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From my desk at the farm

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URUGUAY: SHEEP STOCK AND WOOL PRODUCTION

Uruguay possesses a wealth of natural resources that enable it to competitively engage in a significant range of agricultural and livestock activities typical of temperate and subtropical regions. The entirety of its territory, with the exception of urban and coastal areas and land used for infrastructure projects (roads, reservoirs, etc.), is dedicated to agricultural and livestock production. This activity serves as a pivotal driver of territorial occupation within the nation.

In Uruguay, livestock farming characterized by a system of joint breeding of cattle and sheep on the same fields. Cattle raised for meat production, while sheep raised for wool and sheep meat



In this context, both cattle and sheep production are two of the significant sectors of Uruguay's economy, along with other areas of agriculture, such as forestry, dairy, and more.

According to a sector-specific study by Uruguay XXI (the country's promotion office), the agricultural sector has represented between 6% and 7% of Uruguay's GDP in recent years. When including related subsectors and industries, it referred to as the agro-industrial sector, and its contribution is between 14% and 16% of the GDP.

The Uruguayan wool sector stands out internationally for its quality and ethical practices. Animal welfare, social and corporate responsibility, and environmental commitment characterize and enhance the value of wool production.

Its century-old tradition, coupled with modern animal welfare standards, advanced technologies, a climate conducive to sheep farming, and skilled labor, make Uruguayan wool a product that stands out for its quality.

The Ministry of Livestock, Agriculture, and Fisheries published the preliminary figures for sheep and cattle stock as of June 30, 2023, showing a decrease in the sheep and a modest increase in the cattle stock.



The sheep stock (including lambs) in the year 2023 amounted to 5.85 million heads, which represents a decline of 4.6% compared to the year 2022.

The market dynamics, reduced demand for medium and coarse wools, coupled with their declining values in recent years, have been the primary factors accounting for this reduction. However, it speculated that the decline could have been more significant if some producers had opted to eliminate sheep instead of transitioning to finer wool breeds.

Over the past 20 years, the sheep stock in Uruguay has declined by nearly 41%, a situation similar to that in most of the world's major wool-producing countries.

According to private consultants, the wool production in Uruguay for the current season (2023/24) estimated at approximately 22.5 million kilograms in greasy wool equivalent. In addition to this wool volume, there is the remaining stock of wool from previous years that has not exported primarily medium and coarse wools. This would result in an approximate total availability of 55 million kilograms of greasy wool basis.

Sources: Ministry of Livestock, Agriculture, and Fisheries (M.G.A.y P), Uruguay XXI, Delta Agro Consultants, S.U.L., and INIA.

WOOL EXPORT DATA FROM URUGUAY

Nov/2022-Oct/2023

GREASY WOOL

Over the past 12 months, Uruguay has exported a total of 8.8 million kilograms (mkg) of greasy wool, which is 17.8% more than in the same period the previous year (Nov/21-Oct/22).



In terms of value, Uruguay sold a total of 25.6 million US dollars' worth of greasy wool abroad.

The four main destinations for the greasy wool were (percentage of the total US dollars): China (74.6%), Bulgaria (16.3%), Italy (8.2%), and India (0.9%).

*During the past 12 months, **Estancias Puppo S.A.** has remained the top exporter of greasy wool in terms of the US currency, accounting for over 50% of this type of wool exports from Uruguay.*

SCOURED WOOL

In regards to exports of scoured wool, they amounted to 3.8 million kilograms (actual weight), equivalent to 5.6 million kilograms of basis greasy wool.

The main destinations for scoured wool exports were as follows (percentage of total US dollars): China (33.7%), India (16.4%), Egypt (13.2%), Italy (10.3%), and Mexico (9.9%), among 17 destinations.

WOOL TOPS

In the wool tops sector, exports during the months of November 2022 to October 2023 totaled 9.7 million kilograms (actual weight), which is 18.4% lower than the same period the previous year. The foreign currency earnings for Uruguay from the sale of wool tops amounted to 74.9 million US dollars.

Regarding the main destinations for wool tops from Uruguay, the percentages of total US dollars were as follows: Italy (31.4%), Germany (23.8%), Turkey (10%), Peru (4%), and Spain (3.8%).

GENERAL CONSIDERATIONS

***Estancias Puppo S.A.** continues to be the leading Uruguayan company in the export of greasy wool in general and, even more so, in the export of fine wool.*

Our primary objective is to procure the finest fine wool production from the most prominent woolgrowers in Uruguay, Chile and Brazil, and export the highest-quality fine wool to the most discerning markets.

