Uruguay Milk and Dairy Products Market Outlook to 2015
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URUGUAY

URUGUAY MILK MARKET INTRODUCTION

Milk production in Uruguay accounted for 0.3% of the total world production and 2% of the world exports. The milk production in the country has increased 3% annually over the last decade and 4% over the last five years.

URUGUAY COW MILK MARKET PRODUCTION AND FLUID MILK CONSUMPTION BY VOLUME, 2007-2015

Uruguay has achieved various milestones in its long history of milk production and processing of dairy products. Over the last 20 years, milk production has doubled while income from exports has inclined to 10 times. Recent influx of foreign investment from New Zealand farming systems, Schreiber Foods and Bom Gosto, underscores a promising future for the market.

Figure: Uruguay Cow Milk Production and Fluid Milk Consumption along with Manufacturing Use and Exports by Volume in Thousand Tonnes, 2007-2015

![Graph showing milk market size (in thousands of tonnes) from 2007 to 2015, with categories for cow milk production, fluid milk consumption, and manufacturing use.](image-url)
Milk production in Uruguay is largely concentrated in the southern part of the country. Although the milk production is increasing in Uruguay, there is still a considerable technological gap in certain sized farms in the country leading to a significant per hectare productivity gap amongst the various sizes of farms. The major factors accounted for such kind of differences include dearth of scale, land ownership, low investment level and apprehension for new technologies. Therefore, productivity levels of Uruguay dairy farms are not high relative to dairy farms in other countries.

**Figure: Uruguay Milk Cow Numbers in Thousand Head and Milk Production per Cow in Kilograms, 2007-2015**

The dairy market in Uruguay is an export oriented market. Uruguayan dairy industry is the 7th largest exporter across the globe. The dairy infrastructure of the country is good and the cooperative structure is closely comparable to that of New Zealand. The industry is highly concentrated with couple of players holding a major share of the dairy market. Conaprole is the largest player operating in the country.
URUGUAY DAIRY PRODUCTS MARKET PRODUCTION BY VOLUME, 2007-2015

Dairy products domestic market consumes just 30% of total domestic production while the rest 70% is exported to other Latin American countries. Milk and dairy products are increasingly improving the quality of production over several years in order to meet the international quality standards and increasing exports. The dairy products still requires an improvement in the technology and equipment in order to enhance the quality and quantity of dairy products in the country.

Figure: Uruguay Total Dairy Products Market Production by Volume in Thousand Tonnes, 2007-2015

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URUGUAY DAIRY PRODUCT MARKET PRODUCTION BY VOLUME, 2007-2015

CHEESE

Most of domestic producers in Uruguay have shifted their focus on the production of various types of cheese. Cheese accounted for nearly 31% of the total dairy products production in 2009 which was just 18% in 2007. The considerable increase in the production is largely due to the accompanied increase in the international demand for new varieties of cheeses with different flavors and textures in convenient packages. The yellow cheese, Gruyerito and Colonia cheese demand has increased manifold in the recent past.
URUGUAY DAIRY PRODUCT MARKET CONSUMPTION BY VOLUME, 2007-2015

WHOLE MILK POWDER

Whole milk powder has become an essential content for processing infant formula. The demand of whole milk powder has increased globally and in Latin America region. It is expected that producers will increasingly focus on this segment in order to meet the demand-supply gap in other Latin American countries.

Figure: Uruguay Whole Milk Powder Market Consumption by Volume in Thousand Tonnes, 2007-2015
URUGUAY DAIRY PRODUCT MARKET NET TRADE BY VOLUME, 2007-2015

In value terms, exports registered an increase of 19% during the period from 2002-2009, reaching USD 369 million compared to USD 433 million in 2008. In 2009, whole milk powder and skim milk powder accounted for the largest share (44%) of the exports. Cheese was the second largest product that was exported accounting for 36% of the share.

Figure: Share of Top 10 dairy exporters in Uruguay in 2009

In terms of exports, Conaprole is the largest player controlling a share of 54% of the export market. Inlacsa is the second largest player with a share of 10% which is closely followed by Ecolat with 8% of the dairy export market share.
COMPETITIVE LANDSCAPE

Table: Competitive Landscape of Major Dairy Products Companies (Conaprole, Ecolat Uruguay) in Uruguay.

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URUGUAY MILK AND DAIRY PRODUCTS MARKET FUTURE OUTLOOK

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MARKET DEFINITION

Cow Milk is defined as the raw milk produced by cows in Latin America which are processed in fluid milk and grade B milk for manufacturing use of other dairy products such as Butter, Cheese and others.

Dairy products market includes Butter, Cheese, Skim Milk Powder, Milk Drinks and Fermented Products, Condensed Milk, Cream and Whey Powder segments.

Milk Drinks and Fermented Products are defined as the dairy products made through microbial fermentation process using lactic acid bacteria such as Buttermilk, Sour cream, Yogurt, Kefir and Koumis.

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