UNIVERSITY OF GEORGIA
Beef Team

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BEEFONOMICS
CATTLE MARKET UPDATE

GEORGIA AND URUGUAY

William Secor, Ph.D.
Department ofAgricultural & Applied Economics

This past week, I had the pleasure and honor of co-leading a study abroad trip of 14 students to Uruguay with Dr. Alex Stelzleni. The students experienced the diverse agricultural supply chain ecosystem in Uruguay from beef production and packaging to rice milling and sorghum production. Differences certainly abound in many ways in culture, in agriculture, and the beef cattle sector in particular. However, there are important similarities too. Both of these differences and similarities may open a new perspective or provide a reminder of how we can think about Georgia's beef cattle sector through an economics (beef-onomics?) lens.

Uruguay's beef cattle sector

The beef cattle sector in Uruguay is dominated by grass pasture production from the cow-calf sector through finishing. Very few cattle are finished on grain in a feedlot. Many operations specialize in cow-calf, backgrounding, or finishing, while others span the entire growth cycle. Angus and Hereford breeds are common.

In 2022, over 80 percent of Uruguay's beef production was exported. The USDA estimated that Uruguay exported nearly 500 thousand metric tons of beef in 2023. This accounted for about four percent of global exports. In 2023, it was also the eleventh largest exporter of live cattle.

Connections to Georgia

Three thoughts come to mind in this light. First, because Uruguay is so heavily export driven, they must know and provide what their external buyers want. An analogy may be drawn with Georgia cow-calf producers that must first know what buyers want from feeder cattle and work to provide that to those buyers. These buyers are often feedlots

Second, given Uruguay's relatively small size, Uruguay's beef cattle industry does not often drive markets. Rather, it must adapt to market conditions. Similarly, Georgia is a relatively small beef cattle producer compared to the U.S. as a whole, accounting for about 1-2 percent of the cattle inventory in the U.S. In this environment, producers must be efficient. Managing equipment expenses, maximizing forage resources, and optimizing cattle production are essential to be competitive in this landscape.

Third, risk management is important in both contexts. For example, in Uruguay, many beef cattle operations manage risk by diversifying their operation through a six-year rotation between row crops (typically rice and soybeans) for three years and pasture for three years. When one of these markets is up, often another may be down. This diversification may not maximize profits in any given year, but over time, the returns may be higher or more stable.

This is a contrast with beef cattle producers in Georgia that may specialize with a cow-calf operation. However, many producers still manage risks through off-farm employment opportunities, crop insurance, or irrigation.

Wrap-up

These reflections suggest that Georgia producers should be looking to manage their marketing activities, their costs, and their risks. This is not new, but perhaps the international context of Uruguayan beef producers are good reminders of how important these management actions are.