Buenos Aires Grains Exchange
Argentina

State of Argentine Farm Policy and market conditions post-election

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Chief Economist
ARGENTINE AGRICULTURE IN CONTEXT

Share of the agro-industrial sector in the total value of exported goods

- Agricultural products: 59%
- Manufactured goods: 34%
- Minerals and Energy: 8%

Source: The National Institute of Statistics and Census. Argentina
ARGENTINE AGRICULTURE IN CONTEXT

Soybean oil (48.5% share) and soybean meal (47.9% share)

Sorghum

Soybeans
Corn
Sunflower and Sunflower meal

Barley

Argentina: global exports ranking

Source: USDA Production. Supply and Distribution Online (02-16-2016). 2015/16 Feb
Producer Support Estimate (PSE)

- Colombia: 30%
- Peru: 24%
- European Union: 20%
- Bolivia: 16%
- Mexico: 12%
- U.S: 7%
- Brazil: 4%
- Chile: 3%
- Argentina: -43%

Source: IADB OECD 2013
Main agricultural policies: 2002-2015

- **Tax**
  - Exports Duties

- **NTB**
  - Quantitative restrictions
  - Other non-tariff barriers on export

- **Exports Tax**
  - 126,2 USD/tn

- **Controls**
  - Maximum prices for live cattle
  - Maximum prices for retail sales
Infrastructure

✓ 80% of soybean production: less than 300 miles away from ports

✓ 85% transport by: truck

✓ 2/3 of the national and state roads: not paved.
Results: Intervention Policies

✓ High tax burden: ordinary taxes + export taxes.

✓ Lower crop prices: export taxes + export quotas + other regulations.

Negative impact on incentives for production:

- Investments: technology
- Area growth-rate
- Agricultural practices
New Administration: Significant Ag. Policy Changes Timeline

- Election: November 22\textsuperscript{nd}

- Presidential inauguration: December 10\textsuperscript{th}

- Removal of:
  - Currency controls: December 17\textsuperscript{th}
  - Export taxes: December 17\textsuperscript{th}
  - Export permit system: December 29\textsuperscript{th}
ARGENTINA TOWARDS 2024/25

World and Argentine Agribusiness Reference Scenario to 2024-25

INAI FOUNDATION
Production Estimates: baseline scenario

2014/15 to 2024/25

Source: INAI Foundation & USDA Baseline
Production Estimates: new scenario

2014/15 to 2024/25

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>New Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>4.5%</td>
<td>31.3%</td>
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<tr>
<td>Cereals</td>
<td>7.9%</td>
<td>55.8%</td>
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<tr>
<td>Wheat</td>
<td>0.6%</td>
<td>43.6%</td>
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<tr>
<td>Corn</td>
<td>0.9%</td>
<td>63.1%</td>
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<tr>
<td>Sorghum</td>
<td>55.2%</td>
<td>76.0%</td>
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<tr>
<td>Oilseeds</td>
<td>2.2%</td>
<td>13.8%</td>
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<tr>
<td>Soybean</td>
<td>1.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Sunflower</td>
<td>6.4%</td>
<td>34.2%</td>
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</tbody>
</table>

Source: INAI Foundation & USDA Baseline
New Scenario: short-run changes

Wheat

Corn

Source: INAI Foundation
### Exports: Argentine market share

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2024 baseline</th>
<th>2024 new scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>7.4%</td>
<td>6.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td><strong>Cereals</strong></td>
<td>5.2%</td>
<td>4.5%</td>
<td>8.0%</td>
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<tr>
<td><strong>Wheat</strong></td>
<td>2.7%</td>
<td>2.3%</td>
<td>4.9%</td>
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<tr>
<td><strong>Corn</strong></td>
<td>11.6%</td>
<td>8.8%</td>
<td>17.9%</td>
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<tr>
<td><strong>Soybean</strong></td>
<td>9.1%</td>
<td>7.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td><strong>Soybean Oil</strong></td>
<td>49.4%</td>
<td>41.1%</td>
<td>48.5%</td>
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</table>

Source: INAI Foundation
Final Remarks

Argentine new ag policy framework

✓ A new normal:
  ✓ On the track of growth
  ✓ New opportunities: investments in agribusiness

✓ There is a new agenda:
  ✓ Smart integration to world markets
  ✓ Work on productivity
Thank you!

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