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Analysis of the commercial eucalyptus plantation sector in Uruguay from a macroeconomic perspective

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The Uruguayan forest sector has developed based on commercial pine and eucalyptus plantations. This process has been based on the installation of vertically integrated companies, with foreign capital and some local capital, investment funds and medium and small industries. In addition to these groups, there are contractor companies in which several of the activities of the primary sector are outsourced, as well as some of the industry. Investment attraction factors are diverse and related not only to productive conditions, e.g., growth rates, but also to institutional conditions, e.g., macroeconomic stability. With the development of the forest sector, there is currently a preponderance of eucalyptus plantations over pine plantations. This characteristic has implications in terms of the products to be obtained and, therefore, the industries to be developed, and the markets to be accessed. The presentation analyzes the evolution of the participation of the forest sector in Uruguay's macroeconomy, considering its share in the country's exports as well as in international trade, with emphasis on the products obtained from eucalyptus plantations. The scope and limitations of the available data for Uruguay are considered. Finally, the importance of including the value of ecosystem services provided by the forest in the traditional macroeconomic valuation is discussed. Results show that Uruguay has an important participation in non-coniferous wood markets. According to FAO data, in 2022, Uruguay's production ranked 8th among non-coniferous pulpwood producing countries, after Chile, up one place from the previous year. The same year Uruguay ranked 10th in terms of production of bleached wood pulp. Furthermore, it is expected that the wood pulp will increase with the new operations of the third pulp mill. Furthermore, cellulose pulp ranked 3rd among Uruguay's export products in 2022, after beef and soybeans, and 2nd in the previous year. The results of this research are of interest to potential investors in the Uruguayan forest sector as well as to policymakers. Potential investors in the Uruguayan forest sector may find insights into the industry's growth potential. Policymakers can use this information to make informed decisions that support the development and regulation of the sector for the benefit of both the economy and the environment.

Keywords: forest exports, GDP, economic contribution

