

U.S. Engagement in Uruguay: The Beef Industry

By: Noah Rosen

PhD Candidate, American University, School of International Service



Cows on a field in Uruguay/ UGA CAES/Extension/ [Flickr/ Creative Commons License](#)

Uruguay boasts a ratio of about four cows for every person; thus, unsurprisingly, beef and other cattle products are its single most important export. Uruguay exports to more than 80 countries worldwide and despite its relatively tiny population is the 7th largest international beef exporter.¹ For decades, the United States has been a consistent market for the Uruguay cattle sector and a source of innovation and improvements for beef production. However, a restrictive quota limits total imports, reducing the potential for broader and more impactful U.S.-Uruguayan cooperation.

Since Uruguay began exporting to the U.S. market in the mid-1990s, it has consistently been among the top three markets for Uruguayan beef, alongside the EU and China. Over the course of the early 2000s, the U.S. was by far Uruguay's largest market, accounting for over half of its total beef exports in 2004. Surging beef exports to the U.S. played a significant role in spurring Uruguay's economic recovery after a regional recession in the early 2000s.² Since the late 2000s, the Uruguayan beef sector has successfully diversified its export markets, developing important consumer bases in the European Union, Russia and China, among others. Nevertheless, through 2021, the U.S. is once again the second-largest consumer of Uruguayan beef by weight (behind China); US Department of Agriculture (USDA) officials argue that the U.S. market offers the advantages of regulatory predictability and higher prices compared to China.³

However, it is important to note that a restrictive 20,000-ton beef import quota inhibits the broader potential of trade relationship between the two countries. Imports above the quota are subject to a 26.4 percent tariff. The tariffs Uruguay faces are disproportionate to those of its competitors: New Zealand, for example, has a quota ten times higher than Uruguay despite a smaller overall cattle stock.⁴ And despite the claim from the U.S. Ambassador to Uruguay that, "the U.S. is the largest buyer of high-end beef cuts,"⁵ Uruguayan exports primarily focus on lower-end frozen trimmings,

in part because the U.S. quota fails to differentiate between beef imports, in contrast to the EU's "Hilton" (grass-fed) and "High-Quality Beef" (grain-fed) quotas.⁶ As such, there is room for the relationship to grow, primarily by expanding and better targeting the U.S. quota on Uruguayan imports.

Nevertheless, the relationship between Uruguayan producers and the U.S. market has driven impressive improvements in quality and food safety over the last two decades, allowing Uruguay to position itself as a premier producer of high-end cuts for the international market. American and European demands for improved food traceability and disease control led Uruguay to implement in 2006 a groundbreaking mandatory national electronic tagging program that allows producers to trace cattle from birth to slaughter.⁷ For the same reasons, Uruguay imported the technique of national audits for the beef industry from the United States. Beginning in 2002 the National Meat Institute (INAC) built a partnership with experts from Colorado State University to implement national audits every five years, generating opportunities to evaluate potential problems, share technical information with producers and improve herd genetics.⁸

Perhaps the most meaningful outcome from the relationship between Uruguayan producers and the U.S. market is the longstanding legacy of cooperation between the USDA and their Uruguayan counterparts in the MGAP (Ministry of Livestock, Agriculture and Fisheries). The first major success in this relationship came in 2004, when the USDA announced that Uruguay's certified natural beef program was "process verified", meaning that Uruguayan beef met the U.S.'s rigorous food safety, origin verification and environmental sustainability criteria and that it could market its beef as "natural" (without added hormones or sub-therapeutic antibiotics). In the early 2010s, Uruguayan officials in the MGAP generated a new certification in partnership with the USDA, "Uruguay - Open Range Beef", which in addition to meeting the pre-established standards for quality, traceability and food safety were also grass-fed in open pastures.⁹ In 2015, Uruguay was the first country outside the U.S. to receive the USDA's "Never Ever 3" (NE3) certification, reflecting that the cattle were never given antibiotics, growth hormones or animal by-products. Hon. Carlos Gianelli, Ambassador of Uruguay to the United States, stated that the NE3 certification was "another milestone in the long-standing trade relationship between Uruguay and the United States", demonstrating the "outstanding relationship" between the two countries. Reflecting on the success of the NE3 designation, Edward Avalos, Undersecretary of the US Department of Agriculture expressed,

The technical cooperation between USDA and their counterparts in Uruguay continues to be outstanding...It is a testament to the years of hard work both in Uruguay and in the US, and a symbol of the strength of the bilateral relationship.¹⁰

The success of this commitment to quality in partnership with the United States, as well as with European and Asian markets, has allowed Uruguayan beef to more successfully enter higher-value markets, differentiate its product as one of outstanding quality, and ultimately, receive better prices and bigger margins on its high-end product, reflected by the fact that Uruguay's export revenue continues to grow significantly faster than its production.¹¹



Beyond these specifically economic relationships, the U.S. government and American civil society have a rich range of mutually beneficial interactions with the Uruguayan cattle industry. Strong linkages between the American academy and Uruguayan producers provide opportunities for expanding expertise and knowledge exchange. Four out of the 16 leadership positions in INAC are filled by people with a U.S. doctorate degree. Seed money from the U.S. Fish and Wildlife Service and the U.S. Forest Service has offered crucial support to an incredibly successful grasslands management program, the Southern Cone Grasslands Alliance, which operates in Uruguay as well as Argentina, Brazil, and Paraguay. The project promotes the development of environmentally sustainable cattle grazing practices in partnership with the *gauchos* of the Pampas region.¹²

Endnotes

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- ⁵ U.S. Embassy in Uruguay. “Uruguay’s Meat Processing Industry: The United States Is a Reliable Customer When Doing Business,” June 22, 2020. <https://uy.usembassy.gov/uruguays-meat-processing-industry-the-united-states-is-a-reliable-customer-when-doing-business/>.
- ⁶ Kenneth, 2020.
- ⁷ Almeida, Pablo. “Uruguay País Productor de Carnes de Calidad Programas de Certificación y Trazabilidad, Atributos Esenciales Para Los Mercados de Alto Valor.” Revista Colombiana de Ciencias Pecuarias, Vol. 22, No. 3, (September 1, 2009) pp. 346-351; Uruguay Presidencia. (October 3, 2011). *Uruguay Presidencia, Comunicación, Noticias*. Obtenido de Trazabilidad: 100% del ganado vacuno uruguayo está registrado e identificado: <https://www.gub.uy/presidencia/comunicacion/noticias/trazabilidad-100-del-ganado-vacuno-uruguayo-registrado-identificado>.
- ⁸ Lanfranco, Bruno, Catalina Rava, Bruno Lanfranco, and Catalina Rava. “Segunda auditoria de calidad de carne vacuna del Uruguay.” Serie Técnica. Tacuarembó: INIA, 2011. <https://ageconsearch.umn.edu/record/198439>.
- ⁹ Gorga, Leidy, and Mario P. Mondelli. “¿La Carne Uruguaya Ha Escalado En Las Cadenas Globales de Alto Valor?” Oficina de Programación y Política Agropecuaria, 2014; INAC. (November 20, 2014). *Instituto Nacional de Carnes (inac)*. Obtenido de Certificación, Alcances: <https://www.inac.uy/innovaportal/v/9923/14/innova.front/alcances>; INAC. (April 2018). *Instituto Nacional de Carnes*. Obtenido de Guía Práctica Programas de Certificación de Carnes : <https://www.inac.uy/innovaportal/file/10528/1/guia-practica-v4-revision-18-04.pdf>.
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Center for Latin American & Latino Studies
American University
4400 Massachusetts Ave., NW
Washington, DC 20016-8137
clals@american.edu
www.american.edu/clals