



The Agriculture Market in Uruguay

FACT PACK

Swedish Trade Council in Argentina

November 2007



THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

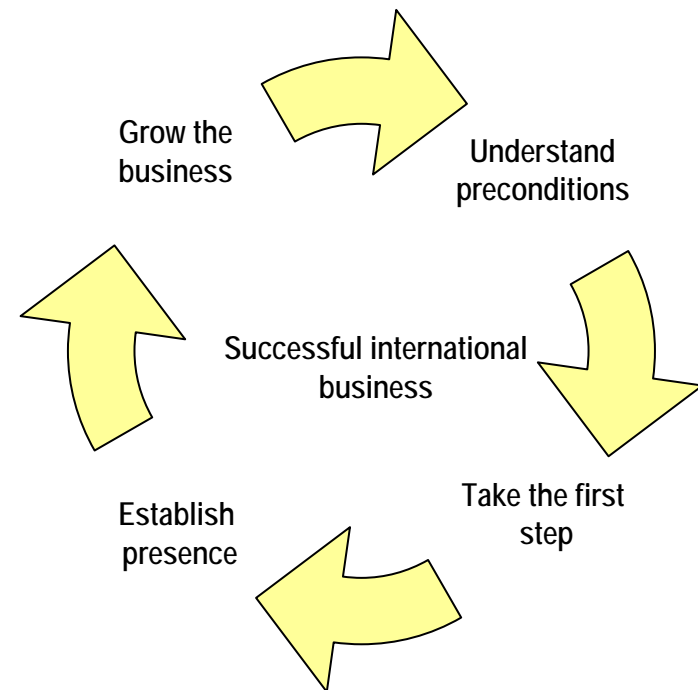
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Uruguay:

- Covered from Buenos Aires office (Argentina)
- 5 employees



Vision of the office:
STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Uruguay

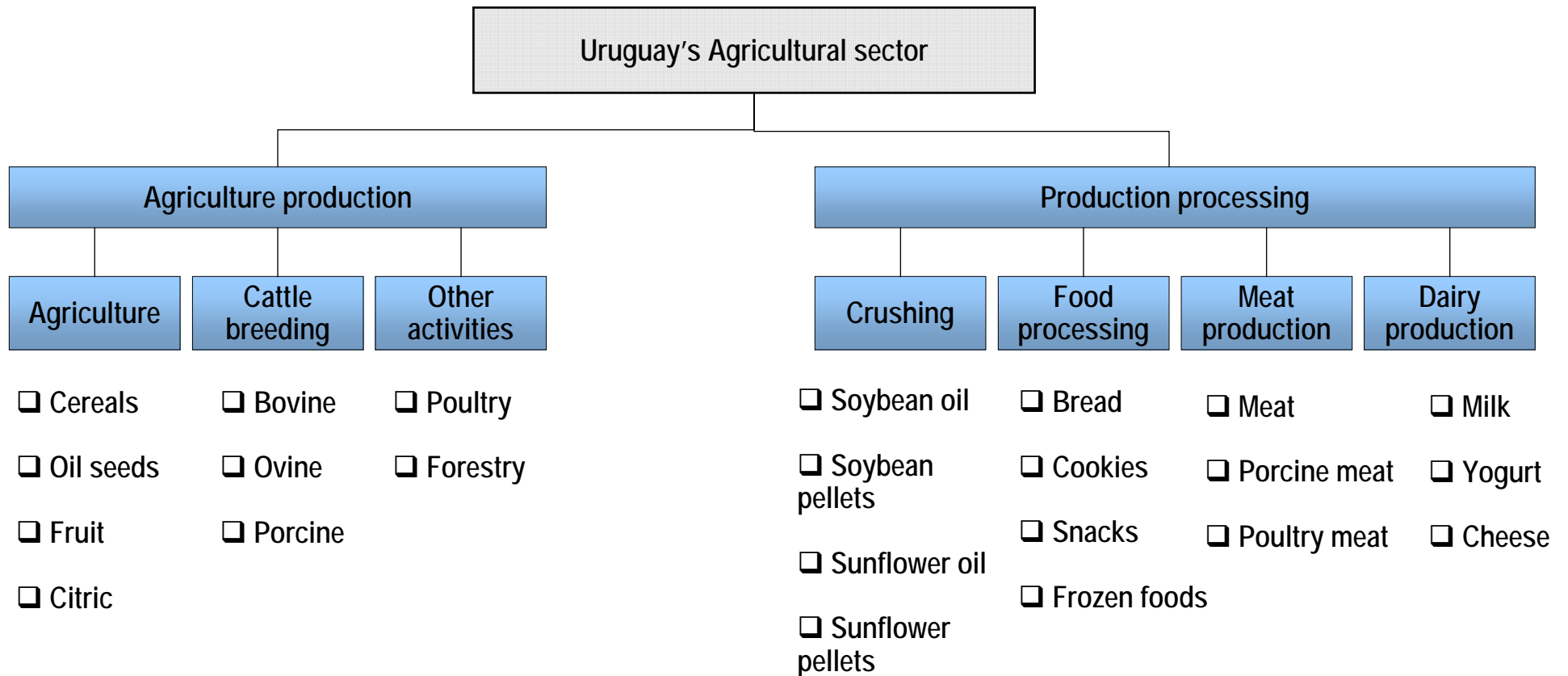
URUGUAY IN BRIEF

- Area: 176 215 km²
- Inhabitants: 3.47 million
- Constitution: Democratic republic
- Head of State: President Tabaré Vazquez
- Languages: Spanish (official), English often spoken in business
- Inhabitants per km²: 20/km²
- Currency: Peso
- GDP 2006: 19 308 MUSD
- GDP per capita 2006: 5 500 USD
- Inflation: 6.3% (2006)
- Main exports: Meat, food & beverage and agriculture products
- Main imports: Machinery & equipment, oil & gas, inputs for production
- Swedish Exports to Uruguay 2006: 194.4 MSEK
- Swedish imports from Uruguay 2006: 152.9 MSEK



URUGUAY'S AGRICULTURE SECTOR

- An important export sector that needs imported equipment to produce

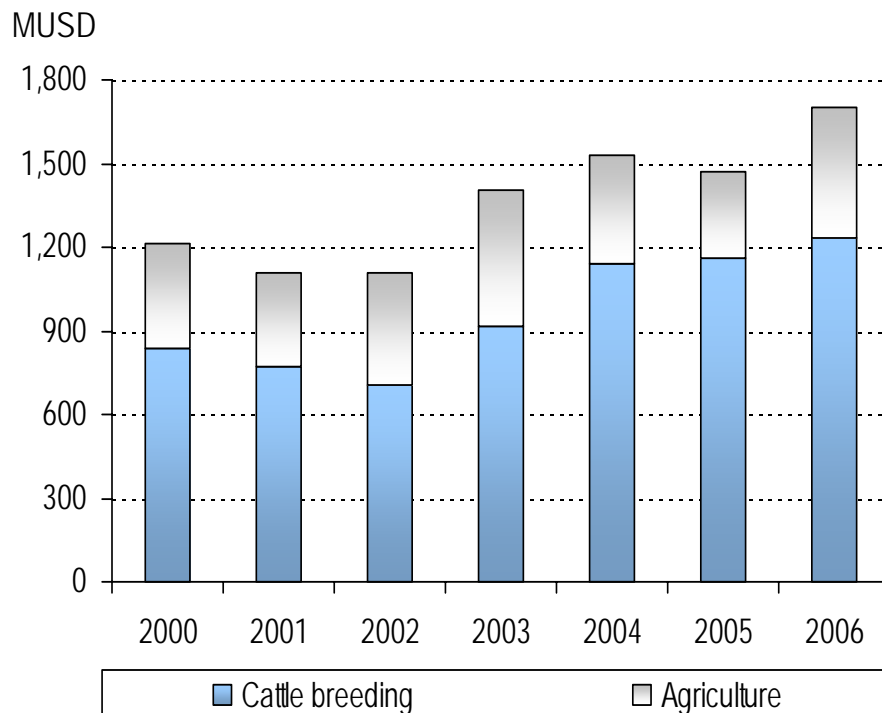


Lack of a supply industry lead to large imports of equipment, inputs and technology for production

AGRICULTURE: ONE OF THE LEADING SECTORS OF THE ECONOMY

- The sector is growing, although not as fast as other dynamic sectors of the economy

Uruguay's agriculture GDP



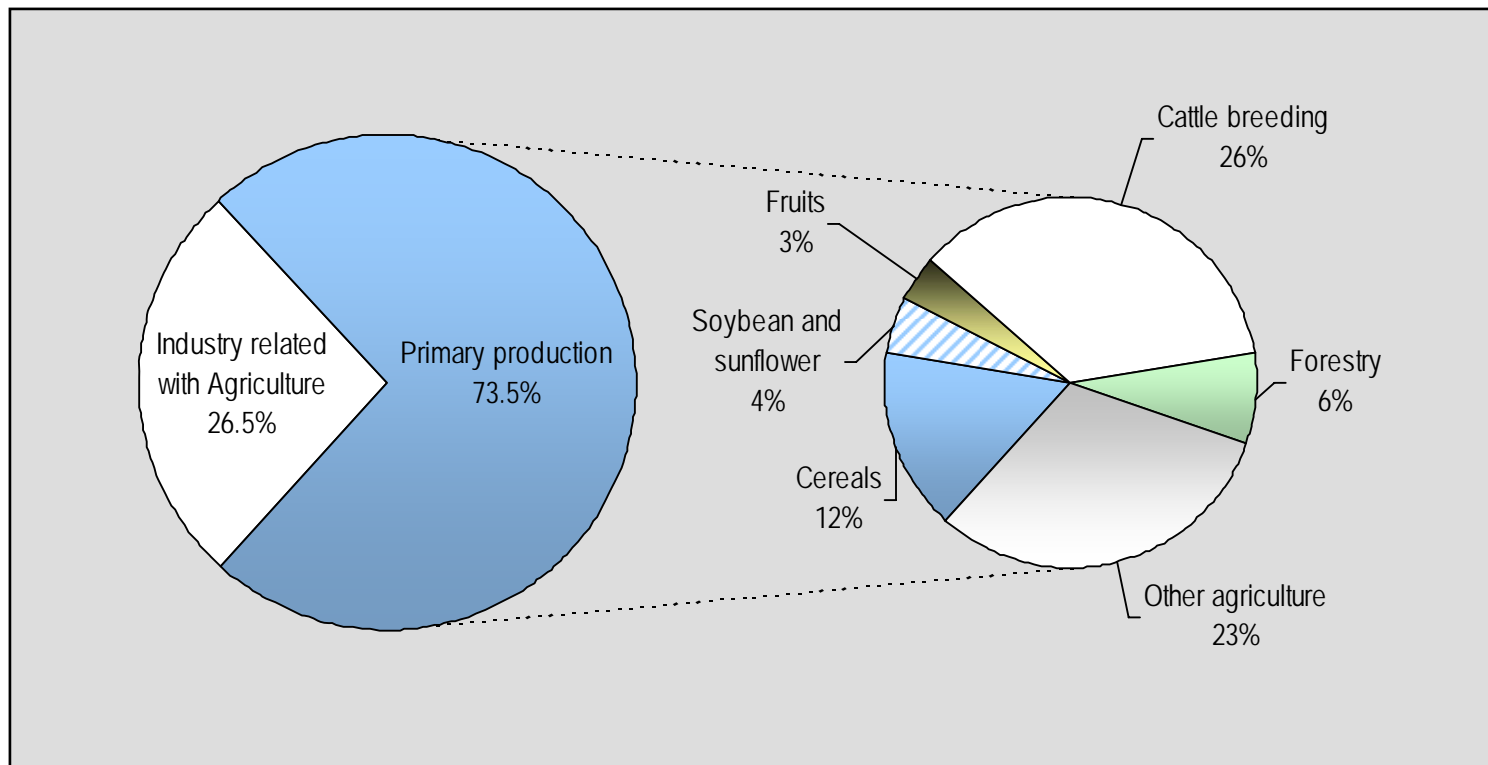
- Total agriculture sector represents 9% of Uruguay's economy.
- Cattle breeding and meat processing are the most important sectors of the economy. Meat processing represents 16% of Uruguay's industry, and cattle breeding provides the stock for this production.
- Meat is Uruguay's most important export product, and over the last few years benefited of the sanitary problems of the countries in the region.
- Agriculture sector grew strongly over the last few years, and between 2000 and 2006 the whole sector grew at a 5.8% annual cumulative rate.
- Agriculture production was influenced by the entrance of new players, mainly from Argentina to produce soybean.
- New market niches have also influenced agriculture growth, such as blueberry or olives, in both cases for export.

The agriculture sector demands equipment and inputs for producing which often is imported.

URUGUAY'S AGRICULTURE MAINLY DEPENDS ON MEAT PRODUCTION

- Cattle breeding is by far the most important source of revenues for Uruguay's industry

Uruguay's agriculture GDP structure

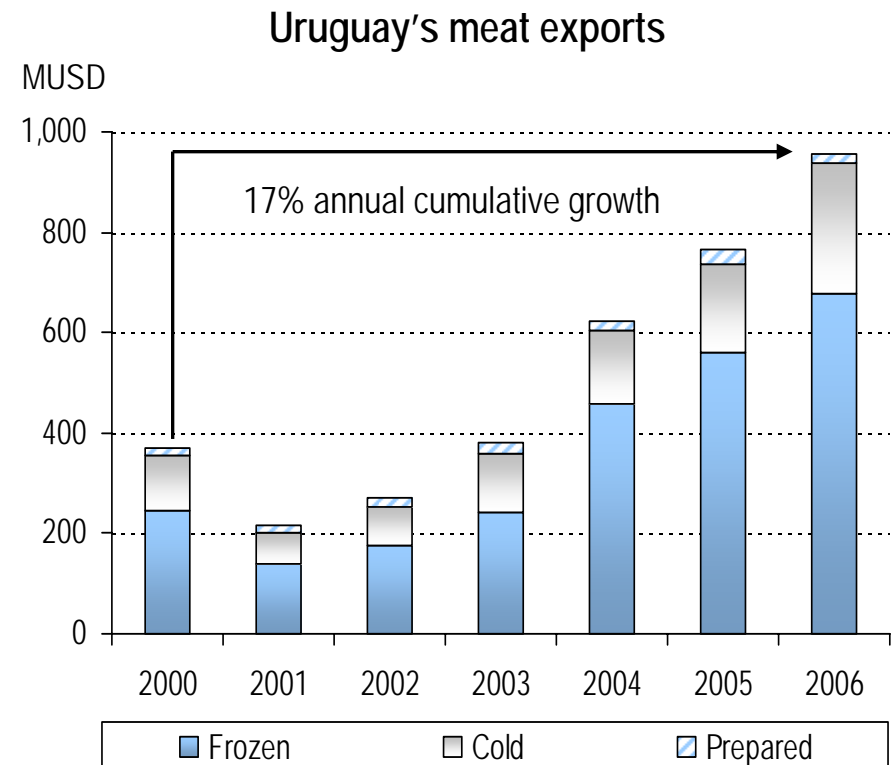


Meat processing sector is the most important industry related to agriculture production.

MEAT PROCESSING: URUGUAY'S MOST IMPORTANT EXPORT INDUSTRY

- Not only the most important product, but also strong growth over the past few years

- Meat is the most important export product of Uruguay. The product represented 24% of 2006 total exports.
- Meat processing is the largest sector of Uruguay's industry and represents 16% of the industrial GDP.
- USA is the most important market for Uruguay with more than 69% of total meat exports, followed by Europe.
- Cattle breeding lands are being used for more profitable production, mainly agriculture and forestry. As a consequence, cattle breeding is being moved to less productive lands, which implies that the sector must invest in new technologies to increase productivity.
- Most of the technologies utilized by meat processing sector is imported. Equipment for processing and to keep the meat frozen constitute potential business opportunities.



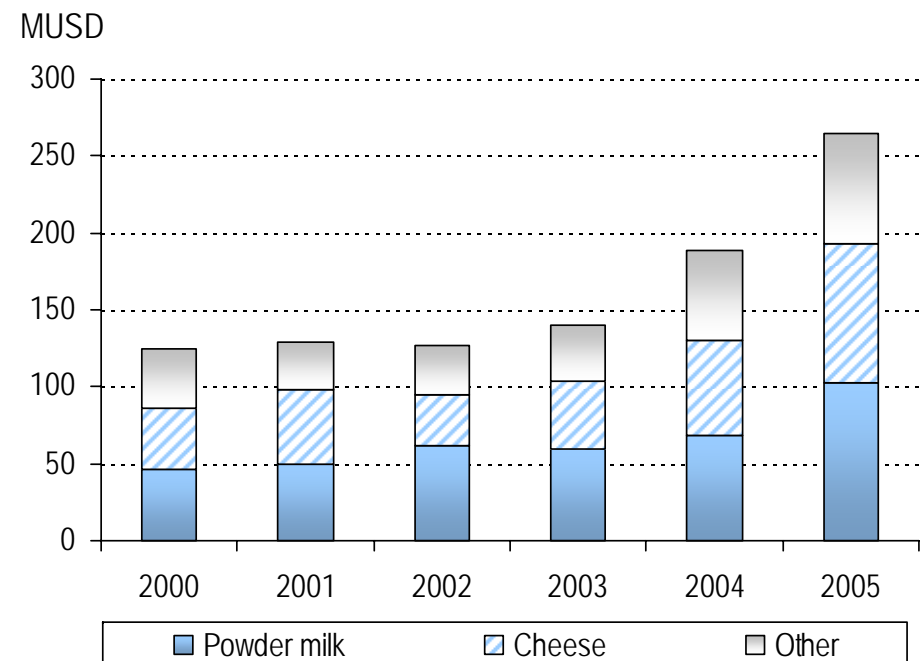
International players are entering Uruguay's meat processing market, specially Brazilian companies.

DAIRY: A GROWING AND EXPORT-ORIENTED INDUSTRY

- Higher productivity has allowed an increase in production and exports

- The domestic market consumes 29% of total dairy production, while exports represent 71% of production. In the case of powder milk 95% of the production is destined to export.
- Exports have grown strongly on 2004 and 2005 influenced by cheese and powder milk exports. Between 2000 and 2005 dairy exports increased at a 16% annual cumulative rate.
- The most important markets for export are Brazil (29%) and Mexico (24%). Chile and Argentina are other important markets for Uruguay's dairy products.
- Milk producers have been increasing the quality of the production over the last years, which allowed dairy manufacturers to increase exports.
- Milk production increased steadily while total stock of cows maintained stable. This is related to investments to increase productivity.

Dairy and milk exports



The dairy industry demands equipment and technology to increase the sector's productivity.

URUGUAY PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- A small but fast growing economy open to foreign investments.
- A transparent government and an economy with clear rules. A member of MERCOSUR - an springboard to a larger market
- New sectors are developing fast and require equipment & technology, such as forestry, wood, pulp & paper and telecommunications
- High growth of imports over the past years, particularly of inputs for production.

... which has contributed to...

...the fact that more than **10** Swedish companies are registered in Uruguay and many more are there as sub suppliers or via distributors.

STC in Buenos Aires is the natural partner for all Swedish companies who want to establish or develop their business in Uruguay

USEFUL CONTACTS

INE

(National Statistical Office)

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Ministerio de Ganadería y Agricultura

(Agriculture Ministry)

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Asociación National productores de leche

(Dairy Producers Chamber of Commerce)

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www.anpl.org.uy

Banco Central de Uruguay

(Uruguay's Central Bank)

Tel: +59 82 1967

www.bcu.gub.uy

Instituto Nacional de Carne

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