



**Foreign Agricultural Service**

Global Market Analysis

International Production Assessment Division

Web: <https://ipad.fas.usda.gov>

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# Commodity Intelligence Report

## **Uruguay Soybeans Increase in Planted Area for Marketing Year 2020/21**

Uruguay soybean area has varied over the years based on crop pricing and export potential. This season, more soybeans were planted than in the past two years. Planted area is expected to be around 1.01 million hectares (mha) with an expected harvested area of about 1.00 mha, a drop of less than 1 percent. The expected harvested area is 9 percent higher than last season, but only 4 percent more than in marketing year (MY) 2018/19. With other summer grains, such as sorghum and corn commanding good prices over the last two seasons, less soybeans were grown as compared to many of the previous years and this year. The volatility of soybean planted area is expected to continue in Uruguay based on the fickle nature of soybean prices and export potential for this country.

Uruguay soybean production for MY 2020/21 is expected to be around 2.2 million metric tons (mmt) (Figure 1), 11 percent above MY 2019/20, but 22 percent lower than in MY 2018/19. Yield this season is expected to be around 2.20 tons per hectare (t/ha), over 1 percent above the yield in MY 2019/20, but 25 percent below the exceptional yields seen in MY 2018/19. Due to limited rains and soil moisture availability in early spring, yields this season are expected to be less than the 5-year average of 2.24 t/ha.

Uruguay has limited land for crop expansion and is located near larger soybean exporters: Brazil, Argentina, and Paraguay which compete for soybean exports. However, Uruguay benefits from wide diversification of crops other than soybeans. Corn, sorghum, sunflower, and rice are grown during the same summer season as soybeans. (Figure 2). Rice, for instance, is profitable in Uruguay as the country produces better yields and higher grain quality than many other countries.

Uruguay plants over 98 percent of the soybean crop in biotech seed. Uruguay started sowing biotech soybeans in 2000 and has introduced newer biotech seeds since that time. Since the early 2000s, land use for soybeans in Uruguay has increased up to 15 percent with the land taken from other traditional crops such as sunflowers and sorghum. Starting in 2002, a quarter of Uruguay's arable land passed into foreign ownership, marking an increase in soybeans in the country.

The increase in soybean area was largely due to Argentine farmers expanding their land holdings into Uruguay while trying to avoid higher taxes implemented by the Argentine government. This acquisition of land resulted in the Uruguay soybean sector

being controlled, as much as 50 percent, by large farm groups from Argentina. During this time, the price of land in Uruguay was about half that in Argentina. Although often lower in productivity, the Uruguay land was attractive to those investing in agriculture from Argentina due to the non-existence of soybean export taxes in Uruguay. This wave of agro-industrial investment from Argentina, which started strongly in 2003, has influenced the soybean sector in Uruguay. While this boom in soybeans has been modified in the last few years, it still influences the continued production of the crop. Uruguay soybeans often supplement barges from Argentina or Paraguay in raw soybean exports to other countries outside of South America.

The coastal area of Uruguay's land formed from the River Plate is the premium agricultural land in Uruguay. It is here that soybeans have displaced not only some of the sorghum and sunflower production but also that of cattle ranching and some dairy production. Crop production can reap between six and seven times the return compared to that of cattle ranching when international soybean pricing is good. Producers have continued to consolidate planting area more in the southwest corner of Uruguay in the departments of Rio Negro, Colonia, Soriano, and Paysandú (Figure 3). Other regions continue to have lower average yields and higher freight costs, limiting the advantages of soybean production in these areas. The highest peaks of planting were in MY 2013/14 to 2014/15 when Uruguay had over 1.3 mha each year with the rise in global soybean commodity prices.

Unlike Argentina who often processes their soybeans into flours, meal, and oils, Uruguay continues to largely export raw soybeans. Since the days of early expansion, crop area dropped the last three years but regained growth this season due to higher production costs which are exacerbated by diminishing soil quality and greater weed resistance.

Since the initial, large increase in soybeans in MY 2014/15 to present, producers have continued to submit mandatory natural resources management and soil use plans to the Ministry of Agriculture. This requirement comes from a national conservation policy that mandates plans on soil use, irrigation, crop rotation, field drainage, fertility, drought risk, and erosion problems. Plans must be completed by farms over 100 hectares and any renter with more than 50 hectares, or roughly over 90 percent of the land use. This serves to improve and not further degrade soil tilth and productivity. Adoption of revised practices that improve soil structure, organic matter, fertility, and productivity are needed. Better soils will help to retain soil moisture and make water available to crops during dry periods within growing seasons.

Uruguay's resource conservation plans are essential in benchmarking field conditions and encouraging management improvements, but they do not greatly expand agricultural jobs or monetary returns to farmers. The Uruguay farmer will continue to seek the best crops providing the best returns. Farmers and agricultural businesses in Uruguay will continue to have volatility in planted soybean area and production based on crop pricing and export returns.

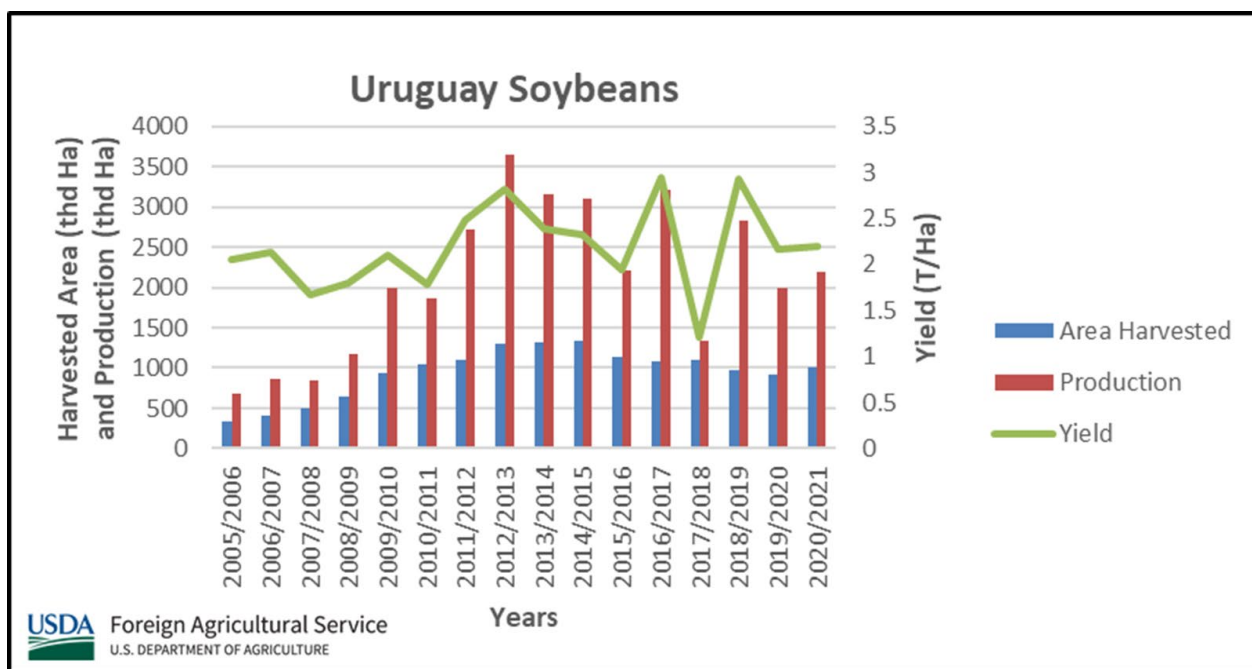


Figure 1. Uruguay soybean harvested area, production, and yield over the last 15 years. Source: USDA PSD.

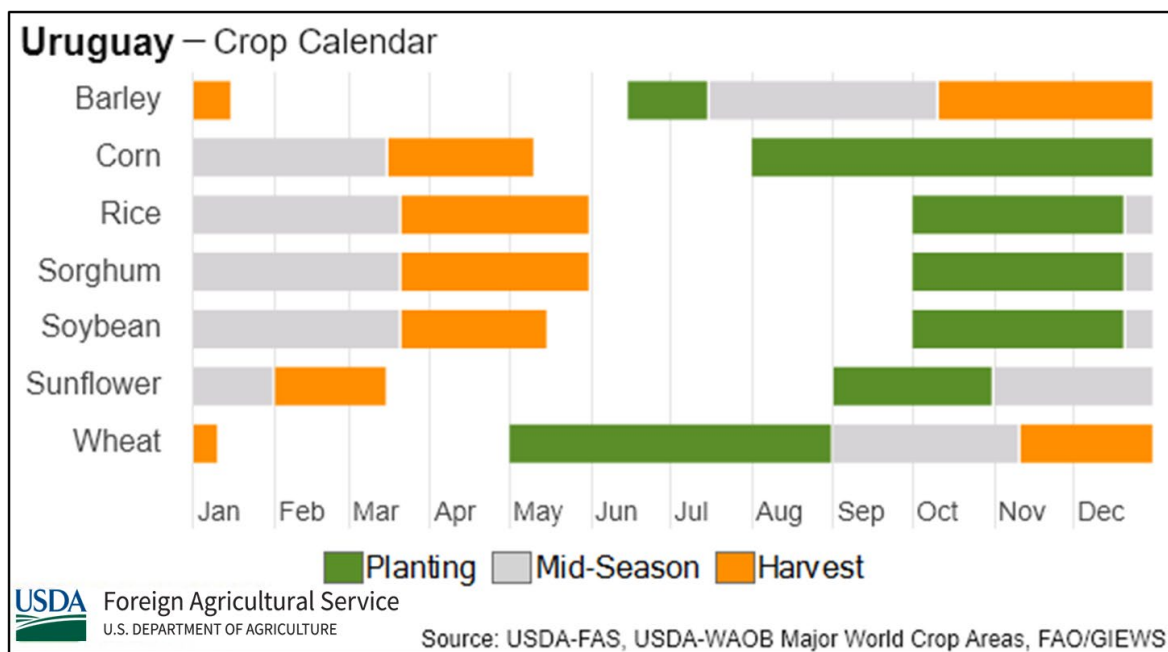


Figure 2. The crop calendars for the major, agronomic crops grown in Uruguay. Source: USDA-FAS, USDA-WAOB major world crop areas, and FAO/GIEWS.

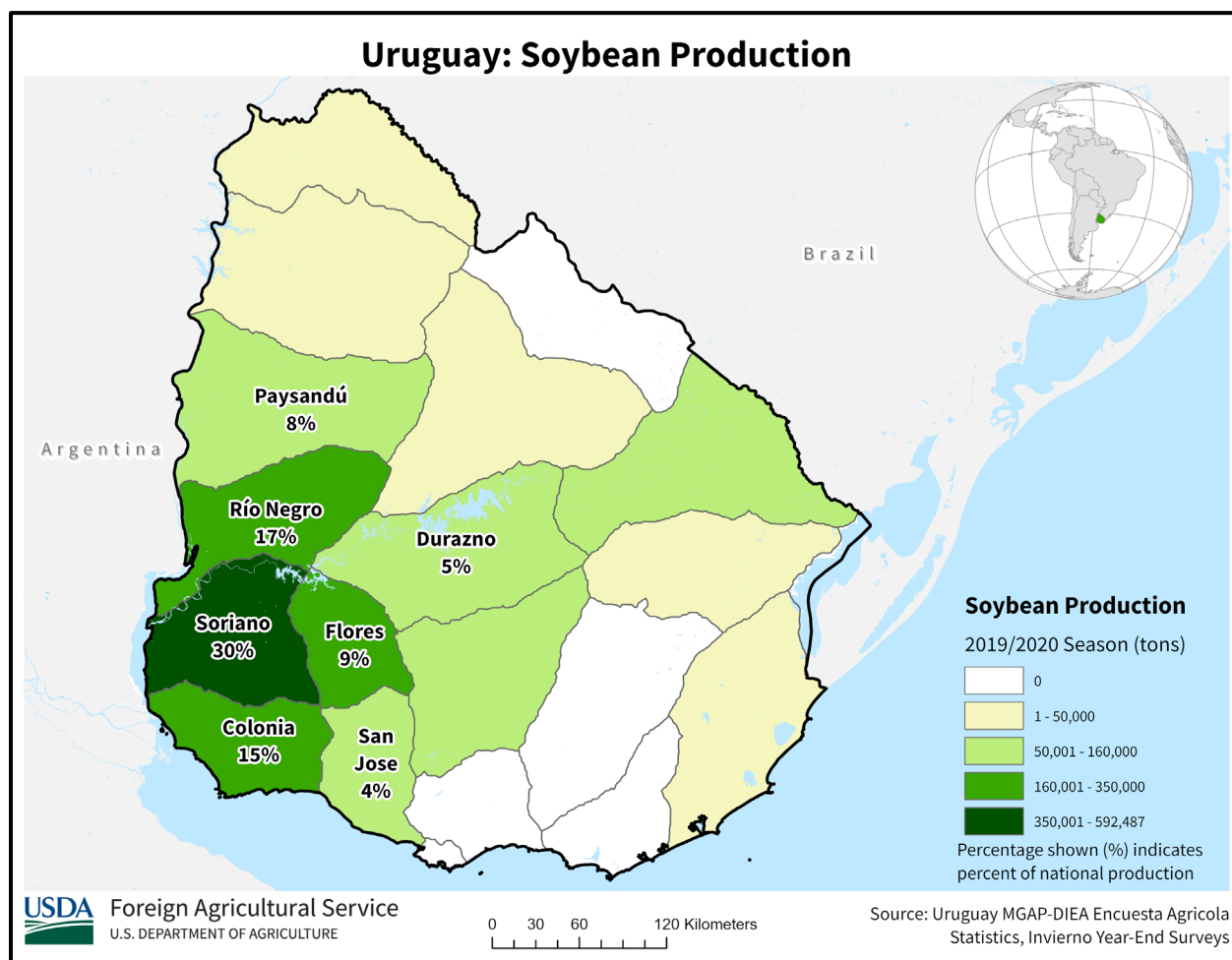


Figure 3. Major regions of soybean production in Uruguay. Source: Uruguay Ministry of Agriculture.

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