

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 3/11/2013

GAIN Report Number:

Uruguay

Oilseeds and Products Annual

2013

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Report Highlights:

For marketing year (MY) 2013/14 post forecasts planted area for soybeans at 1.2 million hectares. Area and production is also adjusted upward for MY2012/13 and MY2011/12. The soybean crop had a better than expected recovery leading to record yields in MY2011/12 and during the current year, MY 2012/13, yields are expected to be just as good if not slightly higher. Post estimates domestic crush for soybeans to increase dramatically due to national biofuels mandate aided by steady demand for meal for feed use.

Commodities:

Oilseed, Soybean

Oil, Soybean

Meal, Soybean

Production:

Area planted to soybean production in Uruguay is forecast to increase slightly in the coming marketing year (MY) 2013/14 to 1.2 million hectares (ha). In Uruguay, soybeans are the easiest crop to grow with the highest margins and the best returns. Next year will also be the first year that the natural resources plan for soil erosion management and water conservation will be required by the government (see more in the policy section). Contacts believe that in the long term, this plan will promote more rotation and eventually increase cultivation of winter crops such as wheat and barley. However, currently some producers are apprehensive as to whether or not the plan will be enforced. Therefore, next year they will put their money where their returns are: soybeans.

Historically, about 60 percent of the planted area was dedicated to first crop soybeans, while 40 percent to second crop soy, planted after the wheat harvest. This year, many producers lost a lot of money on their wheat crop due to heavy rains, light grain weight, and fungus on the grains. Some of the wheat ended up going to forage instead of being sold as grain. Because of these losses, contacts indicate that some of the wheat area will go instead straight to first crop soybeans next year. The ratio will look more like 70/30. First crop soybeans have higher yields than second crop soybeans therefore production in MY2013/14 is estimated at 3.1 million metric tons (MMT), with overall yield higher than average.

For MY2012/13, post raises planted area for soybeans to 1.1 million ha, 150,000 ha above the official USDA number. Due to the unexpected record crop during the previous season, area expanded slightly. This year the crop is in great condition and post contacts indicate that they expect yields to be at least as good as to the previous year with a possibility of being up to 5 percent better. During the beginning of the season, October, November and December, there were abundant rains, leaving the soil in excellent condition. In January and the first two weeks of February there was a dry spell that threatened the crop. However, many producers planted soybean varieties with longer cycles in order to prevent some of the losses that occurred in the previous year. This year, plants were able to abort the flowers or pods during the dry period. The rains picked up again in mid-February and the crop is looking great. Production could still be affected if there are damaging early frosts or whether or not there are consistent rains through the rest of the season. Contacts expect yields to be between 2.0 kg/ha and 3.0 kg/ha with an average yield on the higher side of 2.5 kg/ha, slightly above the previous year. Production is estimated at 3.0 MMT.

Area and production for the previous season, MY2011/12, are also adjusted upwards. The season started out dry and production estimations were uncertain last year at this time, with most yield estimations ranging below average from 1.6 kg/ha to 1.9 kg/ha. However, all office contacts and the Ministry of Agriculture agree that the crop recovered much better than expected due to rains that picked-up in mid-February. At the end of the season, throughout the country actual yields were higher than average, with more than 3.0 kg/ha recorded in some areas. The Ministry of Agriculture's Winter 2012 Agriculture Survey, published September 2012, states the average national yield reached historical highs of 2.390 kg/ha over 883,000 ha planted, leaving final production at 2.1 MMT. Many private contacts believe that this area is underestimated and yields were even higher. This is supported by the fact that through the first eight months of the marketing year, 2.6 MMT of soybeans have already been exported. Trade data is usually fairly reliable in Uruguay and since there are little carry-in stocks year-over-year, it is very likely that area and yield were greater than what the September 2012 Ministry of Agriculture report estimated. Post estimates area harvested at 1.025 million hectares and production at 2.725 MMT, 125,000 ha and 1.125 million tons higher than USDA official numbers.

Consumption:

Uruguay imports soybean oil for human consumption and soybean meal for animal feed in the livestock and dairy sectors. The majority of Uruguay's production is exported as whole beans and the crushing industry has been marginal in the past years. This is a changing scenario as new crushing facilities and biodiesel plants have been constructed to help meet the national biodiesel mandate. The National Fuel Administration (ANCAP) published a law in 2007 (Ley N° 18.195) that mandates diesel be mixed with 5 percent biodiesel beginning the previous year, 2012 (for more information on biodiesel, see Uruguay Biofuels report in the Global Agricultural Information Network (GAIN) system). Although contacts indicate that the mandate is not currently being met, they believe that it will be within the next few years as capacity for processing grows. Alur, Alcohols of Uruguay, is currently processing oils from soybeans, sunflower, and rapeseed and estimates production at 16,000 tons of biodiesel per year. The amount of soybeans used for biodiesel production is less than 3 percent of national production. A new biodiesel facility with the capacity to process 40,000 tons of vegetable oils for biodiesel production is expected to be inaugurated in April 2013.

In order to meet the growing demand for biodiesel production, post estimates crush for MY2013/14 at 200,000 tons. This would be the first year that Uruguay will produce more soybean oil and meal than it imports. However, since the oil can come from any raw product, post contacts indicate that there can be fluctuations in the percentages of oil used from soybeans, sunflower and rapeseed, so depending on supply and prices, this number could be slightly lower. Crush for MY2012/13 is estimated at 100,000 tons, 75,000 MT above the USDA official number. For MY2011/12 crush is set at 80,000 tons, also above the official USDA estimate of 25,000 tons. With these crush estimates, consumption of oil for biodiesel processing is estimated at 35,000 tons for MY 2013/14, 15,000 tons for MY2012/13 and 10,000 tons for MY2011/12.

Soybean meal is seen as a residual product from the crush process and all meal produced will go exclusively to animal feed. Demand for feed in the dairy, livestock, poultry and poultry sectors is strong. In the livestock industry, pasture and other grains such as sorghum and corn are often used in place of soybean meal. For this reason, in MY2011/12 and MY2012/13, posts estimates soybean meal for feed use slightly lower than USDA official numbers. However, with higher crush in MY2013/14, soybean meal is boosted again due to its domestic availability. Furthermore, the poultry and pork sectors continue to be strong and demand soybean meal for feed use. For more information see Uruguay Livestock and Products Annual reports in the GAIN system.

Trade:

More than 90 percent of all soybeans produced in Uruguay are exported as whole beans. China is the dominant destination market, holding more than three quarters of the market share. Some other countries that import from Uruguay include the European Union, Egypt, Korea, Tunisia, Indonesia and Bangladesh, however in very small shipments. For MY 2013/14, post forecasts exports at 2.85 MMT. Although domestic consumption will increase as new biodiesel plants come on-line, it will not demand enough to balance the larger production numbers. Forecasting a superb production year for MY2012/13, exports are nearly doubled to reach an estimate of 2.875 MMT. For MY2011/12, exports are raised to 2.65 MMT, 1.09 MMT higher than the USDA official estimate). Official export data from the April 2012 through November 2012 shows 2.6 MMT exported. Historically, 95 percent of all soybeans are exported during the first 6 months of the marketing year, April through September.

Imports for soybean oil are expected to remain consistent at an estimated 20,000 tons annually. Imported oil is used for human consumption and is sold at the retail level, it is not used for the biodiesel industry. More than two thirds of imports come from neighboring Argentina, followed by other MERCOSUR members, Paraguay and Brazil.

Soybean meal is imported for feed use in the dairy, livestock, and poultry sectors. As previously mentioned, demand for soybean meal for feed use is expected to remain strong especially for the growing poultry and pork sectors. Although demand for feed use is strong, imports of soybean meal are expected to decrease over the years as domestically produced meal will supplement overall feed consumption. As previously noted, crush is expected to increase in MY2013/14 for oil production for biofuels and meal is essentially a by-product of oil production.

Post estimates soybean meal imports at 80,000 tons for MY2013/14. For MY2012/13 and MY2011/12, imports are estimated at 100,000 tons, a drop of 85,000 tons and 80,000 MT, respectively, from the official USDA estimate. For MY2011/12, official trade data for the first eight months of the marketing year show a total of 42,867 tons imported. This is less than one third of what was imported during the same period during the previous year MY2010/11. Although meal is consistently imported throughout the year, it is unlikely that more than 60,000 MT will be imported through the remainder of the year.

Stocks:

Uruguay holds literally no stocks of soybeans or soybean products.

Policy:

Conservation

This is the first year the Ministry of Agriculture is requiring mandatory natural resources management and soil use plans that correspond to a 30 year old national conservation policy ([Decreto 405/2008](#)). The first phase of plans for winter crops are due on April 30, 2013 and the second phase, for summer crops (or soybeans for MY2013/14) are due September 30, 2013. Some requirements of the plan include information on soil use, irrigation, crop rotation, maps on field drainage, fertility, drought risk and erosion risk. It must be completed by a qualified agronomist and every owner that farms more than 100 hectares is required to turn one in. Furthermore, if the land is rented, the requirement drops to 50 hectares of land. Between owned and rented land, this will make up more than 90 percent of the total production area. Ultimately, it is the owner's responsibility to make sure a soil management plan is submitted and if not, they could face fines or sanctions.

As a result of this requirement, in the short-term there may be a reduction in wheat area. After a poor season and losses suffered, many producers are hesitant to invest in wheat again. Furthermore, the plans are due soon and word on the street is that agronomists are charging \$4 USD per hectare to develop the plan adding yet another cost for wheat producers. This is what is expected to happen in the immediate future, however over the long run many producers believe this will increase winter crop production overall, forcing producers to rotate soybeans with wheat or barley and have a double crop year. It could also mean that some marginal lands will be eliminated from production altogether because of poor fertility or extreme erosion or risk of drought.

Biotechnology

Genetically engineered soybeans are permitted in Uruguay. More than 99 percent of all soybean area is planted with Round-up Ready soybeans, which is the only variety that has been approved for commercial use. In 2004, an 18 month de facto moratorium on biotechnology approval was put into place and subsequently removed in 2008. Since its removal several other varieties of soybeans have been approved for seed production for export only. It is estimated that less than 0.2 percent of total soybean area is dedicated to these seed varieties. Uruguay also allows field testing of new biotech crops.

For more detailed information on biotechnology, please see the Uruguay Annual Biotechnology reports in the GAIN system.

Production, Supply and Demand Data Statistics:

Oilseed, Soybean Uruguay	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Apr 2012		Market Year Begin: May 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	925	1,050	950	1,100		1,200
Area Harvested	900	1,025	950	1,100		1,200
Beginning Stocks	29	29	29	9		19
Production	1,600	2,725	1,900	3,000		3,100
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,629	2,754	1,929	3,009		3,119
MY Exports	1,560	2,650	1,860	2,875		2,850
MY Exp. to EU	200	200	200	200		200
Crush	25	80	25	100		200
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	15	15	15	15		15
Total Dom. Cons.	40	95	40	115		215
Ending Stocks	29	9	29	19		54
Total Distribution	1,629	2,754	1,929	3,009		3,119
1000 HA, 1000 MT						

Oil, Soybean Uruguay	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Apr 2012		Market Year Begin: Apr 2013		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	80	25	100		200
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	3	3	2	3		2
Production	5	16	5	20		40
MY Imports	20	20	20	20		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	28	39	27	43		62
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	10	0	15		35

Food Use Dom. Cons.	26	26	26	26		26
Feed Waste Dom. Cons.	0	0	0	0		0
-		0		0		0
80Total Dom. Cons.	26	36	26	41		61
Ending Stocks	2	3	1	2		1
Total Distribution	28	39	27	43		62
1000 MT, PERCENT						

Meal, Soybean Uruguay	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Apr 2012		Market Year Begin: May 2012		Market Year Begin: Apr 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25	80	25	100		200
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	7	7	2	0		0
Production	20	64	20	80		160
MY Imports	180	100	185	100		80
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	207	171	207	180		240
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	205	171	207	180		240
Total Dom. Cons.	205	171	207	180		240
Ending Stocks	2	0	0	0		0
Total Distribution	207	171	207	180		240
1000 MT, PERCENT						