INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
IFPRI

LATIN AMERICA AND CARIBBEAN PROGRAM

WORKING PAPER 41 DECEMBER 2025

THE FUTURE OF ABPU AGRICULTURE: THE 2ND MERCOSUR OUTLOOK

Authors

Nicolás Jorge (Bolsa de Cereales), Silvia Kanadani Campos (Embrapa), Vanessa da Fonseca Pereira (MAPA), Jimena Vicentin Masaro (CEO Group), Juan Pablo Gianatiempo (IFPRI), Valeria Piñeiro (IFPRI), Catalina Rava (OPYPA) and Ramiro Costa (Bolsa de Cereales).

Acknowledgments

This work is part of the CGIAR Science Program on Policy Innovations. We thank all funders who supported this research through their contributions to the CGIAR Trust Fund

Colaborators

Experts from EMBRAPA: Adalberto Araújo Aragão, Alcido Elenor Wander, Álvaro Augusto Dossa, André Steffens Moraes, Aryeverton Fortes de Oliveira, Glauco Rodrigues Carvalho, Marcelo Miele, Paulo Henrique Nogueira Biscola, Rosana do Carmo Nascimento Guiducci, Rubens Augusto de Miranda

Experts from Bolsa de Cereales: Cecilia Conde, Daniela A. Venturino, Joaquín Pellejero, Agustín Podestá, Estefanny Vasquez, Tomas Garcia Arias, Agustin Moro, Ana Dominguez

Experts from Office of Agricultural Programming and Policy (OPYPA/MGAP): Leidy Gorga, Natalia Barboza and Nicolás Lavista

Experts from GPS: Nelson Illescas

CONTENTS

1. INTRODUCTION

In today's complex and uncertain global environment, region-specific agricultural and trade outlooks are more essential than ever. While global projections from institutions such as the OECD-FAO and USDA provide valuable baselines, incorporating local perspectives is essential to capture the specific dynamics of emerging economies that are deeply integrated into international agrifood markets. Latin America and the Caribbean (LAC) is the world's largest net food-exporting region, playing a central role in stabilizing supplies and reducing price volatility (IFPRI, 2025). Within LAC, Mercosur—Argentina, Brazil, Paraguay, and Uruguay (ABPU)—accounts for more than half of the region's agrifood trade, concentrated in oilseeds, cereals, and animal proteins. Over the past two decades, agricultural exports from LAC have more than doubled, consolidating the region's role as a net contributor to global food availability (Piñeiro et al, 2025a, 2025b). This performance highlights Mercosur's structural weight in global markets, while

also underscoring the climatic, institutional, and infrastructural challenges that call for tailored foresight tools.

This second edition of the Mercosur Outlook builds on the foundation established in its inaugural release, continuing to provide a regionally grounded and forward-looking assessment of agricultural production, trade, and policy pathways. As in the first edition, the projections are based on PEATSim-AR, a partial equilibrium model originally developed by Stout & Abler (2004) and later adapted by the INAI Foundation (2013) to capture regional dynamics.

The results presented here were developed through a three-step process. First, key drivers—such as population and GDP growth—were drawn from reliable international sources (UN, 2025; IMF, 2025), under the assumption of stable real exchange rates, oil prices, and fertilizer prices, and with policy conditions as of September 2025 held constant to ensure a consistent baseline. Second, the PEATSim-AR model simulated agricultural production and trade under these parameters. Third, national experts reviewed and validated the assumptions and outputs, incorporating iterative adjustments to ensure alignment with realistic market conditions.

From the first edition's results, it was projected that cereal and oilseed output in the ABPU region would grow by over 25% by 2033/34, supported by technological improvements, a strong export orientation, land expansion, and the recovery of degraded areas – particularly in Brazil. These findings were framed within a broader global context marked by climate change, evolving trade rules, and shifting consumer preferences—trends that continue to shape the current edition's scenarios.

By maintaining methodological continuity while incorporating updated assumptions and expert review, this second edition strengthens the Outlook's value as a reference baseline for monitoring structural changes in Mercosur's agrifood sector. Its purpose is to provide a consistent framework for understanding how production and trade might evolve if current conditions persist. While this report presents selected results, a more detailed and customizable consultation is available through the interactive dashboard at **https://priceshocks.shinyapps.io/Mercosur-Outlook/**.

2. INTERNATIONAL AND REGIONAL MACROECONOMIC CONTEXT

Global economic growth is projected to remain moderate in the medium term, amid persistent uncertainties stemming from trade fragmentation, geopolitical tensions, and heterogeneous regional trajectories. According to the IMF World Economic Outlook[1] (July 2025), global GDP is expected to expand by 3.0% in 2025 and 3.1% in 2026, slightly above of the previous forecast (April 2025) due to improved financial conditions, a weaker United States (U.S.) dollar, and fiscal expansion in several major economies (IMF WEO, July 2025). At the same time, fiscal consolidation remains uneven across countries, with global public debt averaging around 93% of GDP and limited fiscal space constraining policy flexibility, particularly in emerging markets.

Growth in advanced economies is projected at 1.5% in 2025, while Emerging Market and Developing Economies (EMDEs) are expected to grow by 4.1%, supported by resilient domestic demand and recovering external conditions. In Asia, India (6.4%) and China (4.8%) remain key drivers of global activity, while other large emerging economies—such as Brazil and Indonesia—continue to benefit from strong

[1] IMF WEO

agri-export performance and technological adaptation in their primary sectors. Nevertheless, the IMF highlights that slowing productivity growth and demographic headwinds in several advanced economies continue to weigh on long-term potential output.

Inflationary pressures have eased significantly but remain above central bank targets in several advanced and emerging economies. Global inflation, which peaked at 8.7% in 2022, is projected to decline to 4.2% in 2025 and 3.6% in 2026, driven by lower energy and food prices, easing supply chain disruptions, and gradual monetary normalization (IMF WEO, July 2025). Major central banks are maintaining restrictive stances to anchor inflation expectations, leading to persistently high capital costs and moderate trade expansion. Although exchange rates have stabilized since late 2024, emerging markets remain exposed to volatility in global capital flows and shifting investor sentiment. Financial fragmentation is also reshaping global investment patterns, with tighter liquidity and risk differentiation influencing capital access for developing economies.

In this environment, LAC is projected to underperform the world average, with regional growth of 2.3% in 2025. Within the Mercosur bloc, Brazil continues to lead in macroeconomic resilience, with projected growth of 2.3% in 2025, sustained by strong domestic consumption, agri-export competitiveness, and renewed public investment. Uruguay and Paraguay maintain steady growth between 3.0% and 3.5%, underpinned by favorable terms of trade and sound macroeconomic frameworks. Argentina, after a 2024 contraction, is forecast to rebound by 5.5% in 2025, conditional on the effectiveness of ongoing stabilization measures and the restoration of external confidence. The region also remains exposed to climate risks and related shocks—such as droughts, heatwaves, and hydrological variability—which have recurrently affected agricultural production and energy generation, particularly in the Southern Cone.

Inflation and monetary policy trajectories further underscore intra-regional divergences. Brazil has successfully brought inflation within the Central Bank's target, maintaining a benchmark interest rate of 10.25% as of mid-2025 (USDA, 2025). Uruguay and Paraguay report stable inflation and maintain monetary credibility, while Argentina continues to grapple with elevated inflation and high financing costs despite ongoing fiscal adjustments. Although price pressures have begun to ease, access to international capital markets remains constrained. Exchange rate regimes also vary across the bloc, influencing competitiveness and export performance (World Bank, 2025; USDA, 2025).

At the global level, trade growth is projected to recover modestly, with the IMF (2025) estimating a 2.6% increase in the volume of global trade in goods and services—a moderate rebound supported by improved manufacturing demand, easing supply chain pressures, and more stable energy markets. Nevertheless, this pace remains below the historical average, reflecting the ongoing effects of geoeconomic fragmentation, protectionist measures, and the reconfiguration of industrial policies across major economies. Trade fragmentation is increasingly technological also, affecting cross-border data flows, digital services, and innovation linkages between major economic blocs. Complementary assessments by the WTO (2025) and the World Bank (2025) converge on this view, highlighting that global trade expansion remains subdued compared with pre-pandemic trends. Both institutions point to the rise in trade restrictions, particularly in agriculture, food, and critical minerals, as well as to the growing role of services trade, which continues to show relative resilience amid weaker goods trade flows.

In this evolving landscape, Mercosur economies are accelerating efforts toward trade diversification and institutional integration. The long-pending EU–Mercosur agreement remains a strategic priority to expand market access, harmonize regulatory standards, and strengthen participation in global value chains. At the same time, deeper engagement with China and other Asian partners offers new opportunities to

increase exports with higher value-added content and certification standards, particularly for smaller members such as Paraguay and Uruguay.

However, these emerging partnerships also entail challenges. The bloc remains vulnerable to external shocks and commodity-driven fluctuations, while the growing importance of sustainability and traceability requirements, especially in agricultural markets, demands continuous adaptation. In parallel, the transition toward low-carbon economies and the global demand for renewable inputs are reshaping agri-food value chains, creating both opportunities and competitiveness pressures for the region. In this context, improving competitiveness, environmental compliance, and product differentiation will be critical for Mercosur countries to sustain and expand their export performance in an increasingly demanding global trade environment (World Bank, 2025; WTO, 2025).

2.1. Overview of International Trade Dynamics: Relevant Agreements and Regional Implications

Mercosur's external agenda is increasingly shaped by its relations with major partners—most prominently the EU, China, and the U.S.—as well as an expanding network of negotiations with both advanced and emerging economies. Together, these processes reflect the broader realignment of global trade, where regional blocs and bilateral accords are progressively complementing, and at times substituting, multilateral progress.

Although not yet signed, the EU–Mercosur agreement is expected to be concluded by the end of the year, offering the prospect of expanded market access for South American agricultural exports and closer regulatory alignment with one of the world's most demanding consumer markets. Once signed, the agreement must undergo ratification in the national congresses of each Mercosur member as well as approval by both the EU Council and the European Parliament. Realizing these benefits, however, will hinge on the bloc's ability to meet stringent sustainability, traceability, and sanitary requirements, particularly those embedded in the European Green Deal and the EU's deforestation-free supply chain regulations.

China has consolidated its position as Mercosur's leading commercial partner, particularly through demand for soybeans, beef, and other commodities. Still, the relationship is far from uniform across the bloc. Brazil, as a member of BRICS[2], maintains a strategic and diversified partnership with Beijing, combining trade, investment, and geopolitical coordination. Argentina, by contrast, shows greater alignment with the U.S. in the context of the U.S.–China trade rivalry, which tempers the scope for deep bilateral integration with China. Uruguay, under its previous government, pursued exploratory negotiations for a bilateral free trade agreement with China, though this initiative has lost momentum under the current administration and raised tensions within Mercosur over the bloc's common external policy. Meanwhile, Paraguay's long-standing diplomatic recognition of Taiwan has limited its engagement with China, constraining opportunities for direct trade or investment flows.

Taken together, these divergences underscore both the importance and the complexity of Mercosur's relationship with China: while Beijing remains a critical destination for agricultural exports and a source of infrastructure investment, internal heterogeneity within the bloc makes it difficult to articulate a common strategy toward China.

[2] Brazil, Russia, India, China and South Africa.

The U.S., while not engaged in a comprehensive agreement with Mercosur as a bloc, remains a pivotal actor for the region. The relationship is anchored in bilateral Trade and Investment Framework Agreements (TIFAs) and sectoral cooperation. However, since the Liberation Day initiative, engagement has shifted increasingly toward bilateral negotiations with individual Mercosur members, rather than through a unified regional approach. This trend underscores Washington's preference for flexible, country-specific arrangements, while also highlighting the challenge for Mercosur to preserve cohesion in its external trade policy. Although the U.S. lags behind China and the EU in terms of market share, it exerts considerable influence through geopolitical alignment, agricultural technology transfer, and investment flows. Strengthening ties with the U.S. could provide Mercosur with both strategic diversification and leverage in navigating global trade tensions.

Beyond these three core partners, Mercosur has broadened its negotiation portfolio:

- With the European Free Trade Association (EFTA) and Singapore, agreements have already been concluded and are pending signature and ratification, signaling Mercosur's intent to connect with both advanced and dynamic Asian economies.
- Negotiations are also underway with Korea, Canada, Indonesia, and India, reflecting a strategy to diversify export markets, expand access for agricultural and industrial products, and integrate into global value chains beyond the traditional Atlantic partners.
- These processes are complemented by exploratory dialogues with other Asian and Middle Eastern partners, highlighting Mercosur's ambition to position itself more assertively in the evolving global trade architecture.

Viewed together, these partnerships must be considered against a backdrop of global trade fragmentation. Rising protectionism in advanced economies, supply chain realignments, and geopolitical tensions introduce volatility for a region whose trade profile is heavily commodity-driven. In this context, Mercosur faces the dual challenge of capitalizing on new agreements while reducing vulnerability to external shocks. Achieving this balance will require policy coherence, greater intra-regional coordination, and targeted investment to upgrade logistics, sustainability standards, and value-added capacities (World Bank, 2025; WTO, 2025).

3. AGRIFOOD OUTLOOK: A REGIONAL-LEVEL ANALYSIS – 10 YEARS AHEAD

The ABPU countries collectively rank among the world's foremost suppliers of agri-food products, leveraging abundant natural resources, favorable climatic conditions, and competitive production systems. Extensive arable land, efficient livestock production, and strong intra-bloc complementarities underpin their leadership in global markets and their ability to sustain a structural agri-food trade surplus. Insights from the first edition of the Outlook highlighted the bloc's potential for long-term growth, driven by technological adoption, the recovery of degraded pastures, the possibility of land expansion, and a strong export orientation.

From a policy and institutional perspective, ABPU members display diverse approaches but share recognition of the agri-food sector's strategic role in economic development and global food security. Increasing alignment with international standards—particularly in sustainability and traceability—strengthens their position as reliable suppliers. This section provides a forward-looking overview of ABPU's role in the

global agro-industrial landscape, outlining projected trends for key commodity groups—grains and oilseeds (soybean, maize, wheat, and rice), animal protein (beef, poultry, and pork), and dairy and bio-energy—emphasizing their expected contributions to the region's production and export profile in the coming years. A more detailed exposition can be found in the interactive **dashboard**, which provides access to all Mercosur Outlook results at both the regional and country levels.

Grains and oilseeds

Production across the bloc is projected to climb from roughly 453 million tons (Mt) (central value of the last three seasons) to about 575 Mt by 2034/35, an expansion of 122 Mt over the decade, i.e. 1.6% annually or 27% in ten years. Much of this additional output will be directed toward external markets, either directly as grains or through processed oilseed derivatives (meals, oils, and biofuels). In total, exports are projected to expand by nearly 62 Mt, moving from 282[3] to 344 Mt in 2034/35 (***Table 1***).

Table 1. ABPU's Cereals and Oilseeds baseline projections (Mt, Mha or %)

	2022-2024 central value	2034/35	Δ 10-years*	Δ% 10-year*	Δ% annual	
Production	453	575	122	27.0%	1.6%	
Harvested area	116	129	14	11.7%	0.8%	
Exports	282	344	62	21.9%	1.4%	

Notes: * 34/35 vs. central value of the three most recent seasons. Annual growth is the least squares growth rate.

Source: Mercosur baseline projections

In terms of land use, crop harvested area is forecast to grow from 115.9 million hectares (Mha) to nearly 130 Mha between the base period and 2034/35, implying an increase of 0.8% annually (

Table 2). However, this figure reflects the aggregate of sown areas reported for each crop in member countries. Since many plots are used under double-cropping systems, the simple sum overstates the extent of new land incorporation, pointing instead to more intensive use of existing farmland. The production growth in the ABPU region relies mainly on efficiency improvements and the recovery of degraded lands, projecting a more sustainable intensification rather than an extensive expansion of cropland.

Table 2. Mercosur - Harvested Area (Mha or %)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Grains	**45.9**	**52.8**	**6.9**	**14.9%**	**1.2%**	
Rice	2.1	2.2	0.1	3.4%	-0.1%	
Wheat	9.6	11.0	1.4	15.0%	0.9%	
Corn	30.6	35.1	4.5	14.8%	1.3%	
Barley	1.7	1.7	0.0	0.7%	0.6%	
Sorghum	2.3	2.8	0.4	19.1%	1.4%	
Oilseeds	**70.0**	**76.7**	**6.7**	**9.6%**	**0.5%**	
Soybean	68.1	74.5	6.4	9.4%	0.6%	
Sunflower	2.2	2.2	-0.1	-2.6%	-1.0%	
Total	**115.9**	**129.5**	**13.6**	**11.7%**	**0.8%**	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

[3] It is the central value of the last three season, i.e. 2022/23, 2023/24 and 2024/25

Within the grains category, projected harvested area growth over the decade 14.9% if it compare to central value of the last three seasons (1.2% annually), with corn standing out as the main expansion, rising from 30.6 to 35.1 Mha in 2034/35 (+14.8%) and maintaining its position as the leading crop in this land use over grains crops (

Table 2). It is the most important grain in Mercosur, with growth in area, yields, and output projected across all member countries.

Total corn production is forecast to increase by 30.9% in ten years, reaching 234.76 Mt in 2034/35 (+46.4 Mt compared to 2024/25). Although its exports are also projected to increase, a significant rise is projected in its use for biofuel (+158.7%) and animal feed (+12.5%), respectively (***Table 3***), comparing with the base period.

Table 3. Mercosur – Corn baseline balance projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Corn						
Production	179,366	234,757	55,391	30.9%	2.1%	
Exports	79,650	98,102	18,452	23.2%	1.7%	
Local use						
Final con.	23,801	23,808	6	0.0%	-1.1%	
Feed	63,410	71,368	7,958	12.5%	1.3%	
Biofuel	16,539	42,790	26,250	158.7%	7.4%	

Notes: * 34/35 vs. central value of the three last seasons. Source: Mercosur baseline projections

Wheat output is projected to expand by 8.6 Mt in ten years (33.3% 2034/35 vs central value if the three recent seasons), most of which will be consumed within Mercosur, primarily in Brazil. Although Brazil's production is expected to increase by 9.9% over the next decade, the country will remain dependent on imports to meet domestic demand. Most of the additional Brazil wheat output will be directed toward bioethanol production, yet this segment still represents only 2.3% of Brazil's total wheat consumption. Nonetheless, the baseline projects an increase in Mercosur net exports of 5.9 Mt, with Argentina as the main contributor, as its exports are expected to rise by 91.4% if it is comparing 2034/35 versus central value of the last three seasons or +6.9 Mt. Within grains, wheat and sorghum display growth in harvested area (15% and nearly 19.1%, respectively, if it is comparing 2034/35 vs central value of the last three seasons).

Table 4. Mercosur – Wheat baseline balances projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Wheat						
Production	25,975	34,621	8,646	33.3%	1.4%	
Consumption	20,195	22,868	2,673	13.2%	1.2%	
Biofuel	290	602	312	107.8%	7.7%	
Net exports	5,665	11,659	5,994	105.8%	1.5%	
Exports	12,291	18,129	5,838	47.5%	1.1%	
Imports	6,622	6,470	-152	-2.3%	0.4%	

Notes: * 34/35 vs. central value of the three last seasons. Source: Mercosur baseline projections

For sorghum, a rise of 2.6 Mt is projected for Mercosur, with the growth trend observed across all members of the bloc (***Table 5***). In Brazil and Paraguay, the main destination of the additional output would be

exports, while in Argentina and Uruguay it would be primarily destinated for domestic consumption. On the other hand, sorghum accounts for a comparatively smaller share of Mercosur's harvested area; however, an additional expansion of 0.4 Mha is projected by 2034/35 compared with the central value of the last three seasons. Considering Argentina's relevance in this crop into Mercosur, bloc exports are projected to decline by 5.3% annually.

Table 5. Mercosur – Barley, Sorghum and Rice baseline balances projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Barley						
Production	6,306	7,827	1,521	24.1%	1.9%	
Consumption	3,412	4,445	1,033	30.3%	2.0%	
Exports	3,350	4,420	1,070	31.9%	2.4%	
Sorghum						
Production	7,586	10,204	2,618	34.5%	2.6%	
Consumption	6,598	9,545	2,947	44.7%	3.3%	
Exports	1,416	670	-746	-52.7%	-5.3%	
Rice						
Production	15,048	17,157	2,109	14.0%	0.3%	
Consumption	11,846	11,902	56	0.5%	-0.3%	
Exports	4,854	6,572	1,718	35.4%	1.9%	

Notes: * 34/35 vs. central value of the three last seasons. Source: Mercosur baseline projections

Rice output is also projected to expand, driven by rising yields across all producing countries except Argentina, where production and yield are expected to remain relatively stable over the decade. By contrast, the harvested area of rice is expected to rise moderately by 3.4% when comparing 2034/35 with the central value of the last three seasons (

***Table* 2**). Coupled with relatively stable or declining consumption in Brazil, exports are projected to increase by about 1.9% annually, equivalent to a 35.4% rise over ten years when comparing 2034/35 with the central value of exports from the last three seasons.

In case of oilseeds, output is expected to rise by 21.3% compared 2034/35 to the central value of the last three seasons—equivalent to an additional 46.7 Mt by 2034/35. Brazil accounts for 78% of this growth, with Argentina and Paraguay contributing 13% and 9%, respectively. The harvested area of oilseeds is projected to expand by 9.6% between the central value of the last three seasons and 2034/35 (1.3% annually) is projected (

***Table* 2**). Among all crops, soybeans remain the most important in Mercosur, with the harvested area projected to expand by 6.4 Mha by 2034/35 (+0.6% annually).

Table 6. Mercosur – Soybean complex projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Soybean						
Production	218,993	265,724	46,731	21.3%	1.3%	
Processing	101,086	116,664	15,577	15.4%	1.3%	
Exports	119,460	145,969	26,509	22.2%	1.5%	
Soybean oil						
Production	20,181	23,590	3,408	16.9%	1.5%	
Biofuel	6,180	9,691	3,511	56.8%	2.9%	
Exports	8,751	9,063	312	3.6%	0.6%	
Soybean meal						
Production	76,818	88,897	12,079	15.7%	1.2%	
Feed	24,881	30,917	6,036	24.3%	1.7%	
Exports	53,207	58,133	4,926	9.3%	1.1%	

Notes: * 34/35 vs. central value of the three last seasons. Source: Mercosur baseline projections

Regarding processing, although soybean oil production is projected to increase by 16.9% over ten years relative to the central value of the last three seasons, exports would expand by only 3.6% (+0.3 Mt). ***Table 6*** presents the projected balance for the Mercosur soybean complex. The main driver of this outcome is the expansion of biodiesel production, mainly in Brazil, which is expected to grow by 3.5 Mt by 2034/35, resulting in a reduction of the country's own soybean oil exports. By contrast, soybean oil exports from Argentina and Paraguay are projected to rise by 7.6% and 44%, respectively.

In addition, in all Mercosur members soybean meal use for animal feed is projected to expand, while exports are projected to grow in Brazil and Paraguay but remain relatively stable in Argentina and Uruguay (only 1.5% growth between the central value of the last three seansons and 2034 in Argentina, and 7.5% in Uruguay).

Meat

Within the meat sector, the largest absolute output increase in Mercosur is projected for poultry (***Table 7***). Output is expected to rise by 10.8% in 2034 vs the central value of the last three years (0.9% annually), adding 1.9 Mt by 2034. Brazil accounts for 90% of this increase, followed by Argentina. While intra-Mercosur consumption remains the most relevant destination—projected to grow by about 5.1%—the largest increase is anticipated in exports, which would expand by an additional 1.2 Mt.

A rise in Pork production is also projected, and in relative terms it registers the highest rate of expansion. Mercosur's output is expected to increase by 18.9% (2034 vs the central value of the last years), i.e., an addition of 0.98 Mt in ten years. This growth would be distributed between domestic consumption and exports, the latter increasing by 39.8% over the decade; and Brazil emerges as the main producer-exporter, followed by Argentina, as in poultry.

Beef production in Mercosur is projected to expand by about 0.5% annually. Although Paraguay and Uruguay exhibit higher growth rates, the largest absolute gains are concentrated in Brazil and Argentina, which are expected to add 1.4 Mt and 245 Mt, respectively. Consumption is also projected to rise (+3.9% in ten years), but exports grow at a higher pace, increasing by 28.8% comparing 2034 vs the central value of the last years, equivalent to an additional 1.3 Mt by 2034.

Table 7. Meats baseline projections (thousand tons)

	2022-2024 central value	2034	Δ 10-years*	Δ% 10-year*	Δ% annual	
Beef						
Production	15,385	17,124	1,739	11.3%	0.5%	
Consumption	10,907	11,328	421	3.9%	0.4%	
Exports	4,598	5,923	1,325	28.8%	0.7%	
Poultry						
Production	17,413	19,290	1,877	10.8%	0.9%	
Consumption	12,510	13,152	641	5.1%	0.5%	
Exports	4,912	6,173	1,260	25.7%	1.7%	
Pork						
Production	5,225	6,213	988	18.9%	1.6%	
Consumption	3,877	4,371	494	12.7%	1.2%	
Exports	1,417	1,982	565	39.8%	2.4%	

Notes: * 34/35 vs. central value of the three last years. Source: Mercosur baseline projections

Projections point to the rebalancing of Mercosur's meat sector. Poultry drives the largest absolute gains, while pork records the fastest relative growth. Beef continues to be significant, with more moderate expansion but still relevant. Together, these trends highlight poultry and pork as the key engines of future production and trade, led mainly by Brazil.

Biofuels

In the baseline scenario, both biodiesel and ethanol production in Mercosur are projected to expand over the next decade, though with different dynamics across products and uses (***Table 8***). Biodiesel production is expected to increase 4.5 Mt in ten years, representing a 33% expansion (2.9% annually). Consumption is projected to rise at an even faster pace, by 38.7% (3.4% annually), driven by higher domestic blending mandates and sustained demand for renewable fuels in the transport sector. In contrast, biodiesel exports are projected to decline by 32% over the decade, indicating that most of the additional output will be absorbed by the Mercosur market instead of being sold abroad.

Ethanol growth is considerably more dynamic. Total production is projected to expand by 42.2% (3.1% annually), adding 15.7 Mt by 2034/35. This increase is distributed across three feedstocks: sugarcane-based ethanol, which accounts for the bulk of output, grows by 24.9%; corn-based ethanol expands much more sharply by 158.7%, underscoring the rapid emergence of corn ethanol as a complementary renewable energy source. A rapid expansion of wheat-based bioethanol is also projected, although at a lower rate than corn, both in absolute and percentage terms. Ethanol consumption also rises strongly, by 3.6% annually, in line with higher mandates and broader fuel demand. However, projected production growth relative to consumption suggests that no exportable surplus would be available.

Table 8. Biofuels baseline projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Biodiesel						
Production	10,913	15,404	4,491	41.2%	2.9%	
Consumption	9,886	14,784	4,898	49.5%	3.4%	
Exports	917	624	-293	-32.0%	-4.9%	
Ethanol						
Production	37,198	52,898	15,700	42.2%	3.1%	
from sugarcane	31,400	39,205	7,806	24.9%	2.0%	
from corn	5,293	13,693	8,400	158.7%	7.4%	
from wheat	93	193	100	107.8%	7.7%	
Consumption	33,130	50,485	17,354	52.4%	3.6%	
Exports	2,613	2,563	-51	-1.9%	-2.5%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

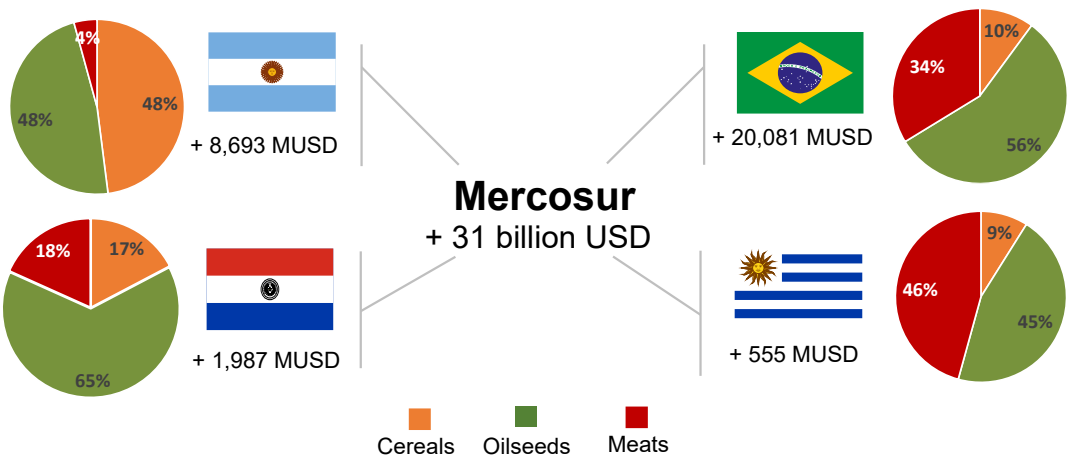
These trends underscore Mercosur's growing importance in renewable energy. While the expansion of biodiesel and ethanol is largely absorbed by domestic demand, corn-based ethanol stands out as a particularly dynamic driver of growth. Rather than generating large exportable surpluses, this trajectory highlights the sector's role in meeting internal energy needs, advancing decarbonization goals, and consolidating the region's position as a reliable producer of low-carbon fuels.

Export projections

In the baseline scenario, Mercosur's agricultural exports are projected to expand significantly across all major product groups, though with clear differences in country contributions (***Figure 1***). At the aggregate level, and expressed in constant 2024 prices, the ABPU bloc is expected to increase exports by more than USD 31 billion, with the largest absolute gains in oilseeds, followed closely by meats and cereals in second and third place, respectively, with very similar values.

Brazil remains by far the dominant exporter in the baseline projections, accounting for over 63% of total projected export gains. The largest increases are concentrated in oilseeds and meats, with cereals ranking third. In Argentina, the main source of export growth are cereals and oilseeds. Paraguay's contribution is led by oilseeds; while soybean exports—particularly for crushing in Argentina—continue to expand, growth is also observed in its domestic processing industry. In Uruguay, beef, and oilseeds are relatively balanced, with beef exports positioned in niche, high-value markets rather than bulk commodity trade.

Figure 1. Export increase: baseline projections valued at 2024 prices



Source: Mercosur baseline projections

Taken together, these projections highlight a differentiated export outlook within Mercosur: Brazil consolidates its dominance through oilseeds and meats; Argentina expands primarily via cereals and oilseeds; Paraguay through oilseeds and a growing processing capacity; and Uruguay through a more balanced export base, with beef participating in high-value niche markets.

4. AGRIFOOD OUTLOOK: COUNTRY-LEVEL ANALYSIS

This section takes a country-focused perspective, analyzing the Second Outlook results for a selected set of commodities where each ABPU member holds specific importance within Mercosur. The analysis highlights the products that define each country's structural role or display distinctive projected trends, with comparisons to other members made where relevant. While the scope is not exhaustive, the aim is to provide a reference for understanding possible drivers and constraints, and for outlining initial strategic considerations.

For readers interested in more detailed, product-level data, the complementary online application (**https://priceshocks.shinyapps.io/Mercosur-Outlook/**) allows a deeper exploration of the projections.

Argentina

Institutionally, the country has a strong research and innovation framework, with INTA and CONICET playing central roles in technological diffusion and productivity gains, complemented by an active private sector and ongoing public–private collaboration that fosters knowledge generation and technological advancement. However, export taxes and frequent regulatory changes create uncertainty, often limiting producers' incentives and constraining their competitiveness in international markets.

Against this backdrop, Argentina combines a large-scale agricultural base with significant agro-industrial processing capacity. The soybean complex, cereals (corn and wheat), and beef stand out as the country's main export pillars. In the Outlook, these products remain central, highlighting the continued importance of Argentina as a leading agro-industrial player within Mercosur.

Soybean production and the oilseed processing complex constitute Argentina's most important agro-industrial activity, not only in terms of land use but also for their contribution to the balance of payments.

The baseline projected an increase of nearly 130% in unprocessed grain exports between central value of the last three seasons and 2034/35 (***Table 9***). By contrast, crushing is expected to expand only modestly, generating limited additional oil and meat output, both primarily destined for export (+7.6% and +1.5% over the decade, respectively). For further details, see the **dashboard**.

Table 9. Argentina soybean complex baseline projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Soybean						
Production	50,200	54,592	4,392	8.7%	1.1%	
Processing	42,800	44,681	1,881	4.4%	0.4%	
Exports	4,572	10,546	5,974	130.7%	3.5%	
Soybean oil						
Production	8,329	8,849	520	6.2%	0.6%	
Biofuel	970	925	-45	-4.6%	-1.3%	
Exports	6,773	7,291	518	7.6%	0.9%	
Soybean meal						
Production	32,463	33,482	1,019	3.1%	0.3%	
Feed	3,986	4,571	585	14.7%	1.0%	
Exports	28,477	28,912	435	1.5%	0.2%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

The sunflower complex represents one of Argentina's most significant—and distinctive—contributions within Mercosur oilseeds -only after soybean-, given that the country is the fourth-largest exporter globally. The Mercosur projected decline in harvested area is driven primarily by Argentina's performance. The baseline projects sunflower production in 2034/35 at levels broadly similar to 2024/25; however, when compared with the last three season central value, this is relatively higher, reflecting the growth observed in recent years (***Table 10***). This output is processed domestically into oil and pellets, with exports representing the main destination for both. Nonetheless, in relative terms, the use of sunflower meal for animal feed is projected to increase by 15.3% when comparing 2034/35 with the central value of the last three seasons.

Table 10. Argentina sunflower complex baseline projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Sunflower						
Production	4,600	4,988	388	8.4%	-0.4%	
Processing	3,900	4,378	478	12.3%	-0.1%	
Exports	93	26	-67	-72.2%	-12.6%	
Sunflower oil						
Production	1,672	1,914	242	14.5%	0.1%	
Consumption	546	623	77	14.1%	1.2%	
Exports	1,126	1,290	164	14.6%	-0.3%	
Sunflower meal						
Production	1,646	1,843	197	11.9%	-0.1%	
Feed	456	525	70	15.3%	-0.8%	
Exports	1,191	1,318	127	10.7%	0.2%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Within cereals, corn is the most important crop in Argentina and ranks second—after Brazil—in terms of its contribution to Mercosur. Currently, Argentine corn output is exported predominantly as unprocessed grain (***Table 11***). The baseline projects an output increase of 13.1 Mt between central value of the last

three seasons and 2034/35, which would continue to be directed mainly toward grain exports, although domestic use is expected to rise for both animal feed (+14.3%) and biofuel (+34.8%).

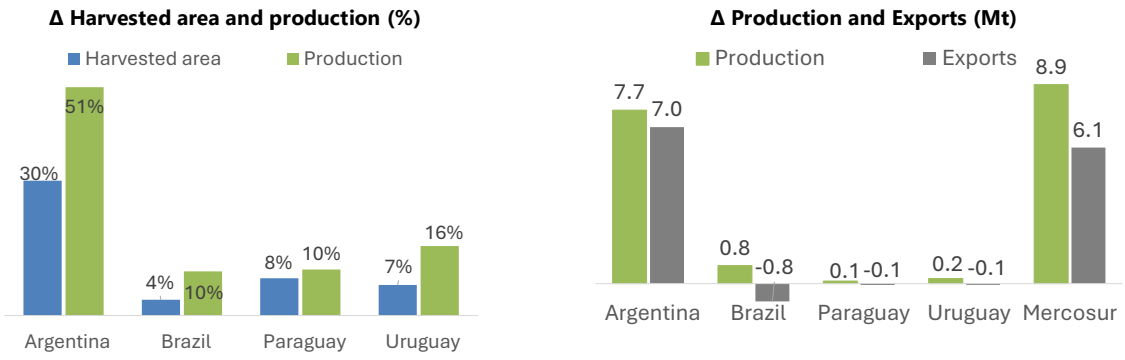
Table 11. Argentina corn baseline projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Corn						
Production	49,000	62,086	13,086	26.7%	1.5%	
Exports	33,000	42,740	9,740	29.5%	1.5%	
Local use						
Final con.	1,700	1,776	76	4.5%	0.5%	
Feed	12,850	14,694	1,844	14.3%	1.5%	
Biofuel	2,080	2,805	725	34.8%	2.9%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Wheat is also a defining crop for the country within Mercosur, ranking as the second most important cereal in terms of harvested area. Projections indicate that output could reach 22.8 Mt in ten years, representing a 51.3% increase over the ten years, comparing 2034/35 vs central value of the last three seasons (1.5% annually). Harvested area is expected to expand by 30%, generating an additional 7.7 Mt, with growth further reinforced by yield improvements (+15.4%, going from 3.0t/ha in 2024/25 to 3.3t/ha in 2034/35). In comparison with other Mercosur members, it is noteworthy that Brazil is projected to increase wheat output by 10% between central value of the last seasons and 2034/35, although in absolute terms the gain is modest (+0.8 Mt). This increase is driven by higher harvested area and yields. The ***Figure 2*** shows the projected comparative performance (in both relative and absolute terms) among Mercosur countries with respect to proyected changes in harvested area, output, and exports.

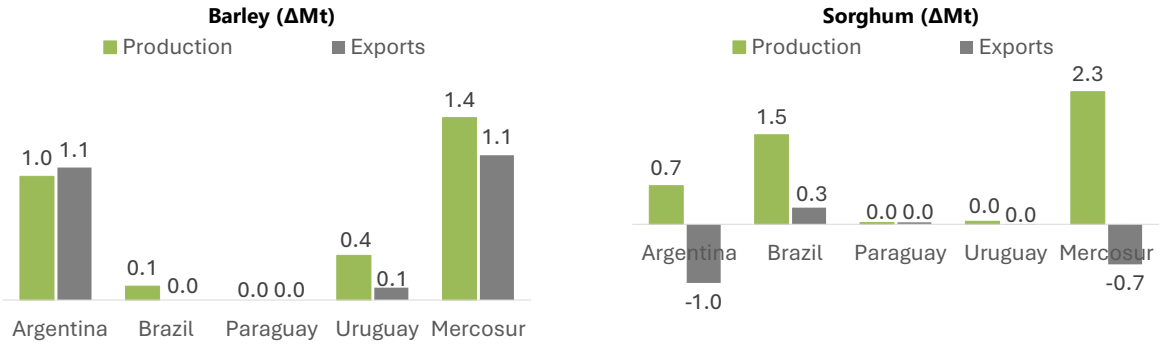
Figure 2. Wheat Crop change in ten years*



Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Within Mercosur, Argentina maintains its position as the principal producer and exporter of barley, followed by Uruguay (***Figure 3***). In Argentina, production is projected to grow by 1 Mt, where mostly of the crop destined for export. Exports are expected to increase by 34.3% in 2034/35 versus central value of the last three seasons, equivalent to an additional 1.05 Mt over ten years. For further information, see the **dashboard**.

Figure 3. ABPU Barley and Sorghum Crop change in ten years*



Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Although sorghum production in Argentina is projected to increase, consumption is expected to rise at a faster pace (75.7% or 4.9 annually), leading to a decline of nearly 1 Mt in the country's exports (***Figure 3***). Within Mercosur, Brazil is the only that it is projected to record an increase in this cereal exports.

Brazil

Brazil is the largest economy and agricultural producer in Mercosur, with macroeconomic stability supported by a diversified industrial base and strong external accounts derived from agricultural and mineral exports. Agriculture plays a pivotal role in both growth and trade surpluses, underpinning Brazil's status as a global food player.

In recent years, private and market-based financing mechanisms in the agricultural sector have gained significant momentum, characterized by the increasing use of market instruments such as securities, investment funds, and structured financial products that serve to complement and diversify traditional public credit lines. Public policies — notably the Plano Safra, which provides subsidized credit and insurance tools to producers — have supported this transformation and also promoted bioenergy, making Brazil a world leader in sugarcane-based ethanol and biodiesel. It is also important to highlight the pivotal role of producers themselves, whose entrepreneurial capacity and openness to innovation have fostered the adoption of new technologies and significant productivity gains.

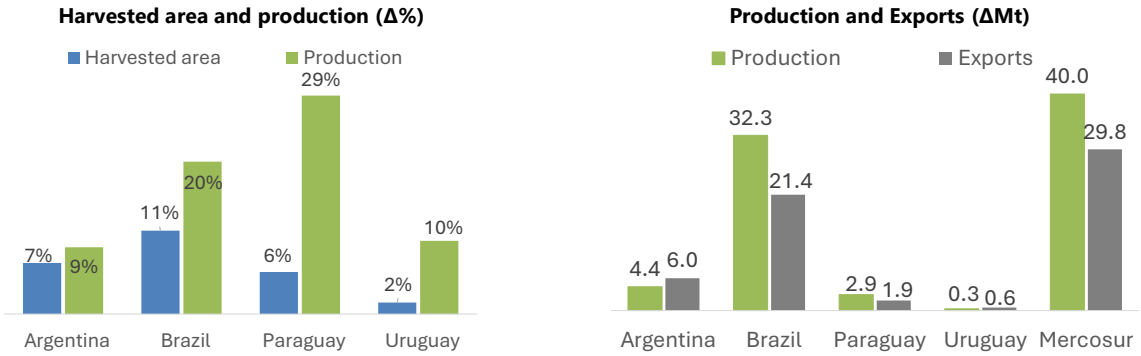
However, environmental governance, deforestation, and land-use change continue to be contentious issues in trade negotiations and sustainability agendas. The country has made progress in sustainability and traceability policies, driven by both domestic regulations and international market requirements. Nonetheless, Brazil continues to face challenges in balancing productive expansion with environmental conservation, particularly in sensitive biomes such as the Amazon and the Cerrado. The country is undertaking efforts to direct agricultural expansion toward degraded lands, thereby reducing deforestation and fostering sustainable production growth.

On the production side, Brazil leads Mercosur's output in soybeans, corn, sugar, and meats, supported by the adaptation of Cerrado soils for agricultural use and the development of integrated value chains. In the Outlook, the country is projected to drive most of the bloc's growth in cereals, oilseeds, bioenergy, and animal proteins, consolidating its role as Mercosur's main engine of competitiveness.

Brazil is the leading soybean grain exporter in Mercosur and ranks second globally, after the U.S. The baseline projects production growth across all Mercosur countries—except Uruguay—but mainly in Brazil

but, in relative terms, in Paraguay, with Brazil accounting for the largest share of the Mercosur increase (***Figure 4***).

Figure 4. Soybean crop change in ten years*



Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Soybean output is expected to expand by 32.3 Mt, with soybean exports as the main destination, projected to increase by 20.9% (+21.4 Mt). However, soybean processing is also projected to rise, driven mainly by oil production for biodiesel (+71%), destined for domestic consumption (***Table 12***).

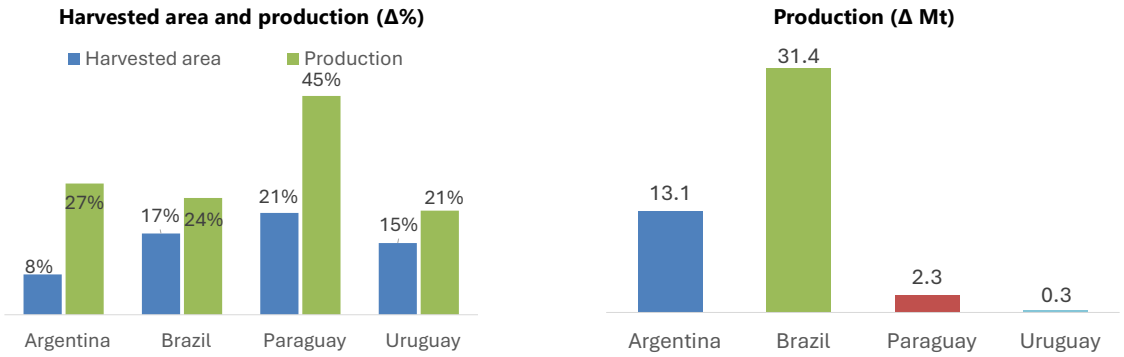
Table 12. Brazil soybean complex baseline projections (thousand tons)

	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	
Soybean						
Production	162,000	194,340	32,340	20.0%	1.4%	
Processing	54,405	67,453	13,048	24.0%	1.8%	
Exports	102,100	123,477	21,377	20.9%	1.4%	
Soybean oil						
Production	11,055	13,872	2,817	25.5%	1.9%	
Biofuel	5,121	8,756	3,636	71.0%	3.5%	
Exports	1,425	1,010	-415	-29.1%	-2.7%	
Soybean meal						
Production	41,702	52,019	10,317	24.7%	1.8%	
Feed	20,000	25,073	5,073	25.4%	1.8%	
Exports	22,722	26,894	4,172	18.4%	1.9%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Corn is the second most produced cereal in Brazil, with most of its output coming from areas cultivated with soybeans, as a second crop. The baseline projects a 16.5% expansion in harvested area in this country, adding 3.7 Mha devoted to corn production. Combined with yield improvements, this would result in an additional 31.4 Mt of grain over the next ten years. Although grain exports are projected to rise by 18% over the decade (1.9% annually), the strongest growth is expected in biofuel production, which would increase by 182.4% comparing 2034/35 with the central value of the last three seasons.

Figure 5. Corn crop change in ten years*



Source: Mercosur baseline projections

But while in absolute terms Brazil's corn expansion is the most significant within Mercosur, Argentina and Paraguay also stand out, with projected increases in both area and yields leading to substantial production gains (***Figure 5***). Even though Argentina's yields are projected to grow by 19% over the decade, the increase is greater in Paraguay—20%—given that it starts from comparatively lower levels in 2024/25. For further details, see the **dashboard**.

Brazil's sugarcane output and performance are particularly relevant due to their impact on biofuel production. The baseline projects an 8% increase in sugarcane harvested area and a 3.9% rise in output when comparing 2034/35 with the central value of the last three seasons, equivalent to an additional 1.5 Mt over the next ten years (***Table 13***).

With final consumption and sugar exports projected to remain relatively stable, bioethanol continues to be the main use of sugarcane output in Brazil. Bioethanol output is projected to increase by 42.7% between 2034/35 and the central value of the last seasons. While the share of sugarcane in total bioethanol production is projected to decline from 85.8% to 75% by 2034/35, bioethanol from corn is expected to rise by 182.4% (+8.1 Mt) and by 113% from wheat. However, this increase in production is primarily intended to meet domestic demand, as blending rates are expected to rise in the coming years.

Table 13. Brazil sugar and bioethanol baseline projections (thousand tons)

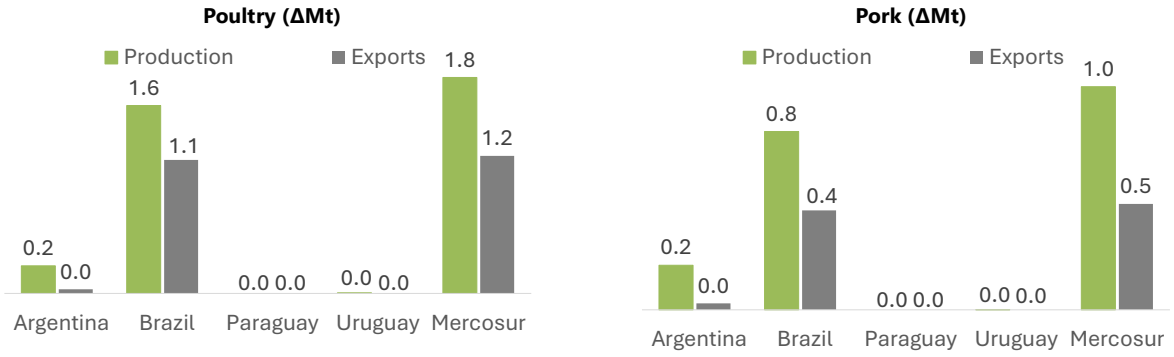
	2022-2024 central value	2034/35	Δ 10-years*	Δ% 10-year*	Δ% annual	
Sugar						
Production	39,129	40,650	1,522	3.9%	0.3%	
Final con.	6,407	6,769	363	5.7%	-0.2%	
Exports	32,314	33,877	1,563	4.8%	0.4%	
Ethanol						
Production	35,224	50,257	15,033	42.7%	3.2%	
from sugarcane	30,206	37,703	7,497	24.8%	2.0%	
from corn	4,445	12,554	8,109	182.4%	8.0%	
from wheat	88	187	99	113.3%	8.0%	
Consumption	31,386	48,119	16,733	53.3%	3.6%	
Exports	2,384	2,287	-97	-4.1%	-2.9%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Brazil's poultry and pork production are also projected to expand (***Figure 6***). Although Argentina is likewise expected to increase its output, almost only Brazil would contribute significantly to the growth of Mercosur's exports. In ten years, poultry output is projected to rise by 10.8% (+1.6 Mt) and pork by 17.5% (+0.77 Mt). In both cases, most of the additional production would be directed to exports, which are

expected to increase by 25.2% and 37.5%, respectively, compared with the central value of the last three years—that is, +1.2 Mt for poultry and +0.6 Mt for pork.

Figure 6. Poultry and Pork output and exports change in ten years*



Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Paraguay

Paraguay is one of the most agriculture-oriented economies in Mercosur, with macroeconomic stability underpinned by agricultural exports that account for a large share of GDP and foreign exchange earnings. Its growth model has been strongly linked to the expansion of crop area and external demand.

Policy and institutional frameworks favor agribusiness, with low taxes, minimal export restrictions, and a pro-investment regulatory environment. The government has sought to strengthen trade compliance, especially in terms of traceability and sanitary standards, to secure market access.

The production structure is dominated by the soybean complex, followed by beef, rice, and biofuels. In the Outlook, Paraguay emerges not only as a growing soybean and rice producer but also as the only Mercosur member projected to expand beef exports, underscoring its increasing relevance in the region's agri-export profile.

Within the agricultural sector, the soybean complex is the most important in Paraguay, particularly in terms of foreign exchange earnings. Although in absolute terms Paraguay's production accounts for only 20% of Argentina's and 6% of Brazil's, the projected increase in exports meal in ten years is greater to Argentina's (***Table 14***).

Paraguay's soybean output is projected to grow by nearly 30% (+2.9 Mt), equivalent to 66% of Argentina's projected increase, making Paraguay the country with the highest growth rate in soybean production projected. While soybean grain exports remain the main destination, processing is projected to expand by almost 42% over the next ten years (comparing to central value of the last three seasons). Within processing, soybean meal is the most important product, with output projected to grow by 40.1%. Soybean oil production is also expected to rise, and in both cases, exports remain the main destination, increasing by 0.6 Mt and 0.2 Mt, respectively.

Table 14. ABPU soybean complex baseline projections (thousand tons)

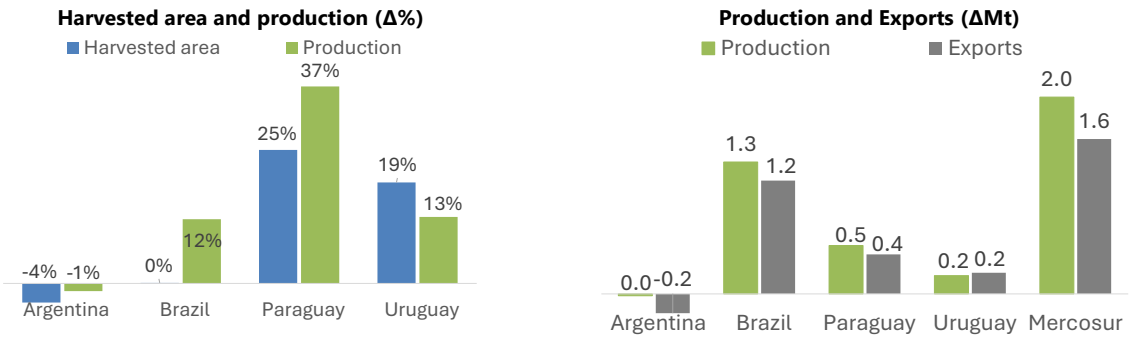
	Argentina					Brazil				
	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	2022-2024 central value	2034 / 2035	Δ 10-years	Δ% 10-year*	Δ% annual
Soybean										
Production	50,200	54,592	4,392	8.7%	1.1%	162,000	194,340	32,340	20.0%	1.4%
Processing	42,800	44,681	1,881	4.4%	0.4%	54,405	67,453	13,048	24.0%	1.8%
Exports	4,572	10,546	5,974	130.7%	3.5%	102,100	123,477	21,377	20.9%	1.4%
Soybean oil										
Production	8,329	8,849	520	6.2%	0.6%	11,055	13,872	2,817	25.5%	1.9%
Biofuel	970	925	-45	-4.6%	-1.3%	5,121	8,756	3,636	71.0%	3.5%
Exports	6,773	7,291	518	7.6%	0.9%	1,425	1,010	-415	-29.1%	-2.7%
Soybean meal										
Production	32,463	33,482	1,019	3.1%	0.3%	41,702	52,019	10,317	24.7%	1.8%
Feed	3,986	4,571	585	14.7%	1.0%	20,000	25,073	5,073	25.4%	1.8%
Exports	28,477	28,912	435	1.5%	0.2%	22,722	26,894	4,172	18.4%	1.9%

	Paraguay					Uruguay				
	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual	2022-2024 central value	2034 / 2035	Δ 10-years*	Δ% 10-year*	Δ% annual
Soybean										
Production	10,250	13,183	2,933	28.6%	2.4%	3,293	3,609	316	9.6%	0.6%
Processing	3,100	4,395	1,295	41.8%	3.3%	150	134	-16	-10.3%	-0.6%
Exports	6,800	8,657	1,857	27.3%	2.2%	2,731	3,289	558	20.5%	0.6%
Soybean oil										
Production	589	842	253	43.0%	3.4%	28	26	-2	-8.9%	-0.5%
Biofuel	9	9	0	4.1%	0.7%	0	0	0	0.0%	0.0%
Exports	523	753	230	44.0%	3.3%	10	9	-1	-12.8%	-0.1%
Soybean meal										
Production	2,347	3,289	942	40.1%	3.2%	120	108	-12	-10.3%	-0.6%
Feed	600	943	343	57.1%	4.2%	280	330	50	17.8%	-0.3%
Exports	1,725	2,321	596	34.6%	2.7%	5	5	0	7.4%	1.7%

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

In terms of Mercosur's overall performance, Paraguay also stands out in rice. Along with Uruguay, they are the only countries in the bloc expected to see growth in both harvested area and production (***Figure 7***). With just an additional 30 thousand ha and relatively low (though rising) domestic consumption, the projected increase of 0.5 Mt would be entirely directed to exports, which are expected to rise by 37% over ten years (2.3% annually). By contrast, Brazil and Uruguay are also projected to expand their exports, but mainly through the release of exportable surpluses resulting from declining domestic consumption, with Brazil playing a particularly important role in the amount of this adjustment.

Figure 7. Rice production and export change in ten years*



Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Although Paraguay's contribution is smaller in absolute terms compared to Brazil, bioethanol production is projected to increase by 13.5% when comparing the central value of the last three years with 2034, with the largest growth expected in Paraguay's bioethanol exports (+19.9% or +0.05Mt). For further details, see the **dashboard**.

Uruguay

Uruguay is recognized in the region for its macroeconomic stability, institutional solidity, and reliable governance. These factors have enabled the country to maintain a stable investment climate and strengthen its insertion into international markets.

Agricultural policy has emphasized sustainability, food safety, and differentiation, with Uruguay pioneering beef traceability systems and promoting value-added strategies. These institutional strengths have facilitated access to demanding markets.

Uruguay's agricultural sector is centered on cereals (sorghum, barley, rice), soybeans, beef meat, and dairy with international recognition for quality and sustainability standards. According to the baseline cereal harvested area is projected to grow by 18% when comparing 2034/35 with the central value of the last three seasons. While wheat and corn remain the main crops in terms of land use, the largest relative increases are projected for barley, sorghum, and rice.

In ***Table 15*** is shown barley, and rice baseline projected balances. Barley harvested area is expected to rise by 24.4%, with output projected to grow by 38.8% relative to the central value of the last three seasons, supported by a 12% yield improvement (from 4.3 t/ha to 4.8 t/ha over ten years). The main destination would continue to be domestic consumption, which is projected to increase, although exports are expected to grow at an even faster pace, rising by nearly 40% over the decade.

Table 15. Uruguay barley, and rice baseline projections (thousand tons)

	2022-2024 central value	2034/35	Δ 10-years*	Δ% 10-year*	Δ% annual	
Barley						
Production	915	1,270	355	38.8%	3.5%	
Consumption	760	947	187	24.6%	1.6%	
Exports	250	348	98	39.2%	14.0%	
Rice						
Production	1,485	1,672	187	12.6%	0.9%	
Consumption	77	70	-7	-9.0%	-1.7%	
Exports	1,382	1,598	217	15.7%	0.9%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

The baseline also projects a 12.6% increase in rice output (+187 thousand tons), which, combined with a decline in domestic consumption, would allow for a 15.7% rise in exportable surpluses between the central of the last three seasons and 2034/35 (***Table 15***). It is worth noting that Uruguay records the highest rice yields in Mercosur: 9.2 t/ha in 2024/25, projected to reach 9.7 t/ha by 2034/35—the highest in the bloc. Brazil and Paraguay show yields of 7.4 and 7.1 t/ha in 2024/25, respectively, both projected to grow by 8%, while Argentina, with yields of 7 t/ha in 2024/25, is projected to experience a rise of 0.7% comparing 2034/35 with central value of the last three seasons.

Table 16. Uruguay beef baseline projections (thousand tons)

	2022-2024 central value	2034	Δ 10-years*	Δ% 10-year*	Δ% annual	
Beef						
Production	600	648	48	8.0%	0.8%	
Consumption	164	183	19	11.4%	0.3%	
Exports	483	519	36	7.5%	0.9%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

Uruguay has secured high value-added niches in international beef markets. In the baseline scenario, output is projected to increase by 8%—equivalent to an additional 48 thousand tons comparing the central value of the last three years and 2034 or 0.8% annually (***Table 16***). Exports remain the main destination, rising by almost 7.5% (+36 thousand tons), while domestic consumption is projected to grow faster at 11.4%.

Uruguay's dairy sector also stands out, as primary production is projected to increase—like Argentina and Brazil— and is expected to record positive export surpluses. The baseline projects an additional 188 thousand tons of raw milk (+8.9%) over ten years, along with growth in cheese and milk powder production (***Table 17***). The latter is the largest in volume and is primarily destined for export. According to the baseline, Uruguay's exportable surpluses are projected to grow by 8.1% (+13 thousand tons) for whole milk powder, 14.9% (+3 thousand tons) for skimmed milk powder, and 3.4% (+1 thousand ton) for cheese over the decade.

Table 17. Uruguay dairy baseline projections (thousand tons)

	2022-2024 central value	2034	Δ 10-years*	Δ% 10-year*	Δ% annual	
Milk						
Production	2,100	2,287	188	8.9%	1.0%	
Cheese						
Production	54	60	5	9.8%	1.5%	
Consumption	32	36	4	12.9%	1.0%	
Net exports	23	23	1	3.4%	2.3%	
Whole milk powder						
Production	164	178	14	8.2%	0.8%	
Consumption	5	6	1	21.6%	1.3%	
Net exports	159	171	13	8.1%	0.8%	
Skimmed milk powder						
Production	24	27	3	12.2%	1.5%	
Consumption	5	6	1	12.5%	0.5%	
Net exports	19	22	3	14.9%	1.8%	

Notes: * 34/35 vs. central value of the three most recent seasons. Source: Mercosur baseline projections

5. TOWARDS A STRATEGIC AGENDA FOR MERCOSUR'S AGRIFOOD SECTOR

LAC—and Mercosur in particular—are among the world's largest net exporters of agrifood products, standing as essential players in global food security. The region is a pivotal supplier of grains, oilseeds,

meats, and biofuels. This position brings clear advantages derived from scale, land availability, and natural endowments, but also exposes structural disadvantages in infrastructure, cost efficiency, and regulatory coherence. These challenges frame the importance of the baseline scenario developed in this Outlook. Rather than predicting the future, it provides a reference framework that illustrates how the region might evolve if current conditions persist, serving as a tool for strategic debate and decision-making.

The scenario underscores Mercosur's structural divergences. Oilseeds remain the backbone of the bloc's export profile, with Brazil and Paraguay driving soybean expansion and Argentina showing signs of stagnation. In processing, Brazil stands out with robust growth in crushing capacity, largely driven by rising biodiesel demand. But there are divergences between members that highlight the need for greater investment, as well as improvements in sustainability certification and value-added products, to avoid deepening reliance on unprocessed grain exports.

Cereals also play a critical role, particularly corn and wheat, which reinforce Mercosur's status as a global supplier. However, competitiveness is weakened by high transaction costs and logistical bottlenecks. Brazil illustrates the dual role of corn, serving both export markets and rising biofuel demand, while Paraguay and Uruguay demonstrate opportunities for rice and other specialty crops. Improvements in transport infrastructure and phytosanitary harmonization will be crucial for consolidating these advantages.

In animal proteins, poultry and pork represent the most dynamic segments, with Brazil driving nearly all projected export gains. Beef, though slower-growing, retains symbolic and economic weight, especially in Uruguay's high-value markets. While Mercosur enjoys cost advantages, its systems of certification, quality assurance, and traceability still lag. Strengthening these areas would allow the bloc to capture a larger share of premium markets and mitigate vulnerability to non-tariff barriers.

Bioenergy adds another layer of opportunity. Brazil continues to dominate with sugarcane- and corn-based ethanol, while soybean oil sustains biodiesel expansion across the bloc. Yet most of this output is consumed domestically, limiting Mercosur's role in international renewable energy markets. Global demand for low-carbon fuels is accelerating, and to capitalize on this trend the region must strengthen innovation ecosystems, harmonize regulatory frameworks, and build surpluses that can be channeled abroad.

Underlying these sectoral dynamics are broader, cross-cutting challenges. Infrastructure gaps keep transport costs above those of global competitors, while sanitary, phytosanitary, and certification requirements constrain access to demanding markets. Divergent national regulations and limited regional coordination further weaken Mercosur's ability to act collectively in trade negotiations and to establish unified standards. Addressing these systemic issues is as critical as promoting sector-specific growth.

Taken together, the Outlook suggests that Mercosur's future competitiveness will depend less on its natural advantages, which remain strong, and more on its capacity to reduce inefficiencies, strengthen value-added processing, and present itself as a coordinated actor in global markets. By investing in logistics, modernizing regulatory and certification systems, fostering technological adoption, and reinforcing regional cooperation, Mercosur can translate its structural endowments into sustained competitiveness. This baseline should therefore be understood not as an endpoint, but as a starting point for designing the policies and strategies that will secure the bloc's position as a reliable and responsible supplier of food and renewable energy to the world.

ABOUT THE AUTHORS

Silvia Kanadani Campos, a Researcher at the Brazilian Agricultural Research Corporation (Embrapa); Juan Pablo Gianatiempo, a Research Analyst in the Markets, Trade, and Institutions (MTI) Unit at the International Food Policy Research Institute (IFPRI); Nicolas Jorge, an Economist at Bolsa de Cereales, Argentina; Ramiro Costa, Head of the Institute of Economic Studies at Bolsa de Cereales, Argentina; Vanessa da Fonseca Pereira, an Analyst at Embrapa and currently serving in the Office of the Minister at the Ministry of Agriculture, Livestock and Food Supply (MAPA), Brazil; and Valeria Piñeiro, Regional Representative for Latin America and the Caribbean and Senior Research Coordinator in MTI at IFPRI; and Jimena Vicentin Masaro is an economic analyst at Grupo CEO.

REFERENCES

Cristini, M., & Bermudez, G. (2023, July 10). El crecimiento agropecuario argentino y brasileño en el Mercosur. Fundación de Investigaciones Económicas Latinoamericanas (FIEL). Retrieved June 20, 2024, from https://fielfundacion.org/blog/2023/07/10/el-crecimiento-agropecuario-argentino-y-brasileno-en-el-contexto-del-mercosur/

IFPRI. (2025). Latin America and the Caribbean (LAC) Program. Washington, DC: International Food Policy Research Institute. Retrieved from https://www.ifpri.org/unit/latin-america-and-caribbean-lac

IMF (2025). World Economic Outlook Growth Projections. IMF. Retrieved from https://www.imf.org/en/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025

INAI Foundation. (2013). PEATSim-Ar: Model description. Retrieved July 10, 2024, from https://www.inai.org.ar/archivos/notas/PeatSim-Ar%20%20Model%20description.pdf

Jorge, N; Kanadani Campos, S.; Gianatiempo, J. P.; Fonseca da Pereira, V.; Vicentin Masaro, J.; Peri, G. I.; & Piñeiro, V. (2025). What do we know about the future of agriculture in Argentina, Brazil, Paraguay, and Uruguay? The Mercosur Outlook. LAC Working Paper 39. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/176398

Piñeiro, V., McNamara, B., Segura, J. A., & Días-Bonilla, E. (2025a). Regional developments: Latin America and the Caribbean. In Global food policy report 2025: Food policy: Lessons and priorities for a changing world, eds. Johan Swinnen and Christopher Barrett. Part Six: Regional Developments and Priorities, Chapter 23, Pp. 541-554. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/174360

Piñeiro, V.; Hareau, G.; & Andrade, R. (2025b). What do we know about the future of food systems in Latin America and the Caribbean? In What do we know about the future of food systems? eds. Keith Wiebe and Elisabetta Gotor. Part Two: What Do We Know About the Future of Food System in Selected Regions? Chapter 22, Pp. 125-131. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/175508

Stout, J., & Abler, D. (2004). ERS/Penn State trade model documentation (Technical report). Retrieved July 9, 2024, from https://www.researchgate.net/publication/271202120_ERSPenn_State_trade_model_documentation

United States Department of Agriculture (USDA), Office of the Chief Economist. (2025). USDA agricultural projections to 2034. https://www.ers.usda.gov/publications/pub-details?pubid=110965

World Bank. (2025). Global economic prospects: June 2025. The World Bank Group. https://www.worldbank.org/en/publication/global-economic-prospects.

World Trade Organization (WTO) (2025). Global trade outlook and statistics: April 2025. https://www.wto.org/english/res_e/booksp_e/trade_outlook25_e.pdf

Funding for this work was provided by CGIAR Science Program on Policy Innovations. This publication has been prepared as an output of the Latin America and Caribbean Program and has not been independently peer reviewed. Any opinions expressed here belong to the author(s) and are not necessarily representative of or endorsed by IFPRI.

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

A world free of hunger and malnutrition

IFPRI is a CGIAR Research Center

1201 Eye Street, NW, Washington, DC 20005 USA | T. +1-202-862-5600 | F. +1-202-862-5606 | Email: ifpri@cgiar.org | www.ifpri.org | www.ifpri.info