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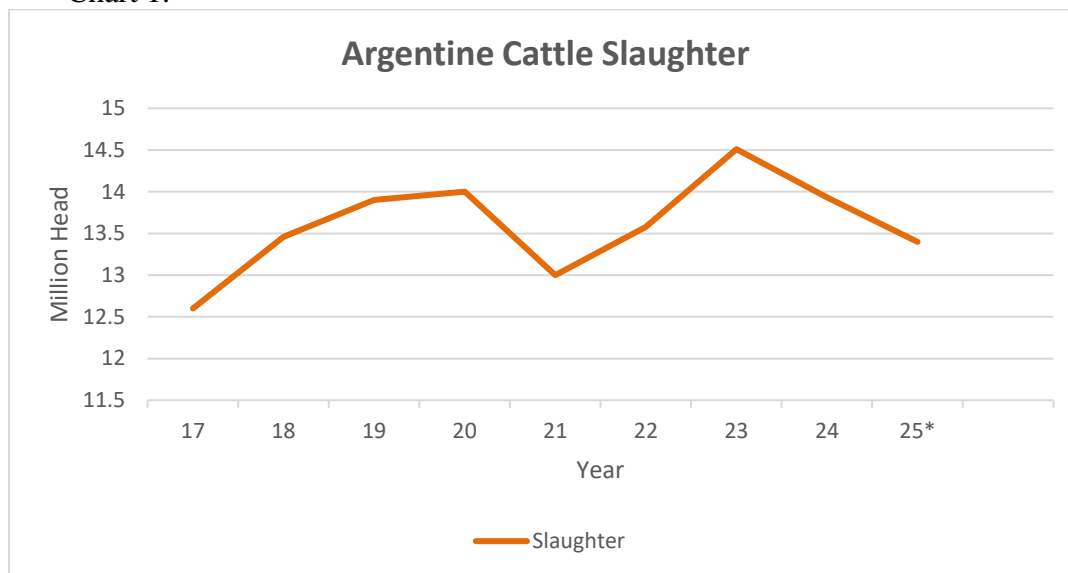
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Report Highlights:

Argentine beef exports in 2025 are forecast to decline to 770,000 metric tons carcass weight equivalent (CWE), primarily due to a projected decrease in beef production and production costs in dollar terms that are higher than those of neighboring competitor countries. The 2025 cattle slaughter is projected at 13.4 million head, lower than previously estimated due to the early slaughter of some cattle in 2024 in response to weather and market conditions. Domestic beef consumption is expected to remain unchanged from previous forecasts and from 2024 levels.

Argentine beef production in 2025 is forecast at 3.08 million tons carcass weight equivalent (CWE), 3 percent lower than last year. The slaughter is projected at 13.4 million head, 400,000 head lower than the USDA official estimates. Slaughter in the first two months of the year declined approximately 3 percent compared to the same period last year. The initial 2024 slaughter projection was lower than the final figure, primarily due to consistent export demand and dry conditions in several regions, which forced some producers to market cattle earlier than planned. Exporters' performance is expected to decline in 2025 due to lower beef supplies and expected thin profitability. Additionally, one of the largest and most modern local meat packing facilities in Argentina caught fire in mid-February, destroying significant sections of the plant. It is still unknown when it will resume normal operations, but its export performance will likely be significantly affected in the coming months.

Chart 1.



Source: Post with Secretaria de Agricultura de Argentina data

* Post's projection

Based on official Argentine Secretariat of Agriculture data, Argentine beef exports in 2024 reached a record high of 845,000 tons carcass weight equivalent (CWE). This strong performance was partly due to the policies implemented by the Milei administration, which eliminated all export restrictions, including quotas and prohibitions on exporting seven popular cuts and certain categories of cows. Additionally, the government allowed the export of whole or half bone-in carcasses and reduced the export tax on beef from 9 percent to 6.75 percent. These restrictions had been imposed by the previous administration to ensure a more abundant domestic beef supply and control domestic prices.

Over the past four to five years, meatpacking plants have made significant investments to expand slaughter and deboning capacity, meet the specific demands of various buyers, and enhance freezing capacity. In the first eight months of 2024, exporters enjoyed strong profitability. However, in the latter part of the year, returns became marginal or even negative in some cases due to rising operational costs and cattle prices. Despite these challenges, exporters remained active, with many companies opting to operate at minimal losses while seeking ways to improve efficiency, reduce costs, and enhance product value. Exporters hope that in 2025, macroeconomic conditions will improve, enabling the government to further reduce taxes, particularly export taxes on beef, which currently hinder Argentina's competitiveness against other exporters.

The beginning cattle stock for 2025 is now estimated at 52.37 million head, 430,000 head lower than in 2024. This decline is attributed to a combination of a smaller calf crop, higher slaughter rates, and increased losses in 2024. The 2024 calf crop is estimated at 14.5 million, though some analysts believe it could be even lower. Calving was negatively affected by three consecutive years of drought caused by La Niña, which impacted the reproductive conditions of breeding cows and heifers. The Argentine government is expected to publish the official ending stock for December 31, 2024, in March 2025. While a smaller herd in 2025 may result in a slightly reduced calf crop, recent improvements in weather conditions, including ample rainfall, are expected to replenish natural and planted pastures and improve cow conditions, leading to a normal calf crop. The ending stock for 2025 is forecast to recover slightly to 52.77 million head.

Cow-calf operations are expected to be profitable in 2025, as calf prices are forecast to remain firm, along with strong prices for cull cows, whose beef can now be exported without restrictions. Analysts predict tensions between the local and export markets for fed cattle due to reduced cattle supplies, expected strong domestic demand, and exporters' continued activity. Profitability in the sector typically encourages breeders to reinvest in their operations. Argentina boasts high-quality cattle genetics and strong animal health management practices. While nutritional and feeding practices have improved, there is still room for growth, particularly in pasture expansion, which remains critical after three consecutive years of drought that severely impacted pastures.

The government's initiative to mandate electronic animal identification tags for cattle in 2025 was recently postponed until January 2026 due to challenges in acquiring the necessary tags. This system would replace the current analog tags. Some major export markets require traceability, and the government acknowledges the global trend toward increasing product information and traceability requirements.

Backgrounding cattle, particularly young steers, is expected to be one of the most attractive economic alternatives in 2025. Limited backgrounded cattle production in 2023 and 2024 resulted from drought conditions that negatively affected pasture availability. Adding 100 - 120 kilograms to cattle on grass at a significantly lower cost than grain feeding is drawing interest from local cattlemen. The entire beef sector would benefit from heavier and larger animals entering feedlots, as this would increase beef production per animal. Argentina's average carcass weight is currently around 230 kilograms (507 pounds), compared to Uruguay's, which is 30-35 kilograms (66 to 77 pounds) heavier. Increasing carcass weight could lead to a significant additional production of beef and improve processing plant efficiency, as slaughterhouses would process the same number of cattle but at higher weights and productivity, with minimal additional costs. Argentina's natural conditions make cattle backgrounding a key component of the cattle supply chain.

The feedlot industry fluctuates depending on feed and cattle market conditions. In 2025, high corn prices and a smaller calf supply may create challenges for feedlot operations. However, lower slaughter rates and strong domestic demand could drive fed cattle prices higher, improving profitability. Many large meatpackers maintain significant cattle volumes on feed to secure supply for their slaughter operations.

The local meat export sector had a successful 2024, although profitability declined significantly in the last quarter due to rising cattle prices. The current combination of lower cattle supplies, high dollar-denominated prices, increasing processing, energy, and overhead costs, and persistently low beef prices

in China is putting pressure on the industry. In dollar terms, Argentine steer prices are the highest in the region, approximately 15 percent higher than in Brazil. However, industry experts believe that if Brazil experiences lower production and exports in 2025, this could help raise FOB prices in Argentina.

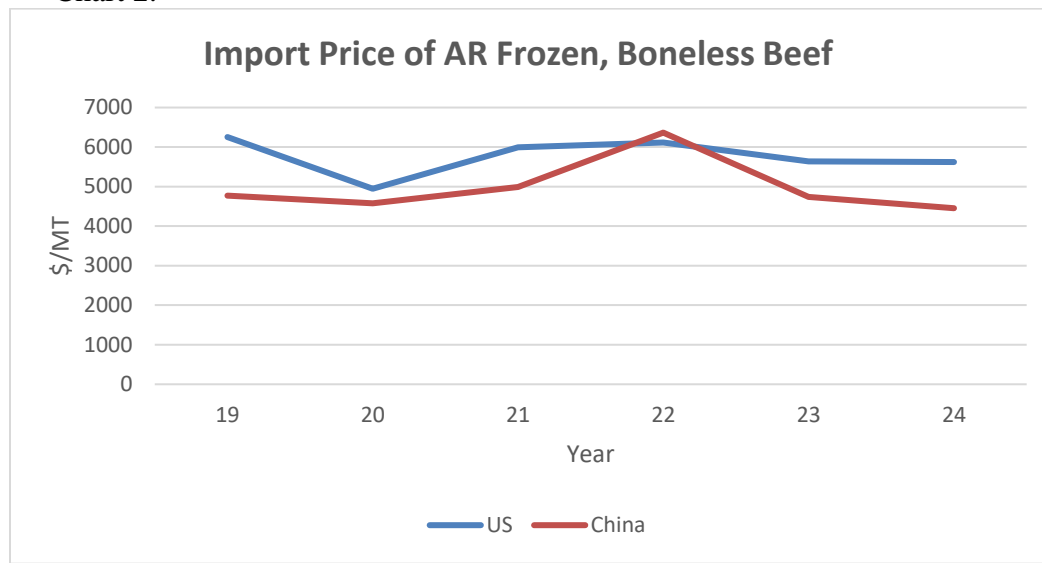
Argentina has approximately 350 slaughter plants of varying sizes, though fewer than half are operational. The industry remains highly fragmented compared to markets like the United States, Brazil, Paraguay, and Uruguay. In 2024, the largest slaughter plant processed only 3.5 percent of the country's total slaughter, while the top five plants accounted for 15 percent and the top ten plants for 22 percent. The number of plants authorized for export has increased significantly in recent years. Currently, about 20 plants are authorized to export to Israel and the United States, while approximately 50 plants are eligible to export to China. Industry sources indicate that Argentina's processing capacity for the export market could handle up to 1.5 million tons of beef annually.

Argentine beef exports in 2025 are forecast at 770,000 tons CWE (excluding bones, per Argentine government methodology). This volume represents a 9 percent decline from 2024's record levels, primarily due to projected lower beef supplies and persistently high dollar-denominated costs. The USDA official conversion factor for boneless beef is 1.36 from product weight to CWE, which is lower than Argentina's own conversion factor of 1.5.

China is expected to remain Argentina's dominant export market, though its share may gradually decline as exporters shift focus to markets offering better opportunities and higher values. Argentina's exports to the United States, Israel, and Mexico are projected to increase. The government and industry stakeholders are actively working to open new markets in Southeast Asia, including Malaysia, Vietnam, Indonesia, and Thailand, which already import processed offal. However, logistical challenges—such as two-month shipping times—and the need for adjustments to Halal slaughter requirements present hurdles. Additionally, exporters are looking to expand their presence in Singapore and the Philippines, which already import small volumes of Argentine beef. The long-term goal of opening beef markets in South Korea and Japan remains a priority, but achieving this will take more time.

Argentine beef exports to the United States have grown rapidly since gaining authorization in mid-2019, with a particularly strong increase in 2024 of approximately 40 percent compared to the previous year. This growth has been driven more by strong U.S. beef demand and weaker Chinese prices than by Argentina's export competitiveness. The following chart illustrates the average import price of Argentine frozen boneless beef—a key export category—in both the United States and China over the past six years.

Chart 2.



Source: FAS Buenos Aires with Trade Data Monitor data

Local exporters see strong potential in the U.S. as an export market for 2025, as analysts predict steady beef imports due to continued low domestic production in the United States. The United States has a country specific beef tariff rate quota (TRQ) for Argentina of 20,000 tons product weight a year at a low import rate. Imports outside the quota pay a 26.4 percent tariff. In 2024, the US imported 32,800 tons product weight of boneless beef from Argentina, of which 76 percent was frozen beef and the balance chilled beef (imports of heat-treated processed beef was insignificant). The main product shipped to this market from Argentina were frozen beef blocks, chemical lean (CL) 85-90. Other cuts shipped were frozen knuckles, top sides, flats and Kosher beef at high prices.

Israel is forecast to be the second most important destination (measured in volume). It primarily imports frozen forequarter boneless Kosher cuts, but chilled cuts have also been growing quite significantly. Also, since 2024, Israel imports bone-in beef from Argentina, a business which exporters believe will grow.

The EU continues to be an important market with Argentina accessing primarily under two quotas: Hilton and Grain-Fed Beef. The Hilton quota is almost 29,000 tons of high value, grass-fed chilled cuts per year which enter with a 20 percent duty. The country is expected to fulfill it, primarily with boneless, rump and loin cuts, at high price. Current Hilton price is approximately \$16,000 per ton. Beef exported under the high-quality, grain-fed beef quota is duty free. This quota continues to decline as its volume is set to drop from 12,400 tons in 2025 and then to 10,000 tons in 2026. Though open to others, in practice Uruguay and Argentina are the only two countries to supply this quota under a first-come first-served basis. The current price is approximately \$12-13,000 per ton.

Chile is expected to continue to be an important, steady market for Argentine beef in 2025, but will have to compete with competitively priced Paraguayan and Brazilian beef which dominate the market. Most beef cuts are chilled and include mostly the entire carcass.

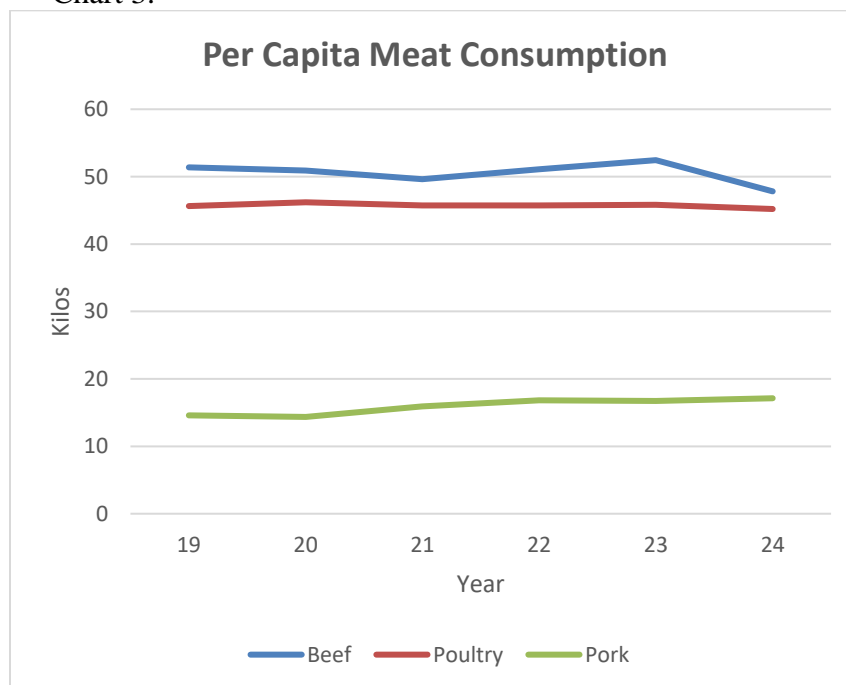
Mexico began to import Argentine beef in 2023 and its imports have since grown, with a total volume of 9,350 tons product weight of boneless fresh and chilled beef in 2024. Exporters report a strong interest in round cuts from buyers there. Imports in January 2025 continued to grow while beef from Argentina is not subject to quotas.

Canada is also one of the new markets which is expected to be quite active in 2025. Exports in 2024 totaled 5244 tons, product weight of boneless, frozen beef cuts. This market imports very similar products as the US.

Beef imports forecast in 2025 are increased at 6,000 tons cwe. This is primarily frozen boneless beef cuts which come from Paraguay and other countries in the region. The current exchange rate in Argentina and the countries in the Mercosur, and beef prices encourage some processing plants and beef distributors to import certain beef cuts at very convenient prices.

On February 27, 2025, the Argentine Government through Decree 133/2025 repealed decree 322 of 1973, allowing from now on the exportation of cattle for slaughter. This measure was in place for more than 50 years to protect the local meat packing industry and keep the cattle for slaughter domestically. This is another measure that shows the direction this government is taking to eliminate limitations that restricted economic freedom. Cattlemen applaud the measure indicating that they now have another commercial channel to sell their cattle. The export industry also supports the elimination of the prohibition but indicates potential cattle buyers should also open their markets to Argentine beef. Local meat packers, attending the domestic market, are against it claiming there could eventually be shortages of cattle in the future. Uruguay and Brazil normally export cattle to Turkey and other countries in Middle East and Africa. Currently, Argentina is very expensive in dollar terms to be able to export significant numbers of cattle to these markets.

Chart 3.



Source: FAS Buenos Aires with Secretaria de Agricultura de Argentina data

Argentine domestic beef consumption for 2025 is expected at 2.31 million tons cwe, the same as previously projected and practically unchanged from 2024. However, per capita beef consumption has dropped quite significantly in the past decade due primarily to a combination of social and economic factors and it is projected to continue to fall further in the years to come. Local analysts believe beef worldwide will continue to be on demand, while Argentines still have room to increase the consumption of less expensive animal protein such as pork and to a lesser extent poultry. Poultry consumption is already high, but pork consumption could double in the following years.

With significant economic policy changes implemented by the Milei administration in early 2024, inflation began to decline substantially. However, this was accompanied by a slowdown in the economy. Domestic beef consumption in the first ten months of 2024 remained weak, reflecting reduced purchasing power and sluggish economic activity. Although all beef supplied to the domestic market was consumed, there was no upward pressure on cattle prices.

In the latter part of the year and into early 2025, the economy began to rebound as purchasing power improved and consumer demand recovered. Following a GDP decline of 1.8 percent in 2024, most economic analysts project a 5 percent rebound in 2025. While the total volume of beef consumption in 2025 is expected to remain stable, a recovery in purchasing power could exert upward pressure on both cattle and domestic beef prices.

Production, Supply, and Demand Statistical Tables

Animal Numbers, Cattle Market Year Begins Argentina	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	54100	54100	52800	52800	53200	52370
Dairy Cows Beg. Stocks (1000 HEAD)	1530	1530	1520	1500	1520	1520
Beef Cows Beg. Stocks (1000 HEAD)	21460	21460	20880	20880	21000	20700
Production (Calf Crop) (1000 HEAD)	14700	14700	14800	14500	14800	14700
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	68800	68800	67600	67300	68000	67070
Total Exports (1000 HEAD)	0	0	0	0	0	0
Cow Slaughter (1000 HEAD)	7000	7000	6400	6650	6500	6250
Calf Slaughter (1000 HEAD)	0	0	0	0	0	0
Other Slaughter (1000 HEAD)	7500	7500	7100	7280	7300	7150
Total Slaughter (1000 HEAD)	14500	14500	13500	13930	13800	13400
Loss and Residual (1000 HEAD)	1500	1500	900	1000	1000	900
Ending Inventories (1000 HEAD)	52800	52800	53200	52370	53200	52770
Total Distribution (1000 HEAD)	68800	68800	67600	67300	68000	67070
(1000 HEAD)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Meat, Beef and Veal Market Year Begins Argentina	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	14500	14500	13500	13930	13800	13400
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	3280	3280	3100	3180	3175	3080
Total Imports (1000 MT CWE)	3	3	1	3	2	6
Total Supply (1000 MT CWE)	3283	3283	3101	3183	3177	3086
Total Exports (1000 MT CWE)	771	771	820	845	860	770
Human Dom. Consumption (1000 MT CWE)	2512	2512	2281	2338	2317	2316
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	2512	2512	2281	2338	2317	2316
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	3283	3283	3101	3183	3177	3086
(1000 HEAD) ,(1000 MT CWE)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments