98</td>
</tr>
<tr>
<td>2011</td>
<td>29</td>
<td>85</td>
</tr>
<tr>
<td>2012</td>
<td>31</td>
<td>105</td>
</tr>
<tr>
<td>2013</td>
<td>32</td>
<td>95</td>
</tr>
<tr>
<td>2014</td>
<td>31</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA-MGAP.

When considering exports, placements of sheep meat have had a growing trend in recent years. Between 2004 and 2009, this increase was led by higher export volumes, which grew a yearly average of 26% and reached 25,000 tons in 2009. Meanwhile, between 2009 and 2014 the increase was due to the growth of 11% annually in the prices received.

Exports of sheep meat totaled USD 95 million in 2014 due to the 17,000 tons exported. In the coming years, we could expect a greater increase in exports of sheep meat, following the opening of new markets (Mexico and USA).²⁵

**Graph No.28: Exports of sheep meat**

![Graph showing sheep meat exports](source: Uruguay XXI based on DNA)

²⁵ Uruguay managed to access the American market with boneless sheep meat by mid 2013. Currently, (2015) negotiations are taking place to gain access to bone-in cuts. Source: Portal de Presidencia.
When observing the destination markets of Uruguayan wool, two countries stand out, China and the European Union, which accounted for 77% of sales in 2014.

Table No.13: Exports of wool from Uruguay

<table>
<thead>
<tr>
<th>Year</th>
<th>Million USD</th>
<th>Thousand tons</th>
<th>Avg. price (USD/kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>175</td>
<td>36</td>
<td>4.9</td>
</tr>
<tr>
<td>2005</td>
<td>181</td>
<td>40</td>
<td>4.6</td>
</tr>
<tr>
<td>2006</td>
<td>207</td>
<td>53</td>
<td>3.9</td>
</tr>
<tr>
<td>2007</td>
<td>232</td>
<td>53</td>
<td>4.4</td>
</tr>
<tr>
<td>2008</td>
<td>206</td>
<td>41</td>
<td>5.0</td>
</tr>
<tr>
<td>2009</td>
<td>175</td>
<td>44</td>
<td>4.0</td>
</tr>
<tr>
<td>2010</td>
<td>232</td>
<td>47</td>
<td>5.0</td>
</tr>
<tr>
<td>2011</td>
<td>281</td>
<td>38</td>
<td>7.4</td>
</tr>
<tr>
<td>2012</td>
<td>242</td>
<td>34</td>
<td>7.2</td>
</tr>
<tr>
<td>2013</td>
<td>263</td>
<td>41</td>
<td>6.3</td>
</tr>
<tr>
<td>2014</td>
<td>254</td>
<td>40</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DNA.
2.3.3. Dairy Sector

The dairy sector plays an important role in the economic structure of Uruguay, being one of the items that generate the greatest added value. Given its geographical location, the country has excellent natural conditions in soils and climate that make it extremely suitable for the production of milk and provide comparative advantages.

Dairy production in the country has grown steadily since 1975. As shown in the following graph, transported milk—i.e. milk received by industrial dairy plants—reached a record high of 2,046 million liters in 2013. In the last three seasons the amount of milk has stabilized at record levels, and although it has fluctuated, it has always exceeded the 2,000 million liter mark per season.

**Graph No.31: Milk transported to plants (million liters)**

Source: Uruguay XXI based on INALE.

The sector’s great dynamism took place within a context of strong productivity growth. The primary sector has continually incorporated technical advances, both in pastures, animal feeds, machinery and equipment, animal health and improvement of the herd.

The industrial sector, composed of transnational and national companies - and led by a national cooperative company - has continuously expanded its installed capacity and has always worked together with the primary sector. This has allowed these companies to capture all the milk produced, diversify their production in the domestic market and export various products.

Increased productivity is shown in the following graph. While milk production grew 76% between 2003 and 2013, the area used for dairy fell 17% and the liters of milk transported to plants grew 38%.

**Graph No.32: Indicators of the dairy sector - (Dairy hectares and milking cows)**

Source: Uruguay XXI based on DIEA – MGAP.

In a domestic market with high consumption levels (250 liters per capita per year), any increase in production is destined for export, which currently accounts for 70% of the volume produced annually.

In the last decade, exports have had an increase in annual average value of 16% and in particular for 2014 they totaled USD 821 million, 9% lower than the previous year.

When measured in liters of milk equivalent, the exported volume in five
years grew at an annual average of 11% from the low of 2008\textsuperscript{28}.

**Graph No.33: Exports of the dairy sector**

![Graph](chart1.png)

Source: Uruguay XXI based on DNA.

When examining the main destinations of dairy products, Venezuela comes in first, followed by Brazil and the Russian Federation (see Graph No. 34).

**Graph No.34: Exports of dairy products per destination (Share in % 2014)**

![Graph](chart2.png)

Source: Uruguay XXI based on DNA.

The average export price reached USD 3,890/ton in 2014, which marked a record high.

During the first half of the year the average price was around USD 4,000/ton, but since March 2014 international prices have begun to fall as a result of the increase in production of major exporting countries and lower demand from China. Additionally there has been less demand for dairy products from Russia, due to sanctions imposed by the conflict with Ukraine. Furthermore, the dollar has appreciated and oil prices have fallen, both factors which have affected the purchasing power of importing countries.

**Graph No.35: Average price of dairy exports (USD/ton)**

![Graph](chart3.png)

Source: Uruguay XXI based on DNA.

When analyzing dairy exports per product, it can be observed that whole milk powder (LPE) has led the list with a share of 35% of the total, followed by sales of cheese (30%) and skimmed milk powder (LPD - 12%).

**Graph No.36: Dairy exports per product (Share in %, 2014)**

![Graph](chart4.png)

Source: Uruguay XXI based on DNA.

\textsuperscript{28} Information on milk liter equivalent is available until 2013.
2.4. Fruit Sector

2.4.1. Citrus fruits

The citrus production has a long tradition in the country and much of it has been for export. The effective area used for planting citrus has grown slightly in recent years, reaching over 20,000 hectares in 2015, about half of which corresponded to oranges.

It has been estimated that the citrus production for the 2015 harvest will reach 306,000 tons, which would imply an increase of 6.4% over the previous harvest.

Graph No.37: Citrus production (Thousand tons)

Source: Uruguay XXI based on DIEA-MGAP.

In turn, yield has been variable for all fruits in recent years. In particular, there has been a general decline in yield due to severe weather problems in 2013, when frost affected the production of fruit in general.

Table No.14: Yield per citrus species (Kg./plants in production)

<table>
<thead>
<tr>
<th>Year</th>
<th>Orange</th>
<th>Tangerines</th>
<th>Lemon</th>
<th>Grapefruit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>56</td>
<td>38</td>
<td>85</td>
<td>67</td>
</tr>
<tr>
<td>2006</td>
<td>53</td>
<td>36</td>
<td>65</td>
<td>61</td>
</tr>
<tr>
<td>2007</td>
<td>71</td>
<td>45</td>
<td>51</td>
<td>37</td>
</tr>
<tr>
<td>2008</td>
<td>51</td>
<td>35</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>2009</td>
<td>50</td>
<td>37</td>
<td>36</td>
<td>61</td>
</tr>
<tr>
<td>2010</td>
<td>44</td>
<td>38</td>
<td>22</td>
<td>48</td>
</tr>
<tr>
<td>2011</td>
<td>n/d</td>
<td>n/d</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>2012</td>
<td>53</td>
<td>46</td>
<td>70</td>
<td>39</td>
</tr>
<tr>
<td>2013</td>
<td>40</td>
<td>31</td>
<td>50</td>
<td>18</td>
</tr>
<tr>
<td>2014</td>
<td>51</td>
<td>40</td>
<td>62</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA-MGAP.

In the last 10 years 45% of the production of fruit was exported fresh. Also, 30% of the production was for domestic consumption and the remaining 25% was used by the domestic industry.²⁹

Table No.15: Destination of citrus fruit produced in Uruguay (thousand tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Prod.</th>
<th>Exports in jars</th>
<th>Domestic market</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>326.2</td>
<td>158.5</td>
<td>103.2</td>
<td>64.5</td>
</tr>
<tr>
<td>2006</td>
<td>277.5</td>
<td>137.1</td>
<td>73.9</td>
<td>66.5</td>
</tr>
<tr>
<td>2007</td>
<td>346.2</td>
<td>145.7</td>
<td>107.6</td>
<td>92.9</td>
</tr>
<tr>
<td>2008</td>
<td>253.5</td>
<td>122.3</td>
<td>32.3</td>
<td>98.9</td>
</tr>
<tr>
<td>2009</td>
<td>268.6</td>
<td>130.2</td>
<td>78.1</td>
<td>60.3</td>
</tr>
<tr>
<td>2010</td>
<td>315.2</td>
<td>150.3</td>
<td>82.2</td>
<td>82.7</td>
</tr>
<tr>
<td>2011</td>
<td>270.4</td>
<td>121.3</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>2012</td>
<td>330.6</td>
<td>93.5</td>
<td>143.3</td>
<td>93.8</td>
</tr>
<tr>
<td>2013</td>
<td>234.7</td>
<td>113.0</td>
<td>n/d</td>
<td>n/d</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA-MGAP.

Despite the low production volumes in recent years, the growing trend in international prices made citrus exports increase nearly 64% from 2004 to 2014.

²⁹ Part of this industrial production was also for export.
Furthermore, they are expected to increase in the medium term due to the recent reopening of the US market. This involves entering a potential market of at least USD 20 million\(^3\).

The citrus industry considered the opening of the US market as very positive. Although they had to adapt the logistics and comply with all the agreed conditions to reach the agreement, there are still changes that need to be processed in the Uruguayan offer. In particular, progress still needs to be made with the varietal replacements, by increasing the participation of different varieties of seeds\(^3\).

**Table No. 16: Exports of citrus (USD and in tons) and average export price (USD / ton)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FOB USD</th>
<th>Export Net Kg.</th>
<th>Average price (USD/TON)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>56,241,674</td>
<td>129,854</td>
<td>433</td>
</tr>
<tr>
<td>2005</td>
<td>63,542,766</td>
<td>159,297</td>
<td>399</td>
</tr>
<tr>
<td>2006</td>
<td>61,953,486</td>
<td>137,647</td>
<td>450</td>
</tr>
<tr>
<td>2007</td>
<td>74,358,652</td>
<td>147,327</td>
<td>505</td>
</tr>
<tr>
<td>2008</td>
<td>76,367,301</td>
<td>124,854</td>
<td>612</td>
</tr>
<tr>
<td>2009</td>
<td>73,079,604</td>
<td>130,295</td>
<td>561</td>
</tr>
<tr>
<td>2010</td>
<td>85,432,728</td>
<td>150,307</td>
<td>568</td>
</tr>
<tr>
<td>2011</td>
<td>74,208,173</td>
<td>121,640</td>
<td>610</td>
</tr>
<tr>
<td>2012</td>
<td>60,122,429</td>
<td>93,496</td>
<td>643</td>
</tr>
<tr>
<td>2013</td>
<td>79,214,179</td>
<td>110,894</td>
<td>714</td>
</tr>
<tr>
<td>2014</td>
<td>92,142,586</td>
<td>119,977</td>
<td>768</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DNA.

In 2014 the main destinations of citrus exports were: the Netherlands, which is the entry point for most of the European market; the Russian Federation, Spain and the UK.

**Table No.17: Exports of citrus fruit 2014**

<table>
<thead>
<tr>
<th>Country</th>
<th>Thousand USD</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>21,290</td>
<td>23%</td>
</tr>
<tr>
<td>The Russian Federation</td>
<td>11,952</td>
<td>13%</td>
</tr>
<tr>
<td>Spain</td>
<td>10,875</td>
<td>12%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10,615</td>
<td>12%</td>
</tr>
<tr>
<td>Brazil</td>
<td>9,345</td>
<td>10%</td>
</tr>
<tr>
<td>United States</td>
<td>7,178</td>
<td>8%</td>
</tr>
<tr>
<td>Italy</td>
<td>4,268</td>
<td>5%</td>
</tr>
<tr>
<td>Canada</td>
<td>3,944</td>
<td>4%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2,973</td>
<td>3%</td>
</tr>
<tr>
<td>Portugal</td>
<td>2,493</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>7,210</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DNA.

### 2.4.2. Deciduous fruits

The main species of deciduous fruit produced in Uruguay are apples, pears, peaches, plums, quince and nectarines, of which the first three are the most important.

**Graph No.38: Land area and production of deciduous fruits**

Source: Uruguay XXI based on DIEA-MGAP.

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\(^3\) Jorge Caputto in an interview to “El Espectador” radio station.

\(^3\) Source: Opypa – Yearbook 2014.
Table No. 18: Production per species (in thousand tons per agricultural year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Apples</th>
<th>Pears</th>
<th>Peaches</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>77</td>
<td>18</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>2006</td>
<td>61</td>
<td>18</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>2007</td>
<td>67</td>
<td>19</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>2008</td>
<td>51</td>
<td>16</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>2009</td>
<td>59</td>
<td>13</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>2010</td>
<td>52</td>
<td>19</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>2011</td>
<td>73</td>
<td>15</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>2012</td>
<td>50</td>
<td>18</td>
<td>22</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>46</td>
<td>9</td>
<td>17</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI based on DIEA-MGAP.

The production of deciduous fruit had a significant decrease in the 2012/2013 harvest. This decrease was caused primarily by weather problems in January 2013, which affected a large area of plantations during harvest time, especially apples and pears.

Table No.19: Yield per species (Kg./plant)

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Apples</th>
<th>Pears</th>
<th>Peaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>33</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>2005/06</td>
<td>24</td>
<td>36</td>
<td>12</td>
</tr>
<tr>
<td>2006/07</td>
<td>24</td>
<td>36</td>
<td>13</td>
</tr>
<tr>
<td>2007/08</td>
<td>17</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>2008/09</td>
<td>20</td>
<td>26</td>
<td>12</td>
</tr>
<tr>
<td>2009/10</td>
<td>17</td>
<td>33</td>
<td>15</td>
</tr>
<tr>
<td>2010/11</td>
<td>23</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td>2011/12</td>
<td>16</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>2012/13</td>
<td>15</td>
<td>14</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Uruguay XXI en base DIEA-MGAP.

Traditionally most of these fruits are consumed in the domestic market and the surplus is exported in variable amounts, which rarely exceed 20% of production.
3. Regulatory Framework

3.1. Regulations for investment promotion

Uruguay holds a legal framework that benefits investors with some general rules for investors of all types and others specific to each sector of activity.

3.1.1. Investment promotion regime

For several years now, Uruguay has had an active policy to encourage investment in the country.

**Act 16,906 (1998)** declares the promotion and protection of domestic and foreign investment a national interest. As a feature to highlight, foreign investors have the same incentives as local ones; there is no discrimination from the tax point of view or restrictions on the transfer of profits abroad.

Decrees 455/007 and 002/012 updated the regulations of the Act. Investment projects in all sectors of activity that are submitted and then promoted by the Executive Power are exempt between 20% and 100% of the amount invested from payment of Income Tax on Economic Activities (IRAE), depending on the type of project and the resulting score of a matrix of indicators. The single rate of IRAE nationwide is 25%. Movable fixed assets and civil works are also exempt from Net Worth Tax, and the VAT from purchases of materials and services for civil works is recovered. Besides, said Act exempts the import of movable fixed assets declared non-competitive to the domestic industry from the payment of duties or taxes.

3.1.2. Projects approved by COMAP

The institution responsible for receiving applications to be included under the investment promotion regime is the Private Sector Support Unit (UNASEP), which, upon collecting all the information required by the Commission for the Implementation of the Investment Act (COMAP) will determine the Ministry and the agency in charge of the appropriate evaluation, depending on the nature of the project and the corresponding activity\(^{32}\).

In the **Agribusiness sector**, the total value of investments promoted between 2008 and 2014\(^ {33}\) exceeded USD 3,436 million. 49% of the total was Agro-industrial, 27% Services, 21% Agricultural production and finally 2% were investments related to agricultural inputs\(^ {34}\).

**Graph No. 40 – Investment promoted by COMAP – Agribusiness (Million USD)**

![Graph of investment promoted by COMAP – Agribusiness (Million USD)](image)

Source: Yearbook 2014 – OPYPA based on data from UNASEP.

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\(^{33}\) Data for 2014 corresponds to the January-September period.

\(^{34}\) Source: Elaborated by OPYPA based on data from UNASEP.
3.1.3. Industry indicators used for the sector

When presenting a project to obtain tax benefits under Act 16,906, companies must select a set of indicators under which the project can be evaluated. Among possible indicators are those that are general for all projects and others which are specific to each sector. In particular, for projects in the agricultural sector assessed by the Ministry of Livestock, Agriculture and Fisheries (MGAP), industry indicators to consider are:

- Investments in adaptation to climate change.
- Training of rural workers.
- Differentiation of products and processes.

Out of these three indicators, "investment in adaptation to climate change" was the most used in 2014 for projects approved in Agribusiness, with a share of 48% over the total.

Another widely used indicator, although not specific of the sector, was "Increasing indirect exports." During 2014, about 25 projects used this indicator, representing 42% of the recommended projects in the Agribusiness Sector.

3.2. Investment promotion regime for agricultural production.

In Uruguay, the Executive Power is entitled to apply exemptions on value added tax (VAT) on the sale of various items, including sheep meat and fish. In turn, Act No. 18,132 empowers the Executive Branch to waive the VAT rate in poultry, swine, rabbit meat and offal of these species.

3.3. Soil and water regulation

The use of soil and water is regulated by Act No. 15,239, which declares the use and conservation of water and soil with agricultural destination a national interest. In turn, Uruguay has declared agricultural irrigation a public interest under Act No. 16,858. Both laws have complementary regulations.

The transformation that has taken place in the Uruguayan agricultural sector in the last decade led to increased soil erosion. Within this context, the implementation of the Plans for Use and Management of Soil aims to prevent and control erosion and degradation. This regulation contributes

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35 Source: CPA Ferrere and Unasep.

36 It is one of the most used by businesses. It includes investments that aim to adjust production systems based on climatic stimuli, seeking to reduce the environmental impact of economic activity.

37 This indicator seeks to measure the participation of employees in certain technical development programs, such as those that are provided by INEFOP or CETP.

38 Official internationally recognized certifications related to attributes of the product or production process, such as cases of sustainable forest production or organic meat are considered to measure this indicator.

39 Recently there have been examples of this exemption. Decree No. 126/013 of April 24th, 2013 establishes the extension of the VAT exemption in force on the disposal of poultry, pork, sheep and rabbit from April 1st, 2014 to March 31st, 2015.

40 Relevant regulations:
- Decrees No. 333/004 and No. 405/008 regulating Act No. 15,239 and No. 18,564 which introduced modifications.
- Decree-Law Nº14.859 whereby the water code was adopted.
- Decree No. 335/004 which establishes the competent bodies on water.
- Decree No. 404/001 regulating Act No. 16,858.
- MGAP resolution of 14/05/03

41 Source: Statistics Yearbook OPYPA 2014
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to the goal set in Uruguay to have sustainable agricultural production systems.
4. Institutionality and relevant stakeholders

Uruguay has traditionally boasted a good relationship between the public and private sector for the design and implementation of policies. The agricultural sector is a case in point.

» General Direction of Agricultural Services - MGAP

It is responsible for organizing, developing, and implementing appropriate policies to control the quality of vegetable products and agricultural inputs, as well as facilitating and ordering the commecilization of grains. See webpage.

» General Direction of Livestock Services - MGAP

Also part of the MGAP, this Direction acts as the one responsible for guiding and implementing health policies, ensure the sanitary hygienic condition of food and animal products and support investment in the productive sector. See webpage.

» General Direction of Rural Development - MGAP

It is in charge of designing policies for rural, agricultural activities. See webpages.

» General Farming Direction - (DIGEGRA)-MGAP

This is the agency responsible for developing policies to encourage the progress of the farming sector and the improvement of living conditions of the farming population. See webpage.

» National Direction of Energy - MIEM

This agency is responsible for designing, conducting, coordinating and evaluating the energy policy. See webpage.

» National Milk Institute - INALE

It is responsible for promoting the sustainable development of the dairy chain in Uruguay. Set up in 2008 by public and private sector stakeholders, the institute advises on the design of dairy policies by articulating ideas and generating information for decision-making. See webpage.

» National Meat Institute – INAC

This Institute is formed by the main public and private experts in the sector. It aims to promote, regulate, coordinate and monitor the activities of production, processing, marketing, storage and transport of meat of all kinds, offal, by-products and meat products. It also seeks to create a balance between production activities and exports through public policies. See webpage.

» National Wine Institute – INAVI

This agency is in charge of executing the wine policy through counseling, guidelines and layout of the economic development of the industrial process ever since its inception. It tends to control the production process by regulating volume and quality, with a focus on the industrial development of the sector. It is also in charge of the promotion, development and
Agribusiness Sector

research of the wine industry. See webpage.

» National Seed Institute – INASE

The institute seeks to promote seed activities through the use of high quality products, encouraging seed exports and research and promoting the enactment of provisions for the protection of the industry. It is responsible for the protection of cultivars and the national register of cultivars. It also handles private laboratories and manages the import and export of seeds, among other functions. See webpage.

» National Institute of Logistics - INALOG

This institute seeks to be the articulation point where industry players can lead the process of promotion, professionalism, innovation and training to turn Uruguay into a Logistics Hub to boost national development. See webpage.

» Uruguayan Federation of CREA – FUCREA Groups

This federation brings together farmers from different areas of the country (Agricultural and cattle farmers, Livestock farmers and Dairy Farmers) with the aim of promoting the improvement and development of the sector. The CREA method is based on group work among farmers. Through the exchange and discussion on specific issues, producers manage business and family solutions. See webpage.

» Rural Association of Uruguay-ARU

Integrated by farmers from the country, this association aims to defend and promote the interests of agricultural production and complementary and related industries. Founded in 1871, it is the oldest institution in the field of agriculture in the country. See webpage.

» Rural Federation

The Rural Federation is a federal institution of rural associations of producers whose aim is to increase and improve agricultural production in Uruguay. The Federation fosters soil care and conservation and promotes conditions for families to settle down in rural areas as well as the balanced distribution of the country’s production. See webpage.

» National Institute for Colonization

Institute which seeks to promote a rational subdivision of land and its proper exploitation. It also seeks for the settlement and welfare of rural workers, thus promoting the increase and improvement of agricultural production. See webpage.

» National Agricultural Research Institute - INIA

The institute seeks to promote sustainable agricultural development through the generation and adaptation of knowledge and technologies. By developing a series of technological
proposals the institute promotes sustainable intensification, competitiveness and the international insertion of Uruguay. See webpage.

**Technological Pole Institute of Pando**

This belongs to the School of Chemistry of the University of the Republic. It is dedicated to research and development in the areas of chemistry, biotechnology, materials science and the environment, and it seeks to improve the productive sector through improved techniques and inputs. See webpage.

**Commercial Chamber of Country Products**

This chamber is dedicated to the study and promotion of agricultural and livestock production, marketing, processing and exports. It also seeks to be the link among the public sector unions that are part of the institution. See webpage.

**Uruguayan Wool Center**

The Center leads the coordination of sheep production complexes, and integrates the producer to competitive agroindustrial chains, providing global solutions (commercial, financial, technological, and information) to improve the socioeconomic level of the producers of the cooperative system. See webpage.

**Uruguayan Wool Secretariat**

This institution is financed and directed by wool producers, whose main objectives are the promotion and defense of fiber in all its aspects: Production, commercialization and industrialization. See webpage.

**Association of Rice Grower - ACA**

This Association was formed to protect, guide and represent the interests of rice growers, and it defends and promotes the cultivation of rice and related industries. See webpage.

**Uruguayan Civil Association for the Protection of Vegetable Producers – Urupov**

A private association founded in 1994 with the aim of protecting the rights of vegetable producers and guaranteeing genetic progress.
5. Some foreign investments in the Sector

➤ **Cargill**

Commercial activities of American corporation Cargill include the sale, purchase, process and distribution of grains and other agricultural products, cultivation and sale of animal feed, and the sale of ingredients for the chemical industry. Cargill is present in 66 countries all over the world and in Uruguay it has operated through Crop Uruguay S.A. since 2005.

➤ **Archer Daniels Midland (ADM)**

This is an American corporation engaged in food processing and trade of commodities, which operates more than 270 plants worldwide. It has been present in Uruguay since 2004 when it purchased ERRO, and it is a wholesaler of grain, oil seeds and fruits.

➤ **Marfrig**

This is the third largest food company in Brazil. It is present in 22 countries and exports to more than 100, and it is the world’s fourth largest producer of meat. In 2006, the Marfrig Group acquired Frigorífico Tacuarembó (a local Meat Packing Plant). Between 2006 and 2007 Marfrig Group also added four other production units in Uruguay: Industrial Plant San Jose, located southwest of the Country; Industrial Plant Salto, located in the Northwest; Industrial Plant Colonia, on the South Coast and Industrial plant Fray Bentos, on the western banks of the Uruguay River.

➤ **Minerva**

Minerva Meat Packing Plant is the second largest exporter of meat and the greatest exporter of live cattle in Brazil. The company has plants in Brazil, Paraguay and Uruguay, and from there it exports to 100 countries. In 2011 Minerva bought Pul Packing Plant for USD65 million and company Pulsa S.A., and in 2014 it also acquired Matadero Carrasco Meat Packing Plant.

➤ **Lactalis**

The French group Lactalis bought two milk plants of company Indulacsa in 2015, which were formerly owned by Mexican group La Esmeralda. The company currently employs 61,000 people and has 200 manufacturing facilities in the world. Since 2011 the company has owned 83.3% of Parmalat, the main Italian dairy company present worldwide42.

➤ **UAG**

It is the largest agricultural company in Uruguay and one of the world’s top 10 exporters of meat, rice and wool. The company has been listed on the Stock Exchange of Montevideo (BVM) since 2013, being the largest company ever listed on the BVM.

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42 Source: Davio El Pais – 04/02/15 y http://www.lactalis.fr
Louis Dreyfus Commodities

This company opened its first office in Uruguay in 2002 and started its activities in the agribusiness sector. It works with 4 platforms: Cereals, Oilseeds, Rice, and Fertilizers and Inputs. It is present throughout the world, produces and transports 77 million tons of commodities and during the high season it employs 22 thousand people.\textsuperscript{43}

Estancias del Lago

The project is linked to the Bulgheroni family, who already has several investments in Argentina and in Uruguay the company focused on the construction of a mega-farm in the department of Durazno, with the largest installed capacity in the Country. The company occupies an area of 37,000 hectares, where different processes including agriculture, intensive farming and the most modern industrial plants are integrated. In this way, traceability of the product is obtained at all times, with certified quality according to international standards.

At full capacity the plant will have 13,000 cows in production and will render 450,000 liters of milk per day. Also the industrial plant will produce 20,000 tons of milk powder a year.\textsuperscript{44}

Camil Alimentos S.A. – SAMAN

Saman is the main rice company in Uruguay. It manages 50% of the country’s rice production and it is the main exporting company in the industry in Latin America. In 2014 the company made exports in the amount of USD238 million\textsuperscript{45}. In 2007 the company was sold to Brazilian Camil Alimentos\textsuperscript{46}.

Breeders & Packers Uruguay S.A.

This is a state-of-the-art meat packing plant built in the center of the country (Durazno). It has the latest, most secure technology applied to meat processing. The investment was made by British capital. Company exports exceeded USD140 million in 2014 and the main destinations of sales were China and Canada.

Maltería Oriental SA

Malteria Oriental SA is a company with 75 years experience in the production and marketing of malt and malted barley. Its manufacturing plant is located 12km north of the port of Montevideo and an average distance of 200km. to its crops of barley. It works with an established network of distributors and producers, allowing it to cover its annual requirements of malted barley and also has its own program of varietal development. The malt produced is sent to prestigious breweries in Brazil, Venezuela, Chile and Paraguay. The company belongs to the group of Chilean capital Transoceanica.

\textsuperscript{43} Source: www.ldcom.com
\textsuperscript{44} Source: estanciasdellago.com
\textsuperscript{45} Source: Uruguay XXI en base a DNA.
\textsuperscript{46} Source: www.saman.com.uy
**Garmet S.A.**

It is a company of Argentine investors dedicated to the marketing of fertilizers, seeds, agrochemicals, herbicides, fungicides, insecticides and related products. The firm is one of the main exporters of grains in the country.

**Nirea (Frigorífico San Jacinto S.A.):**

This production company is dedicated to the export of beef and has operated in the country since 1963. Currently, 50% of the share capital is owned by Argentine capital. In Uruguay the company is one of the leading exporters of beef and a producer of Premium lamb\(^{47}\).

**AB InBev (Malteria Uruguay S.A)**

This Belgian-Brazilian company is the world's largest brewer, with a global market share close to 25%. It produces brands such as Budweiser, Stella Artois, Beck's, Staropramen, Leffe, Hoegaarden, Skol, Brahma, Quilmes, Labatt's Blue, Michelob, Harbin, Sedrin, Cass, Klinskoye, Sibirskaya Corona, Gilde, Chernigivske and Jupiler. In October 2001 the company bought the local brewery, Patricia, which marked the beginning of the group's operations in Uruguay\(^{48}\).

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\(^{47}\) Source: [www.nirea.com.uy](http://www.nirea.com.uy)

\(^{48}\) Source: [www.abinbev.com](http://www.abinbev.com)
5. Perspectives

The agribusiness sector has been one of the engines of growth in Uruguay in the last decade. While the international context prompted this growth in part, investments and transformations that occurred in the Uruguayan agro boosted the expansion.

Currently the price of raw materials shows a downward trend, but the outlook for the coming years shows that the demand for food will remain firm. Food consumption in Asian economies will sustain strong growth together with the demographic increase in African countries.

Also, the increase in income and the migration of rural populations to urban areas have led to changes in people’s consumption habits. Demand for protein and prepared foods has increased, and in turn, the latter expands the difference between the producer price and the retail price.

These transformations that are occurring in the international context place Uruguay in a privileged position as a supplier of quality food to meet the growing needs of the global population.

Agricultural products

The main destination of world agricultural production is food. It is estimated that by 2023 the demand for agricultural commodities for food is expected to grow by more than 150 million tons over the 2011 - 2013 period and to exceed 1,200 million tons. Also, the demand for agricultural products for animal feed will be the most dynamic one, with a growth of 160 million tons in the same period.

Prices in the agricultural sector are expected to have a slight drop or to remain stable in the medium term. The basis for this projection is the record yields registered in recent years, which have resulted into large harvest volumes. Despite this trend, agricultural products would show relatively different perspectives. However, the following points are worth considering:

In the case of soybeans, an increase in harvest would not be in principle accompanied by a growth in demand, so prices are likely to remain on a downward trend, at least in the short term. For Uruguay, the outlook at the national level is a drop in the exports of soybeans, due to low international prices and lower export volumes.

For Wheat, 2013 and 2014 were exceptional production years worldwide and the 2014/15 harvest is expected to reach its highest levels since 2003. In the short term, a 36% reduction on the sown area is expected in Uruguay, driven by lower export prices of wheat during the 2014/15 season, which, together with climate instability will lead to a smaller harvest and lower quality than in previous years. It is likely that, given the lower

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49 Source: Uruguay XXI based on OPYP A - MGAP and FAO.
50 Source: Uruguay XXI en base based on Agricultural Perspective 2014-2023, OCDE and FAO.
51 Although total consumption of food will increase in Africa, consumption per capita will have a marginal growth.
52 Source: Uruguay XXI based on OPYP A - MGAP and FAO.
quality of the product, a greater proportion of it will be destined to animal feed.

Regarding malted barley, a drop in production is expected both nationally and regionally. In Uruguay however, an increase of 11% is expected in the sown area driven by an increase in the reference price in contracts with farmers. Despite this, poor weather conditions experienced in the last months of 2014 would imply a decrease in the expected yield, thus causing a drop in production.

In turn, the DIEA of the MGAP expects the production of sorghum and corn to grow significantly over the previous year. As for the sown area, it is expected to decrease about 20% for corn, while it will increase in the vicinity of 22% for sorghum, driven by new demand for the grain from ALUR, the ethanol production plant. Despite this increase in production, the need to increase imports to meet domestic demand is envisaged, if the needs of existing bodies remain at the levels of previous years.

For rice, there are signs of a possible pick up in international prices resulting from potential unfavorable weather events for the growth of rice in Asian countries and the fact that some key markets have resumed their imports of the cereal.

In Uruguay, the materialization of these events abroad could generate a rise in the price of rice exports and a potential increase in export volumes. However, the lack of more land suitable for cultivation is likely to limit the increase in the planted area in Uruguay and thus an increase in production for reasons beyond a better yield of the areas already used.

Animal production: meat, wool and dairy

FAO estimates that global meat consumption will increase 1.6% annual average over the next ten years. This growth will be driven by developing countries which will have a significant increase in protein consumption.

When observing the different varieties, poultry meat will grow more since it is the cheapest and most accessible meat. Beef will represent 15% of the increase of meat consumption in the period, while sheep meat will represent 6%.

International meat prices have remained above the historical average in the last years, especially referring to beef. Anyhow, different trends are expected for different types of meat. On the one hand, a growing trend is projected for the price of beef, pork, poultry and sheep.

At the national level in the cattle market, higher levels of slaughter and greater export of live cattle are expected due to high stock levels reached in 2014.

For wool, the international supply and demand is expected to remain at current low levels, which suggests that prices will remain stable and depressed. Moreover, sheep meat faces a growing demand with high prices on the rise. These two opposing effects make the stock of sheep worldwide to remain stable.

In the case of dairy, increased international supply along with the decrease in demand for several key countries has caused a fall in international prices in recent months. According to the analysis by FAO in its outlook report of October 2014, demand would resume in the short to medium-term, leading initially to an increase in international trade. In Uruguay uncertainty
concerning the international market along with the uncertainty about the economy of Venezuela (the main destination of dairy exports in Uruguay) does not allow to give clear signs of how export prices will evolve in the near future. In terms of supply, production is expected to improve in 2015, especially in the case of abating climate phenomenon El Niño, which negatively affected the industry yield in Uruguay during most of 2014 and early 2015.

Finally, in a longer term perspective and regardless of the vagaries of the current external environment, the agribusiness sector in Uruguay has great potential to continue growing and consolidating itself as a supplier of quality food to the most demanding markets worldwide.
Agribusiness sector

**Uruguay at a glance (2014)**

<table>
<thead>
<tr>
<th>Official name</th>
<th>Oriental Republic of Uruguay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographical location</td>
<td>South America, bordered by Argentina and Brazil</td>
</tr>
<tr>
<td>Capital City</td>
<td>Montevideo</td>
</tr>
<tr>
<td>Area</td>
<td>176,215 sq mts. 95% of its territory is productive land apt for farming exploitation</td>
</tr>
<tr>
<td>Population (2014)</td>
<td>3.45 million</td>
</tr>
<tr>
<td>Population growth (2014)</td>
<td>0.4% (annual)</td>
</tr>
<tr>
<td>GDP per capita (2014)</td>
<td>US$ 16,640</td>
</tr>
<tr>
<td>Currency</td>
<td>Uruguayan Peso ($)</td>
</tr>
<tr>
<td>Literacy index</td>
<td>98%</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>77 years</td>
</tr>
<tr>
<td>Form of Government</td>
<td>Democratic republic with presidential system</td>
</tr>
<tr>
<td>Political Division</td>
<td>19 provinces or departments</td>
</tr>
<tr>
<td>Time Zone</td>
<td>GMT - 03:00</td>
</tr>
<tr>
<td>Official Language</td>
<td>Spanish</td>
</tr>
</tbody>
</table>

**Key economic indicators 2009-2014**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Var % per year)</td>
<td>4.2%</td>
<td>7.8%</td>
<td>5.2%</td>
<td>3.3%</td>
<td>5.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>GDP (US$ Million)</td>
<td>31,661</td>
<td>40,285</td>
<td>47,962</td>
<td>51,385</td>
<td>57,525</td>
<td>57,471</td>
</tr>
<tr>
<td>Population (Millions of people)</td>
<td>3.38</td>
<td>3.40</td>
<td>3.41</td>
<td>3.43</td>
<td>3.44</td>
<td>3.45</td>
</tr>
<tr>
<td>GDP per Capita (US$)</td>
<td>9,372</td>
<td>11,860</td>
<td>14,054</td>
<td>14,996</td>
<td>16,722</td>
<td>16,640</td>
</tr>
<tr>
<td>Unemployment rate – Annual Average (% EAP)</td>
<td>7.7%</td>
<td>7.2%</td>
<td>6.3%</td>
<td>6.5%</td>
<td>6.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Exchange rate (Pesos per US$, Annual Average)</td>
<td>22.6</td>
<td>20.1</td>
<td>19.3</td>
<td>20.3</td>
<td>20.5</td>
<td>23.2</td>
</tr>
<tr>
<td>Exchange rate (Annual Average Variation)</td>
<td>7.7%</td>
<td>-11.1%</td>
<td>-3.7%</td>
<td>5.2%</td>
<td>0.8%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Consumer Prices (Var % annually accumulated)</td>
<td>5.9%</td>
<td>6.9%</td>
<td>8.6%</td>
<td>7.5%</td>
<td>8.5%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Exports of goods and services (US$ millions)</td>
<td>8,711</td>
<td>10,719</td>
<td>12,868</td>
<td>13,398</td>
<td>13,638</td>
<td>13,595</td>
</tr>
<tr>
<td>Imports of goods and services (US$ millions)</td>
<td>8,191</td>
<td>10,089</td>
<td>12,779</td>
<td>14,685</td>
<td>14,848</td>
<td>14,511</td>
</tr>
<tr>
<td>Commercial Surplus/Deficit (US$ millions)</td>
<td>520</td>
<td>630</td>
<td>89</td>
<td>–1,287</td>
<td>–1,210</td>
<td>–917</td>
</tr>
<tr>
<td>Commercial Surplus/Deficit (% of GDP)</td>
<td>1.6%</td>
<td>1.6%</td>
<td>0.2%</td>
<td>-2.5%</td>
<td>-2.1%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Overall Fiscal Balance (% of GDP)</td>
<td>-1.6%</td>
<td>-1.1%</td>
<td>-0.9%</td>
<td>-2.7%</td>
<td>-2.3%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Gross capital formation (% of GDP)</td>
<td>18.7%</td>
<td>19.1%</td>
<td>19.1%</td>
<td>22.2%</td>
<td>21.8%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Gross Debt (% of GDP)</td>
<td>72.6%</td>
<td>59.4%</td>
<td>56.3%</td>
<td>60.6%</td>
<td>57.6%</td>
<td>60.5%</td>
</tr>
<tr>
<td>Foreign Direct Investment (US$ millions)</td>
<td>1,529</td>
<td>2,289</td>
<td>2,504</td>
<td>2,536</td>
<td>3,032</td>
<td>2,755</td>
</tr>
<tr>
<td>Foreign Direct Investment (% of GDP)</td>
<td>4.8%</td>
<td>5.7%</td>
<td>5.2%</td>
<td>4.9%</td>
<td>5.3%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

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Source: GDP data was taken from the IMF, data on foreign trade, FDI, foreign exchange rates, international reserves and foreign debt were provided by the BCU (Central Bank of Uruguay), population growth, literacy, unemployment and inflation rates provided by the National Statistics Office (INE by its Spanish acronym).