

Suppling country outlook: URUGUAY

National Meat Institute (INAC)

Meat Importers Council of America – MICA

25th October, 2017

San Diego, CA

Presentation Outline

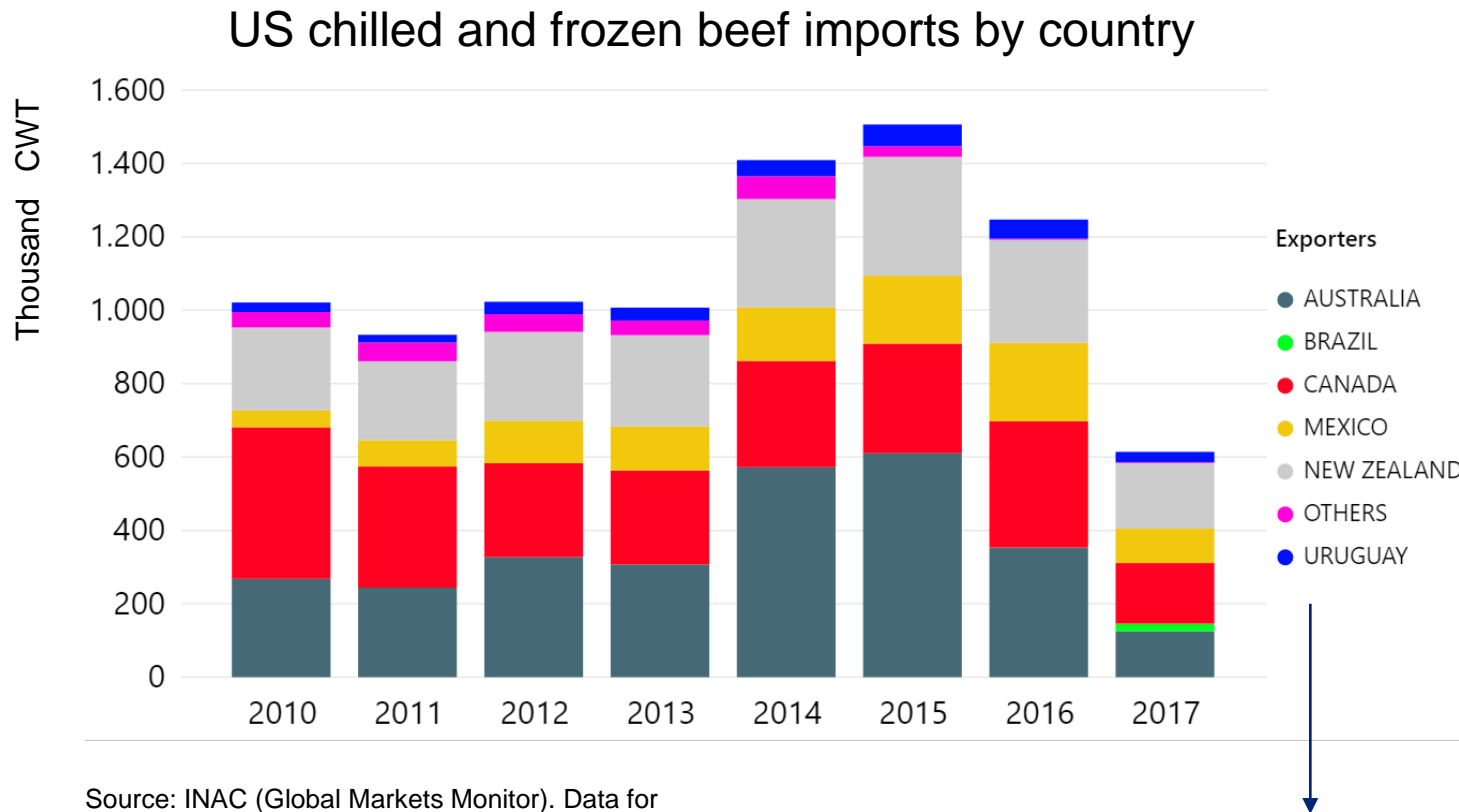
1- The US beef market for Uruguay

2- Uruguay's production and market situation, 2018 projection

1. The US beef market for Uruguay

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Uruguay is a small player in US beef imports (<5%)



Source: INAC (Global Markets Monitor). Data for 0201 and 0202

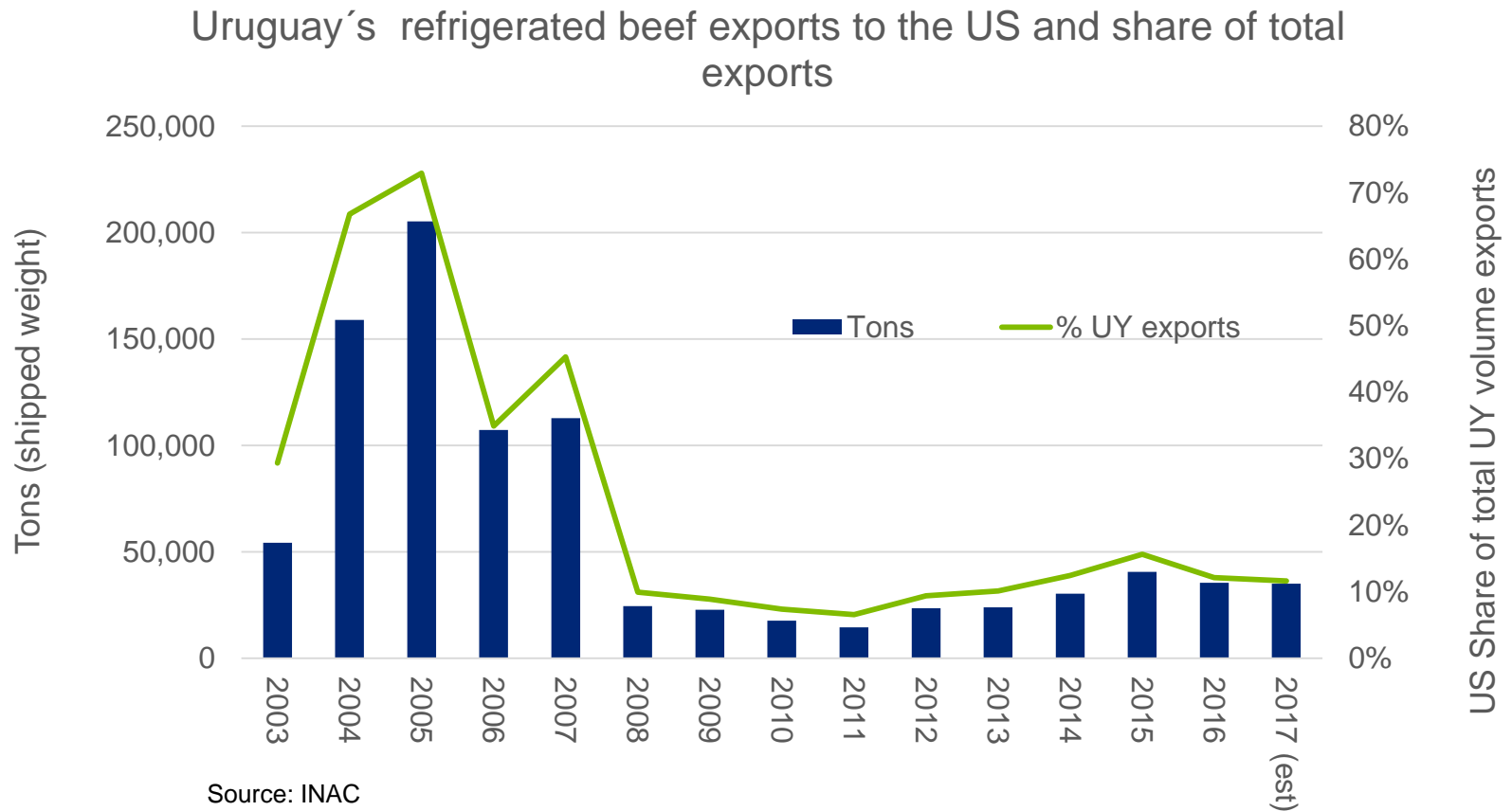
4% to 5% of US chilled and frozen beef imports in the last years....

The United States: a key market for Uruguay's beef industry

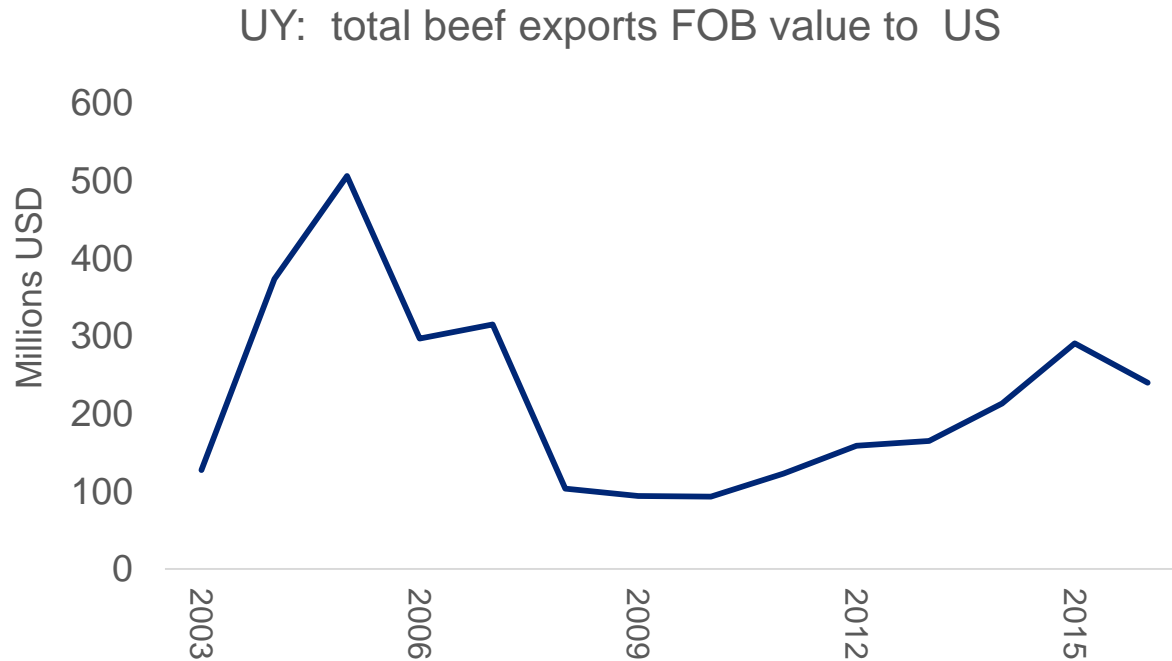
1. The US beef market for Uruguay

2003 to 2017: the **US** has been the largest market

-1 in 4 tons exported from UY went to the US (25%)



1. The US beef market for Uruguay

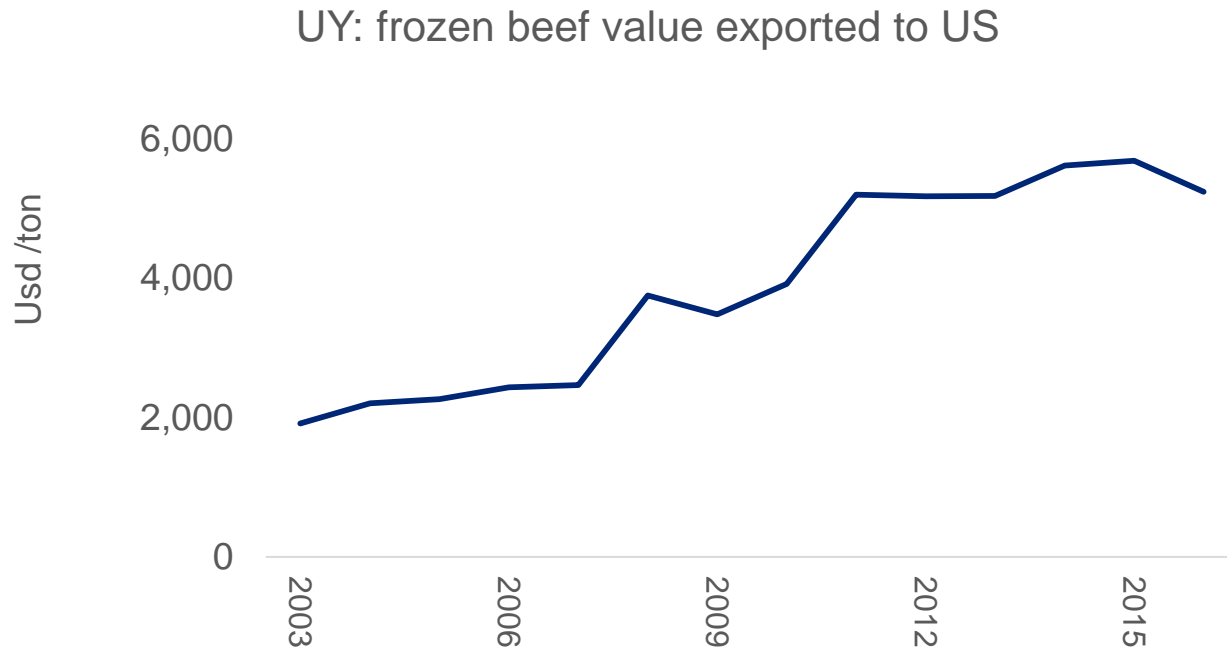


Source: INAC

Current situation

- 20 beef plants and 6 ovine plants approved for the USA
- USD 250 mm annual exported FOB value (average, 3 years).

1. The US beef market for Uruguay



Source: INAC

- Chilled exports: 6% volume 2016.
- Growing value of imported beef.
- Certification programs:
 - Organic
 - Never ever, ABF, grass fed, certified natural, breed claims, others.

The TRQ is the largest
limitation for Uruguay

1. The US beef market for Uruguay

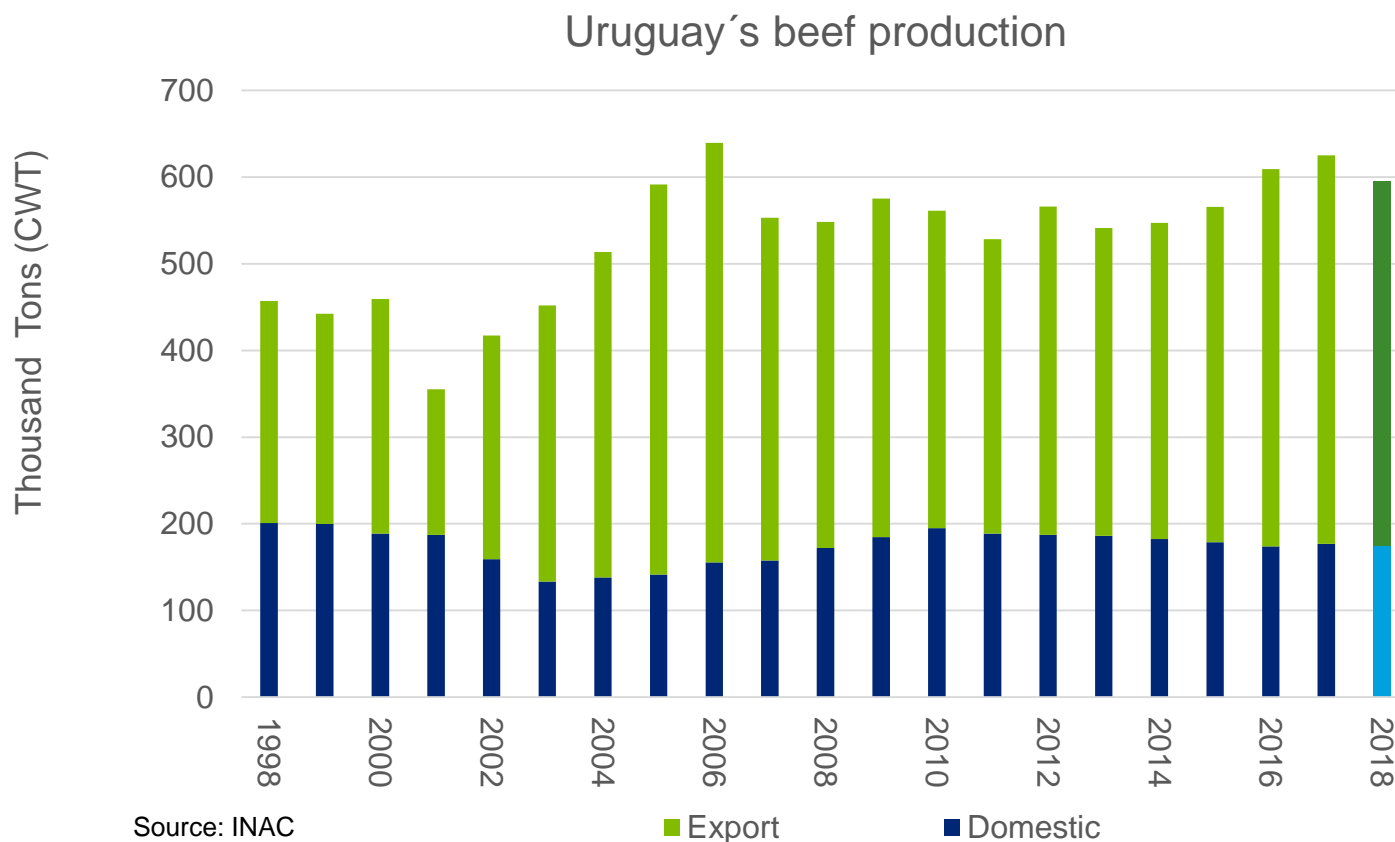
The TRQ is the largest limitation for Uruguay

- Uruguay has **20.000 tons** of the US beef TRQ, only **2,9%** of the total.
- In the last 14 years, **2/3** of the volume shipped to US was **OUT** of quota.
- 2014 to 2016:
 - Uruguay exported 77% volume above the quota level (15 k tons/year)
 - USD 63 mm paid in import duties, almost **10%** of the CIF value.
 - Average import tax of **USD 590** / ton exported (520 to 770 USD/ton)
- Above the quota level, other markets are more price competitive.

2. Uruguay's beef production, market situation and 2018 outlook

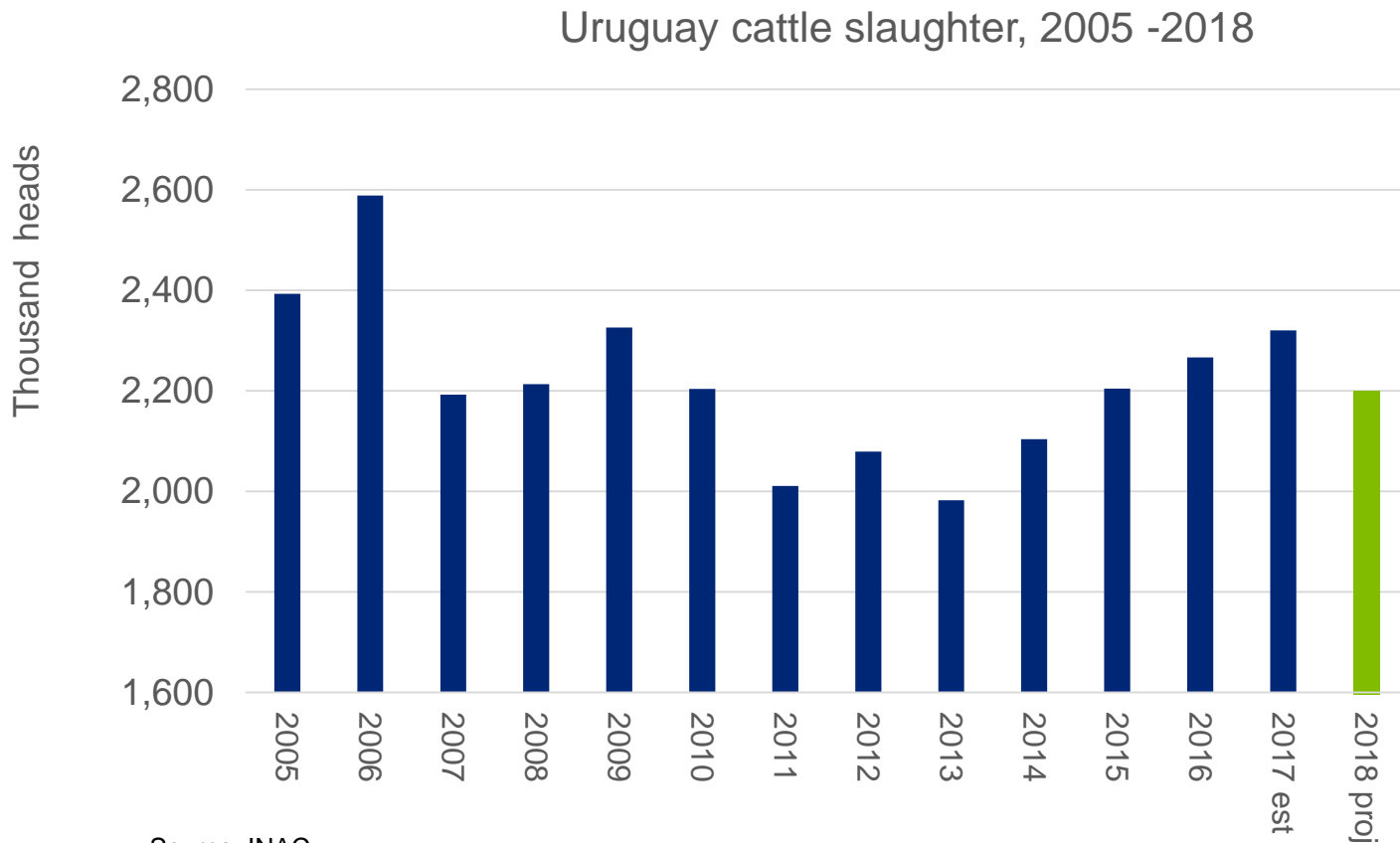
2. Uruguay's beef production situation

- Stabilized production: 600 thousand CWT
- Ratio exports / domestic: 70/30
- Exports 2018: 420 thousand CWT (slightly down -6%- from 2017 levels)



2. Uruguay's production perspective

Cattle Slaughter near 2,2 mm heads (average 10 yrs)



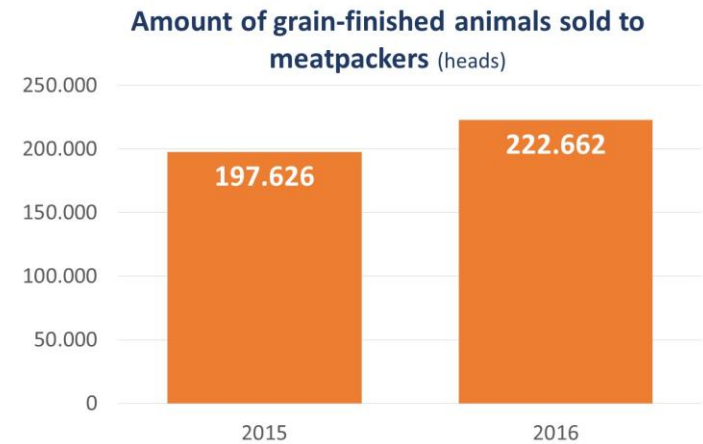
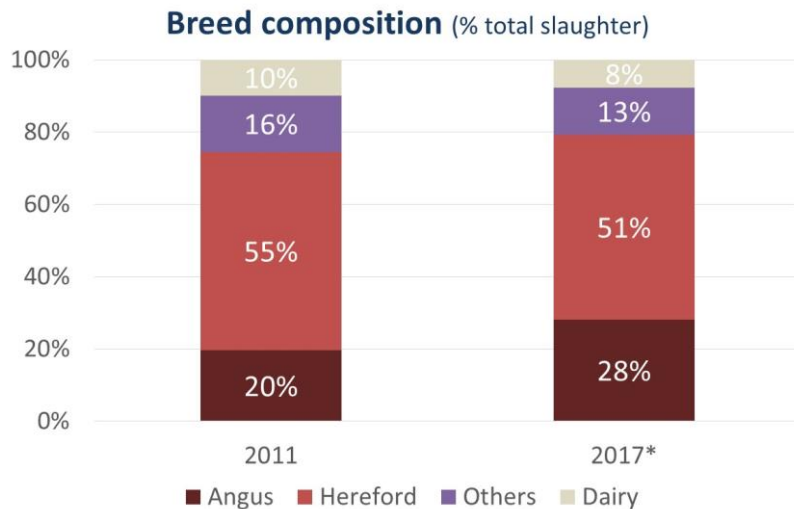
Source: INAC

Positive medium term
production perspective

Highest breeding cow
herd in the history

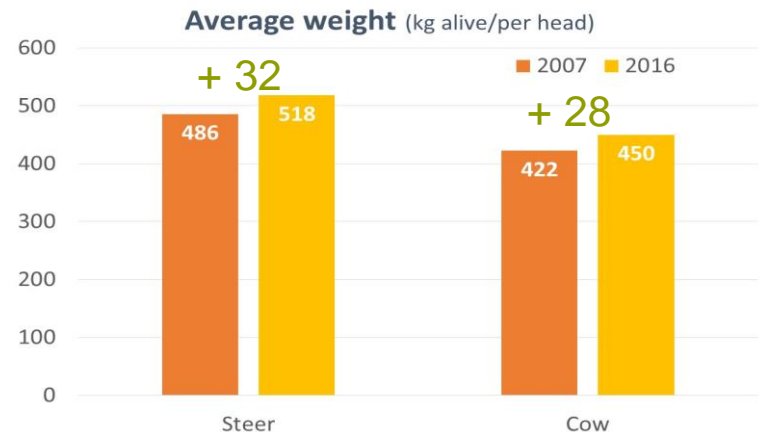
2. Uruguay's production projection

Increasing production, but also quality



Source: INAC

- + Angus breed in the stock
- + Weight
- + Grain finished steers and heifers



2017 and 2018 highlights market and industry highlights

2017

- Industry acquisitions (NH and Minerva)
- UY allowed to export bone-in lamb to the US
- UE-MERCOSUR, FTA

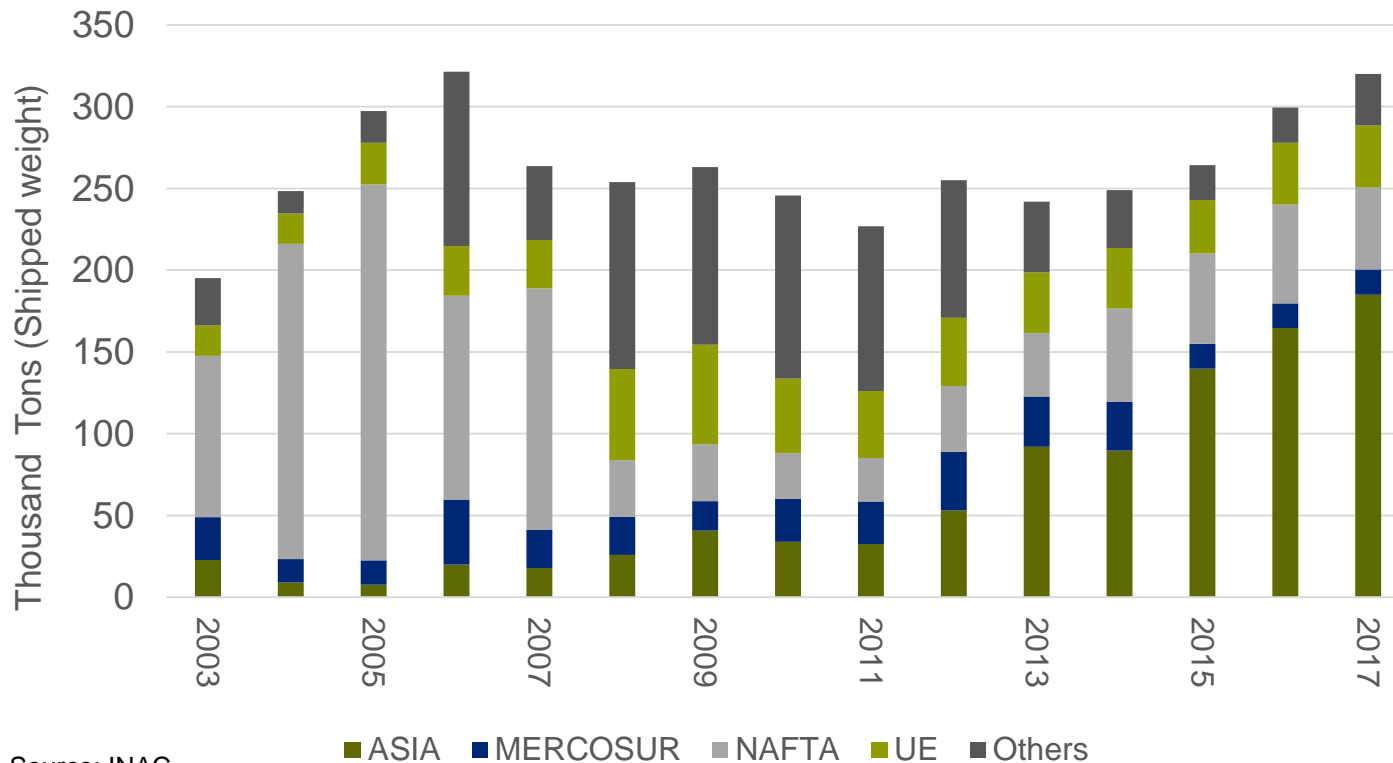
2018

- Japan market access, expected first semester 2018

2. Export markets 2018

- No significant changes are expected for 2018 in terms of the export destinations
- China will continue with a firm import dynamic and top destination for UY beef
- The US and UE as other key markets.
- US: similar levels, 35 thousand tons for chilled and frozen beef.

Uruguay beef exports 2003 -2017



Source: INAC



Thank you!