

Commodity Intelligence Report

March 9, 2023

Uruguay: Above-Average Winter Conditions Contrast with Unfavorable Summer Crop Conditions

Analysts from the USDA Foreign Agricultural Service (FAS) in Washington and Buenos Aires conducted crop-assessment travel in Uruguay from January 22–27, 2023 (see figure 1). FAS met with agricultural producers in the major corn and soybean growing regions and with industry sources throughout Uruguay. The team visited farms to discuss the recent harvest of winter crops, which were above average, and to assess the crop conditions for summer crops, which were unfavorable.

Crop conditions:

Uruguay's winter crops (barley, wheat, and rapeseed) were harvested at the end of January (see figure 2). Growing conditions over winter in Uruguay were good and yields for wheat and barley were above average (see figure 3). Winter wheat yields were a record and were 22 percent above the 5-year average and winter barley yields were 13 percent above the 5-year average. Wheat and barley are predominantly grown in Soriano (22 and 29 percent of area respectively) and Colonia (22 percent and 27 percent) (see figure 4). The winter crops in Uruguay did not have any issues with frost at the end of the season, unlike other countries in the region. Rapeseed area has increased over the last few years due to favorable prices. Marketing Year (MY) 2022/23 area is estimated at 335,000 hectares (ha), but area for rapeseed is expected to stabilize over the next few years. Planting rapeseed has allowed farmers to plant second-crop soybeans earlier because the rapeseed harvest occurs earlier than wheat. According to industry contacts, rapeseed stubble is one of the best for holding moisture in the soil, so the soybean crop planted after rapeseed usually increases yields 10 to 15 percent more than usual.

Planting for the summer crops is complete. Soybean area is forecast at 1.15 million hectares (mha). Soybeans are the dominant summer crop and are mostly grown in Soriano (30 percent of production), Rio Negro (17 percent) and Colonia (15 percent) (see figure 5). During late January, the soybean crops were flowering, and conditions were below average. Below-normal precipitation and heat during flowering lowered yield potential. The soybean crops showed signs of moisture stress (see figure 6), which manifests itself in drooping, flipped leaves. Additionally, at this stage in the season, the canopy for the earlier planted soybeans should cover the field but many fields still had soil visible between the rows. This means that the soybean plant biomass is below average. Lower biomass reduces crop yield. USDA estimates Uruguay soybean yields at 1.83 tons per hectare, down 17 percent from the 5-year average.

Corn area is forecast at 140,000 ha, which is 8 percent below last year, but up 19 percent from the 5-year average. Corn is a multi-use crop, and when growing conditions are challenging, farmers can sell their crop for silage instead of harvesting for grain. Therefore, corn abandonment can be variable from year-to-year. In January, early corn was in tassel to dry down, but many farmers are expected to chop corn for silage because of mostly poor conditions of the early corn. While on crop travel, analysts saw this occurring in Soriano (see figure 7). The early planted corn suffered from heat and dryness, so cobs were smaller than average (see figure 8). The second corn was planted in mid to late December and tasseled in February.



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Farming Practices:

About three-quarters of area is double cropped (wheat, barley, or canola for winter and then soybeans or corn for summer). Uruguay separates their crops into first crop and second crop. The distinction is that the first crop (soybeans or corn) is planted on a field with no winter crops and the second crop (soybeans or corn) is planted on a field with winter crops. From south to north in Uruguay, the soils are best in the south and become less fertile as you move north. However, there is generally more rainfall in the north and less as you move south.

In Uruguay, the government has a mandatory crop rotation plan for soil erosion mitigation that began in 2013 called the Soil Use and Management Plan (SUMP). Farmers need to be below a certain threshold of soil erosion, so this is also a reason why the use of no-till agriculture is so pervasive. More information can be found in the Food and Agriculture Organization's report here: <https://www.fao.org/3/cc3124en/cc3124en.pdf>.

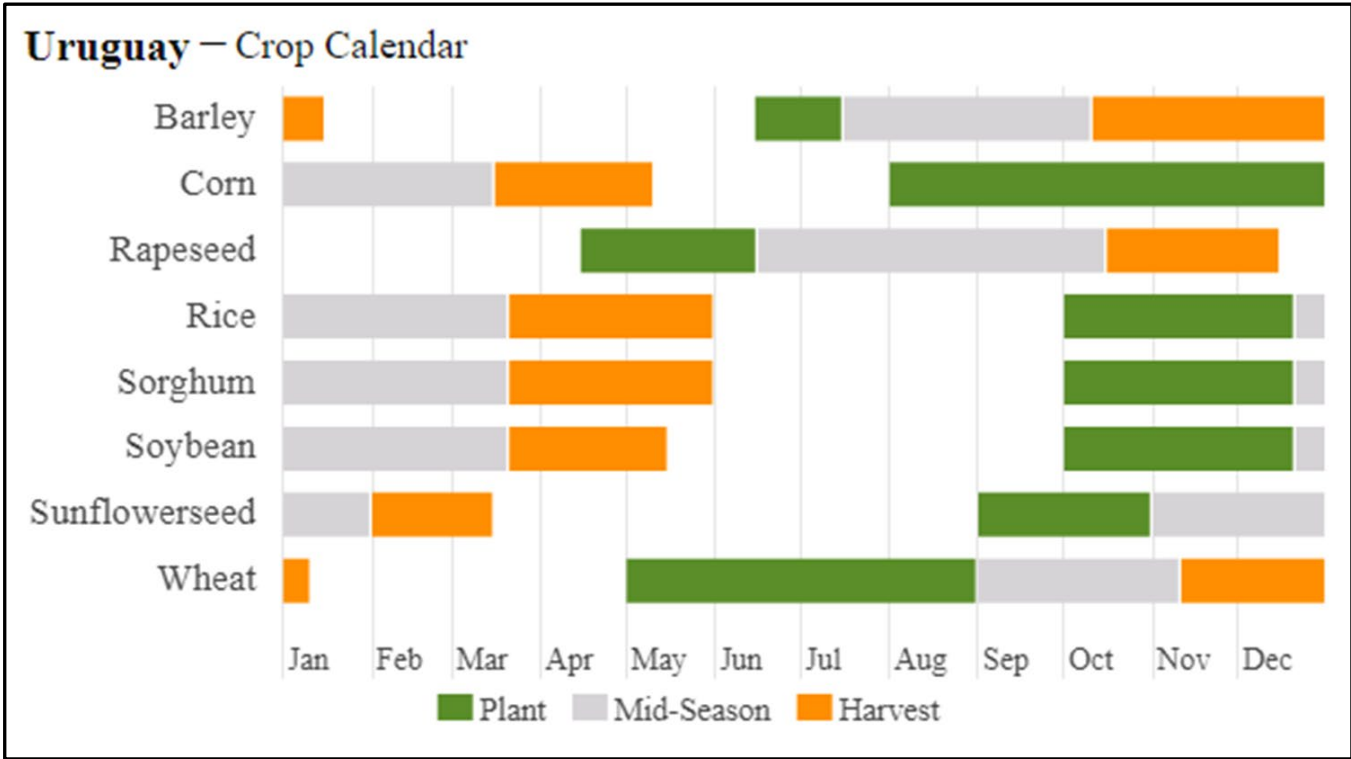
According to industry sources, about 1.5-1.8 mha is the total area given to agriculture and while there is some ability to shift crop rotations within that maximum, agriculture is confined to that ceiling. For example, even with recent high soybean prices, farmers have not pulled extra land into cultivation. Land rentals are common and roughly 60-70 percent of land is rented versus owned. Rental contracts vary in length, but contracts have been expanding in recent years from a single year to 3-5 years. Almost all of the soybean seeds are genetically engineered (GE) seeds. GE seeds with glyphosate resistance can be easily used in a no-till management system. The soils in no-till management tend to hold water better than conventional tillage due to the higher amount of organic matter in the no-till system. Even during the challenges of a third year of La Niña, like the current year, farmers expect GE seeds to lessen the drought's impact. Due to the widespread use of GE seeds and current development under way, industry sources were very optimistic about the potential for soybean yield increases. In Uruguay, farmers must either purchase the GE seeds or use saved seeds. The purchasing of GE seeds is closely tracked in Uruguay to ensure farmers are paying royalties on the GE technology. Since Uruguay is a small country compared to its neighbors and area is limited, this expansion in yield will be key for the growth of production over the next ten years.

The contributions of Kenneth Joseph and Benjamin Boroughs at the USDA FAS Office in Buenos Aires and Timothy O'Neil from FAS Washington are gratefully acknowledged.

Figure 1: Crop travel route in January 2023



Figure 2: Crop Calendar for Uruguay



Source: Ministries of Agriculture, FAO, and various sources

Figure 3: Uruguay Wheat and Barley Yields

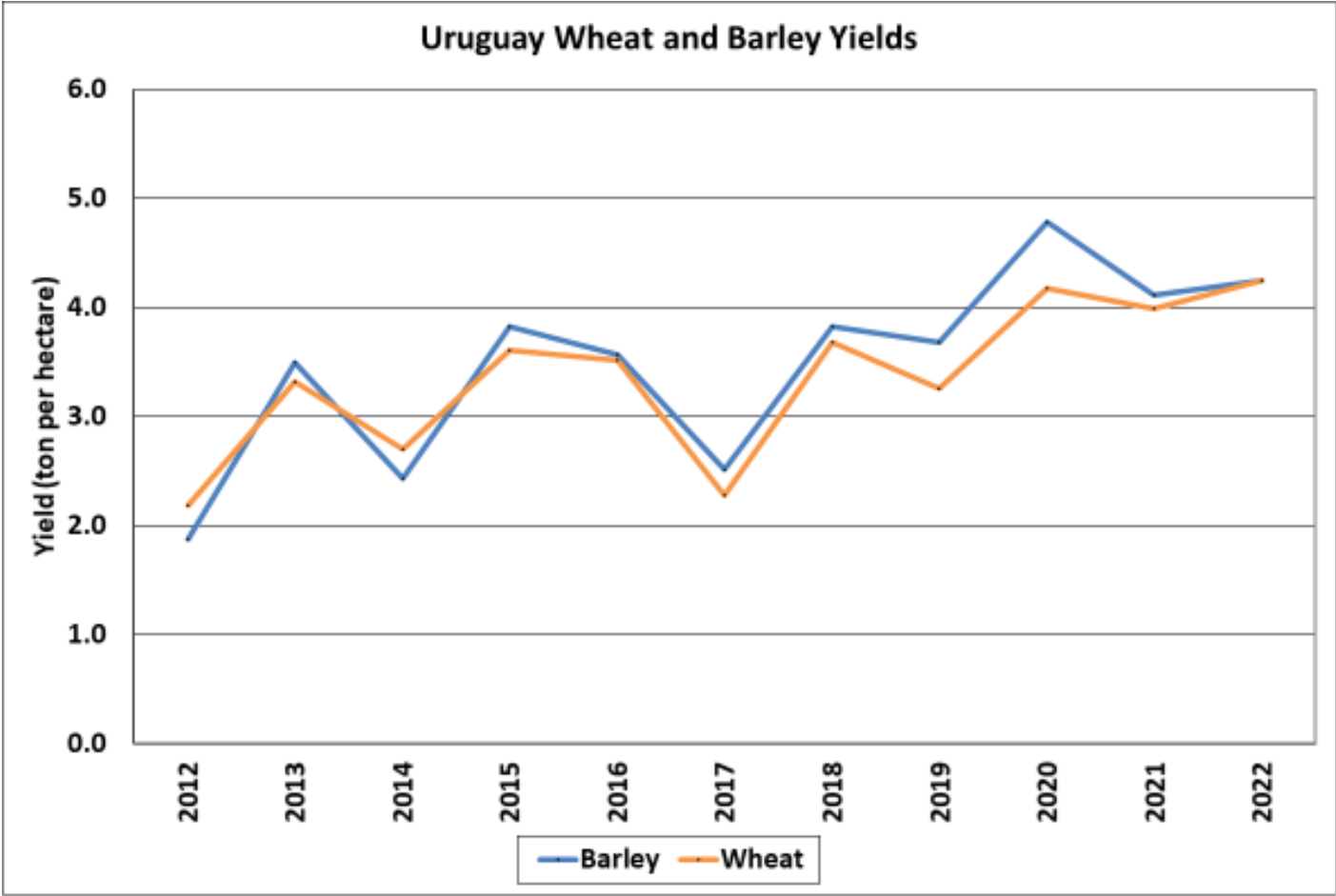


Figure 4: Wheat and Barley Harvested Area Map

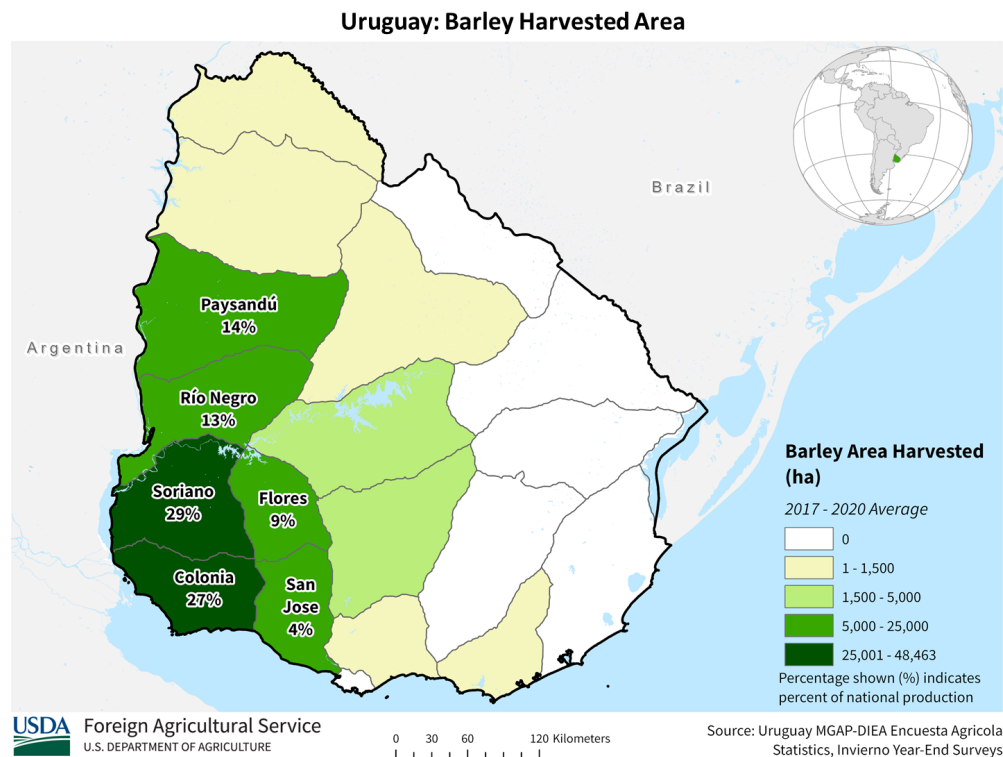
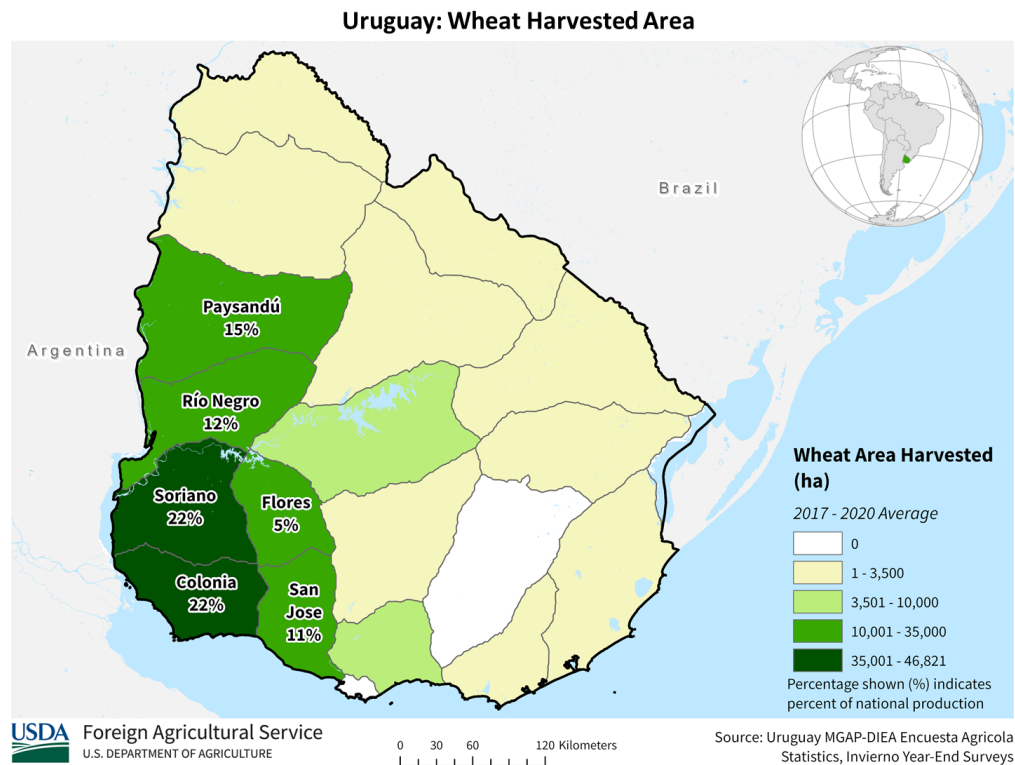


Figure 5: Soybean Production Map for Uruguay

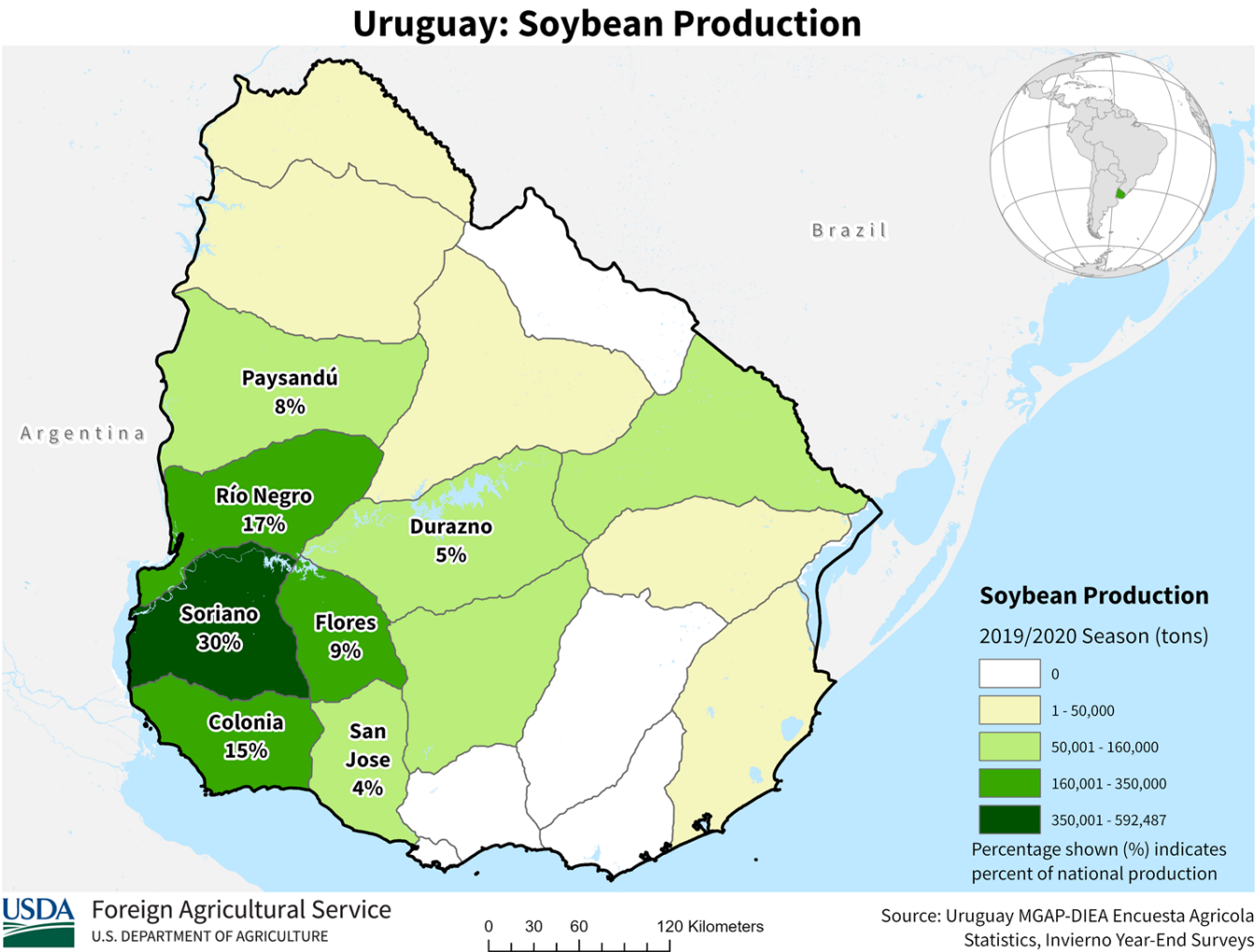


Figure 6: Soybeans Showing Signs of Moisture Stress on January 24, 2023

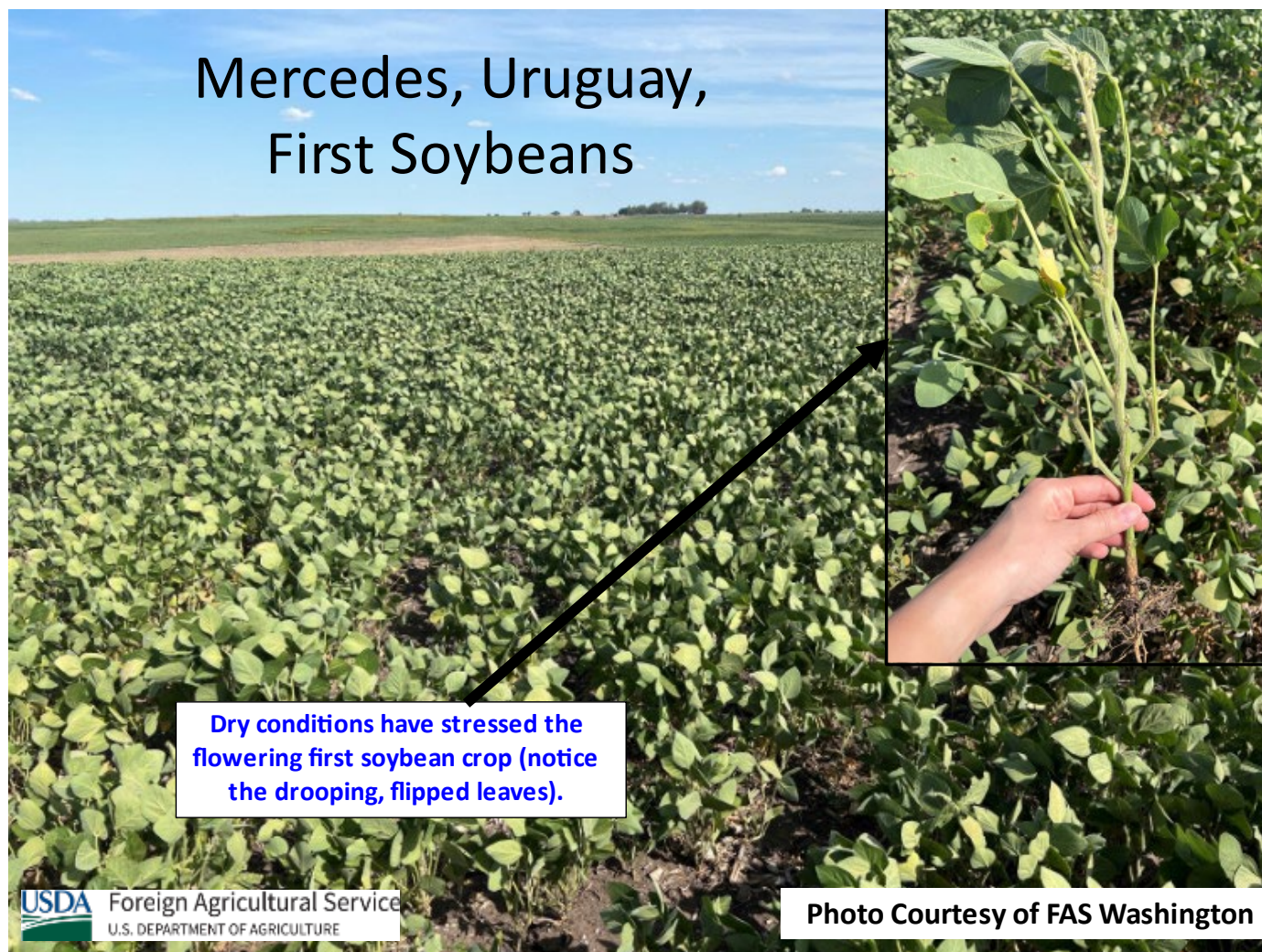


Figure 7: Cutting Corn for Silage

Cutting Corn for Silage in Soriano, Uruguay January 24, 2023



Figure 8: Below-normal sized cobs in Young, Uruguay



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Current area and production estimates for grains and other agricultural commodities are available on IPAD's Agricultural Production page:

[Crop Explorer https://ipad.fas.usda.gov/cropexplorer/](https://ipad.fas.usda.gov/cropexplorer/) or

Production, Supply and Distribution Database (PSD Online):

<http://apps.fas.usda.gov/psdonline/psdHome.aspx>

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