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Argentine Agricultural Policies



Impact on crop season 2019/20



Economic incentives for 2020/21



What to expect for the long term?



## Argentine Agricultural Policies



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# The importance of Agriculture in Argentine Economy



GDP  
(13.7%)



Exports  
USD 39.6 billions  
(65%)

Employment  
2.4 million people  
(12%)



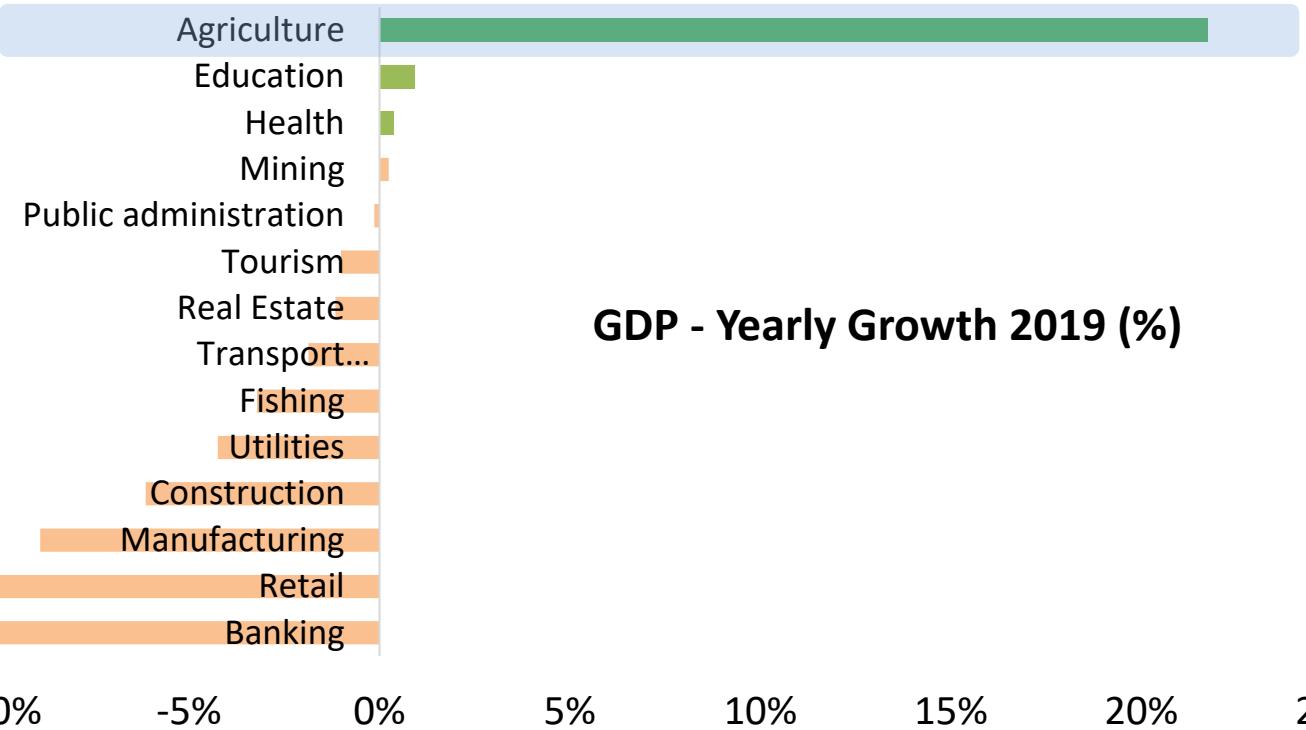
Tax Revenue  
(14%)





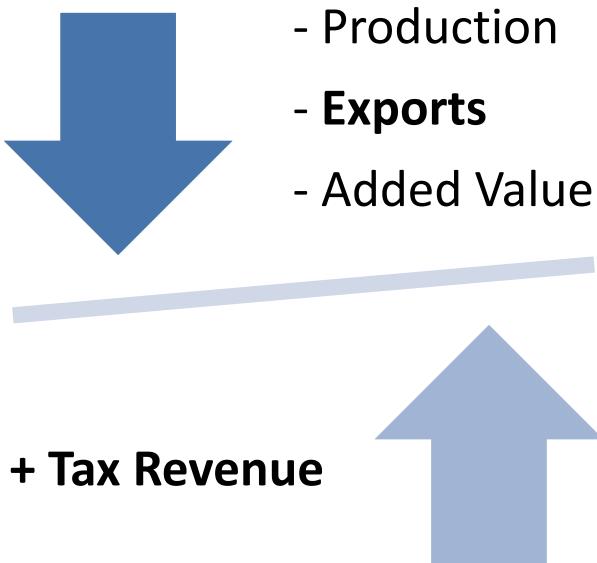
# This role has increased during the last year

## THE ONLY SECTOR SHOWING ECONOMIC GROWTH





# Export taxes: Macroeconomic Impact

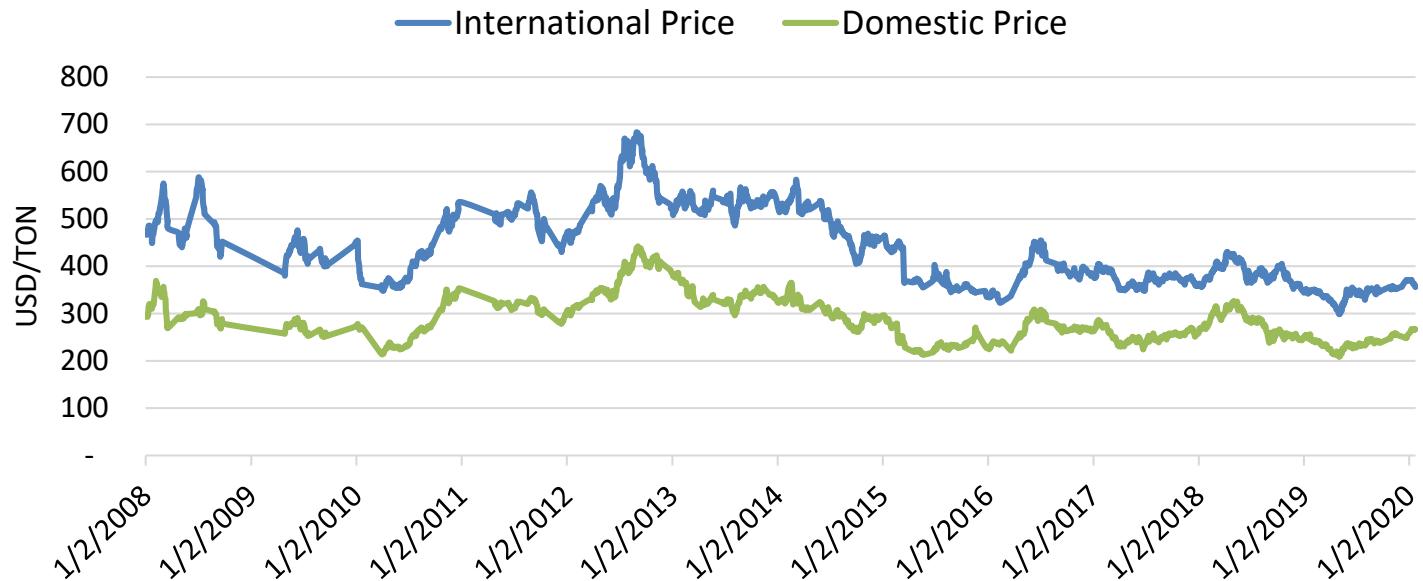


In marginal terms, a new increase in export duties **will reduce exported value (cost) more than it increases tax revenue (benefit).**



# Export taxes: Effects on Incentives

## *Soybean: Direct Effects*

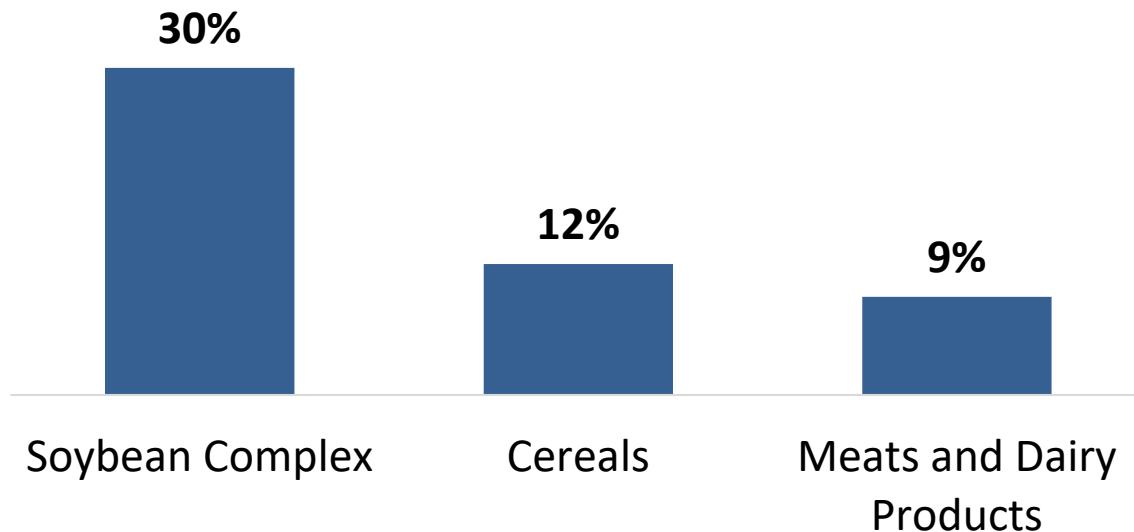




# Export Duties Per Product

INDIRECT EFFECTS: DIFFERENT DUTIES AFFECT COMPARATIVE MARGINS BETWEEN CROPS

## *Current Situation*





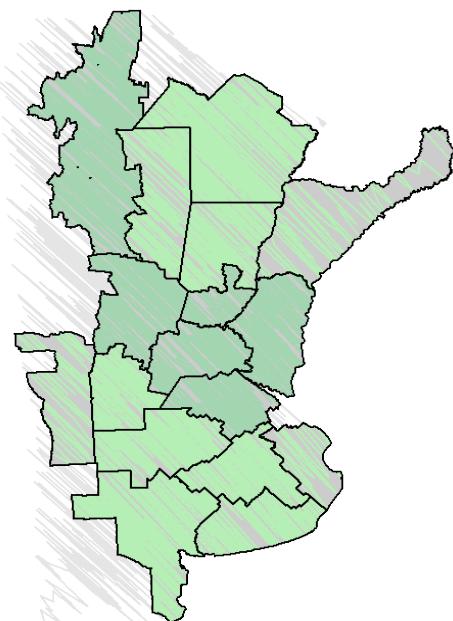
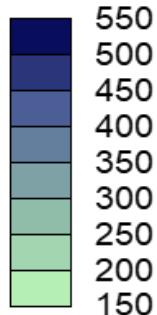
# Comparative Direct and Marketing Costs

USDA's  
96th  
Annual

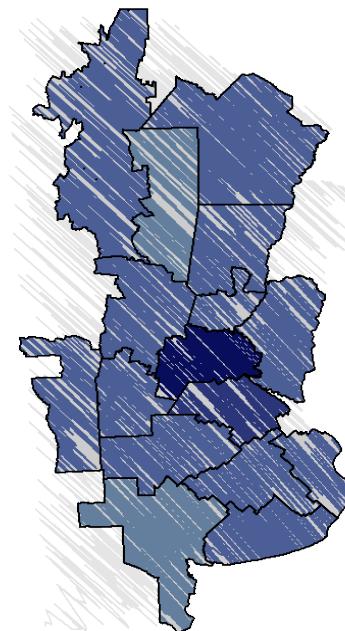
LOWER COSTS FOR SOYBEAN IN A CONTEXT OF  
MACROECONOMIC UNCERTAINTY AND FINANCING CONSTRAINTS

SOYBEAN

USD/ha



CORN



Source: Buenos Aires Grain Exchange





# Export Duties Over Time

RECENT CHANGE: BACK TO SEP 2018

Res. 793/Sep. 2018

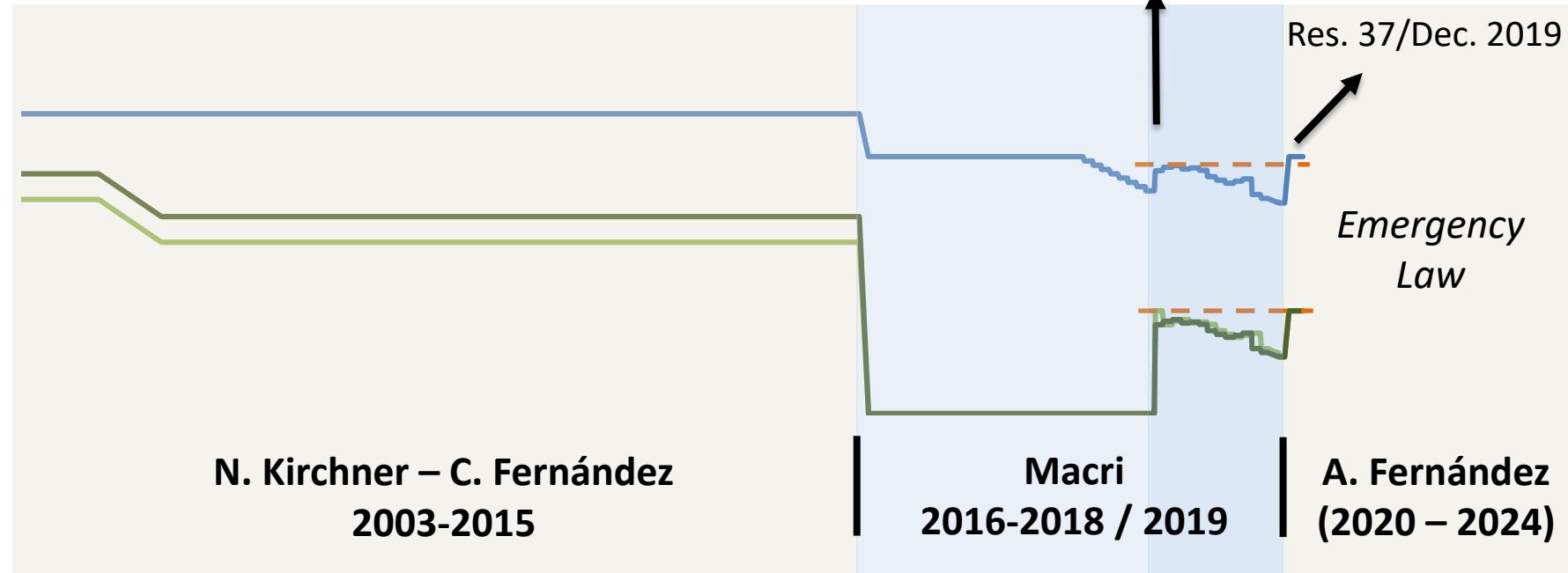
Res. 37/Dec. 2019

*Emergency  
Law*

**N. Kirchner – C. Fernández  
2003-2015**

**Macri  
2016-2018 / 2019**

**A. Fernández  
(2020 – 2024)**



— SOYBEAN    — CORN    — WHEAT



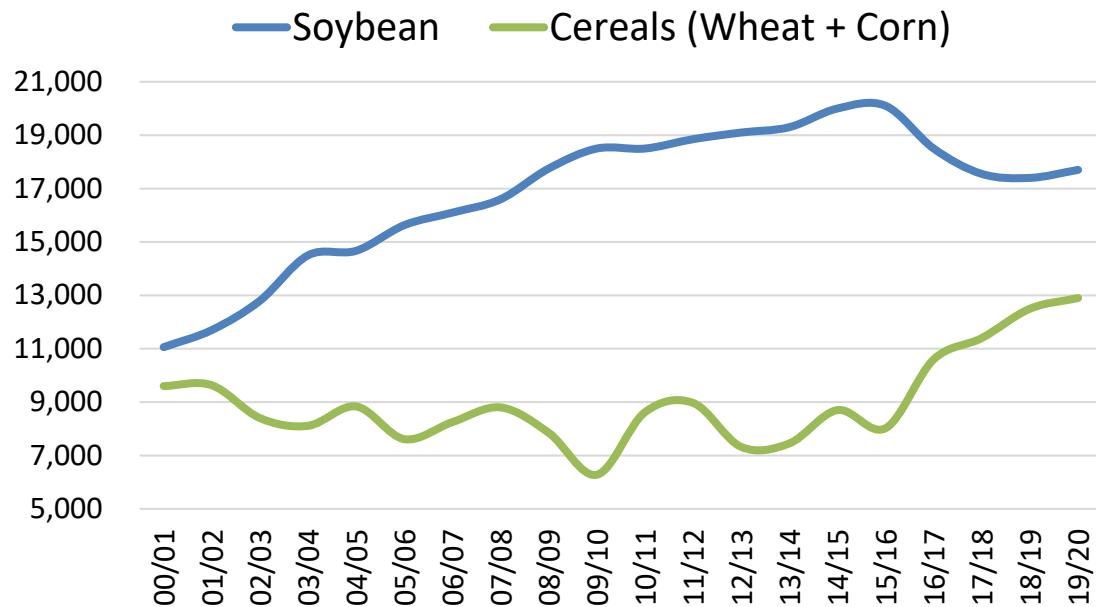


# Export Taxes: Impact on Planted Area

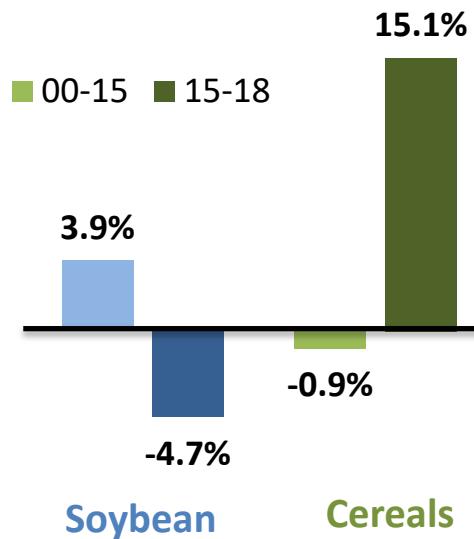
USDA's  
96th  
Annual

## EFFECTS: CEREALS VS SOYBEAN

### Argentina - Planted Area (000 ha)



### Annual Growth Rate



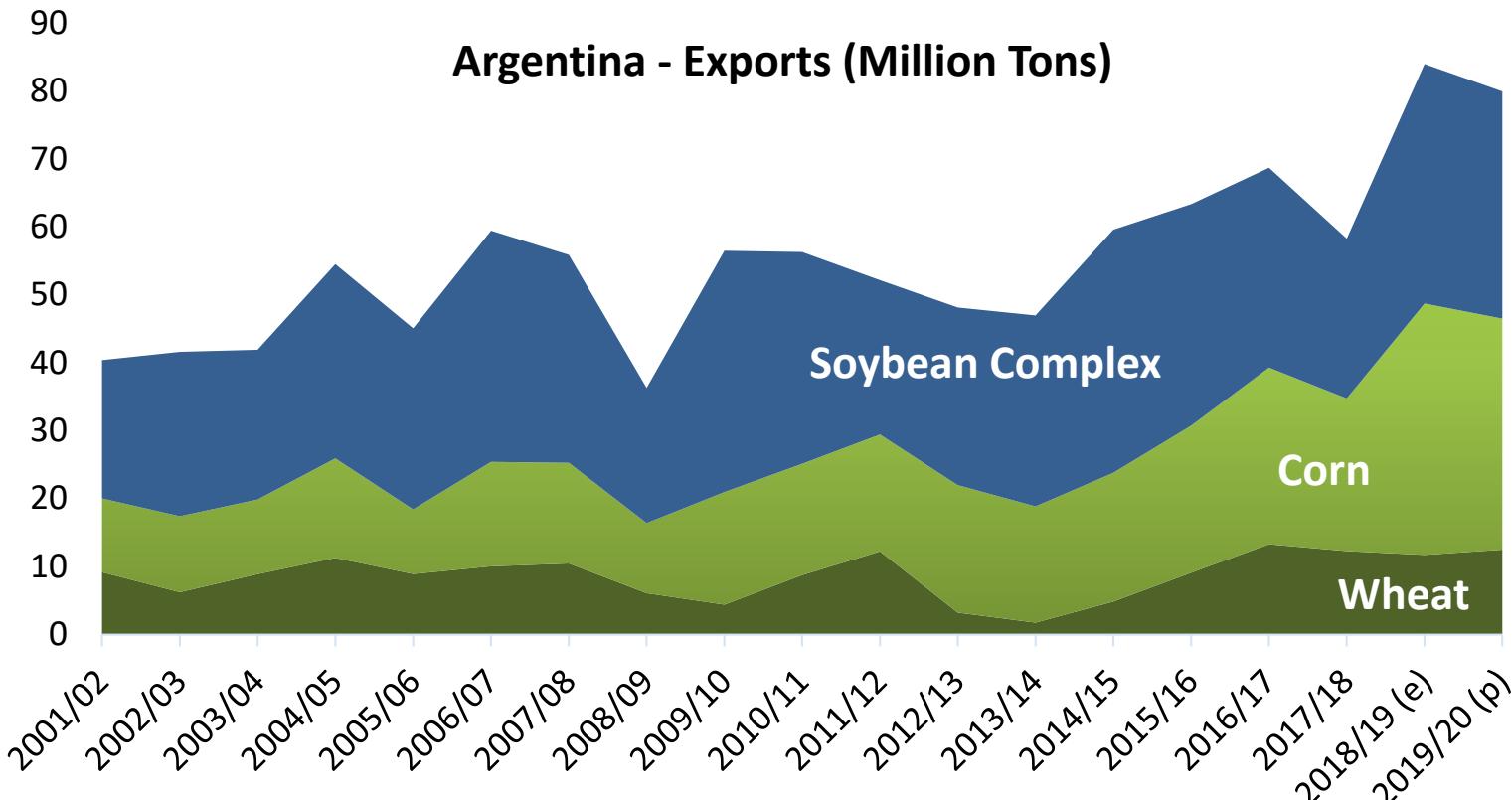
Source: Buenos Aires Grain Exchange





# Export Taxes: Impact on Exports

USDA's  
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Annual



Source: INDEC





Argentine Agricultural Policies



Impact on crop season 2019/20



Economic incentives for 2020/21



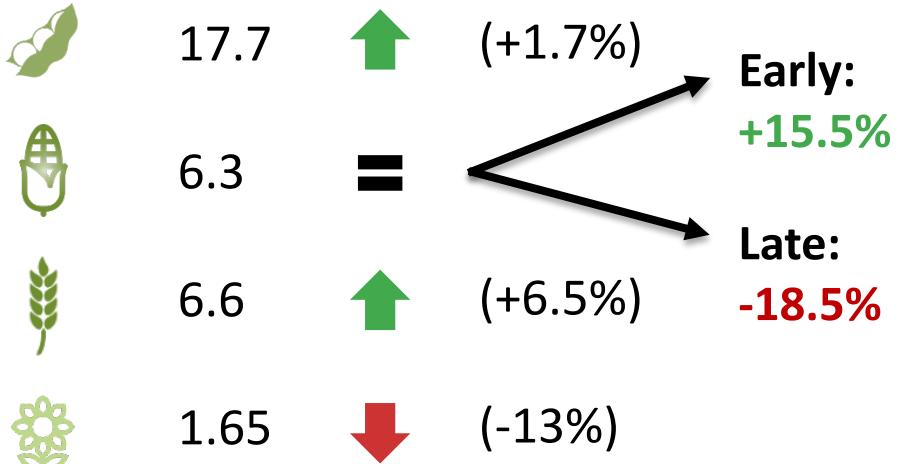
What to expect for the long-term?



# 2019/20 Crop Season: Planted Area

USDA's  
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Annual

## 2019/20 Planted Area Intention (Million Ha)



Expectations of an increase in export duties had risen after the primary elections, when farmers were still able to switch from late corn to soybeans.



# 2019/20 Crop Season: Production

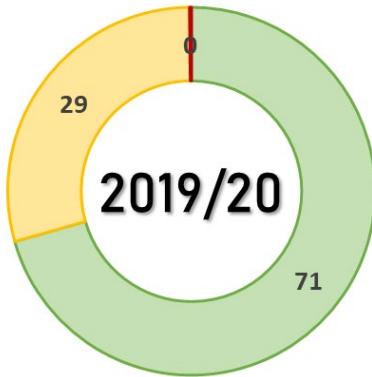
USDA's  
96th  
Annual

## 2019/20 Production Estimates (Million Tons)

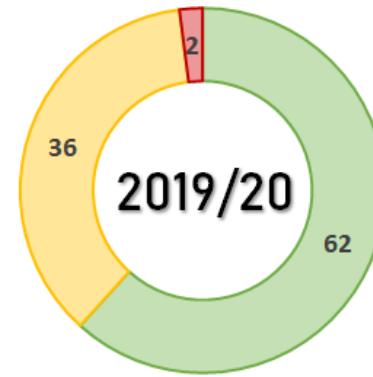
	53
	49
	18.8
	3.2

## CROP CONDITION

### Soybean



### Corn



Excellent / Good   Fair   Poor / Very poor





**Argentine Agricultural Policies**



**Impact on crop season 2019/20**



**Economic incentives for 2020/21**

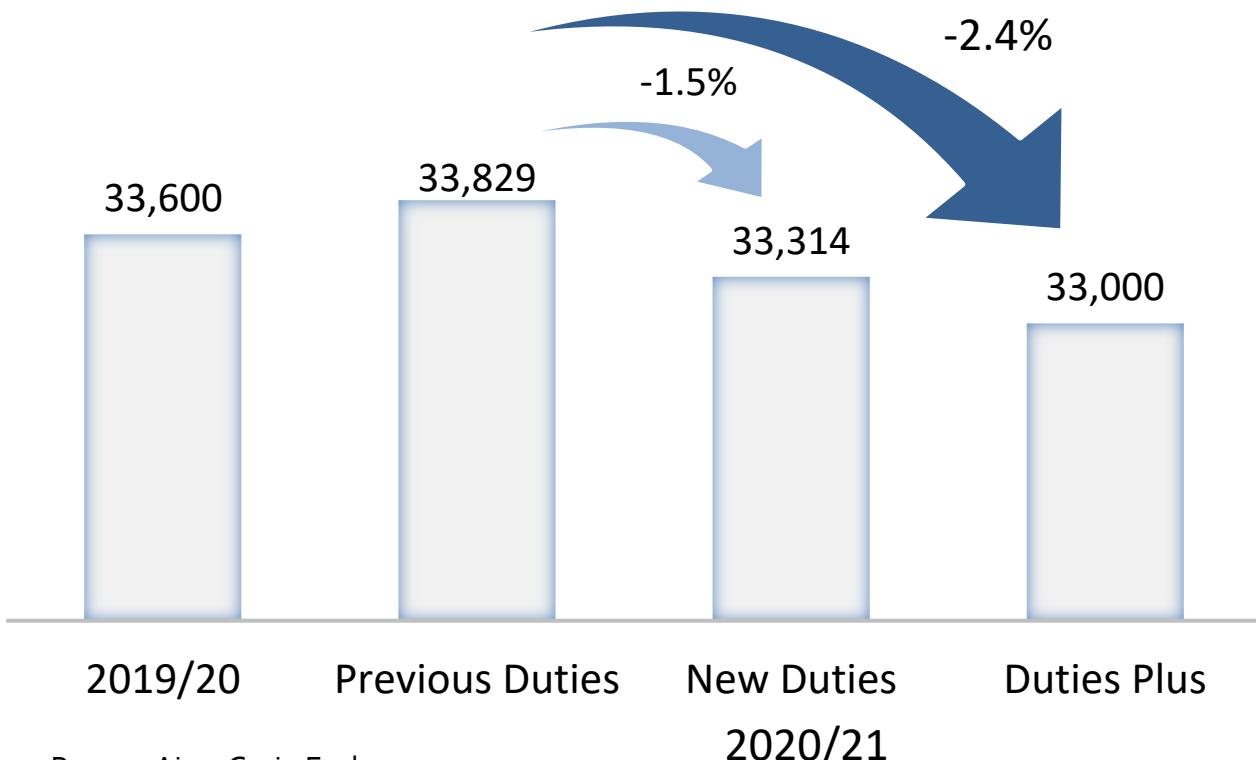


**What to expect for the long-term?**



# 2020/21 Crop Season: Full Impact on Planted Area

## Planted Area 2020/21 (Million Ha)



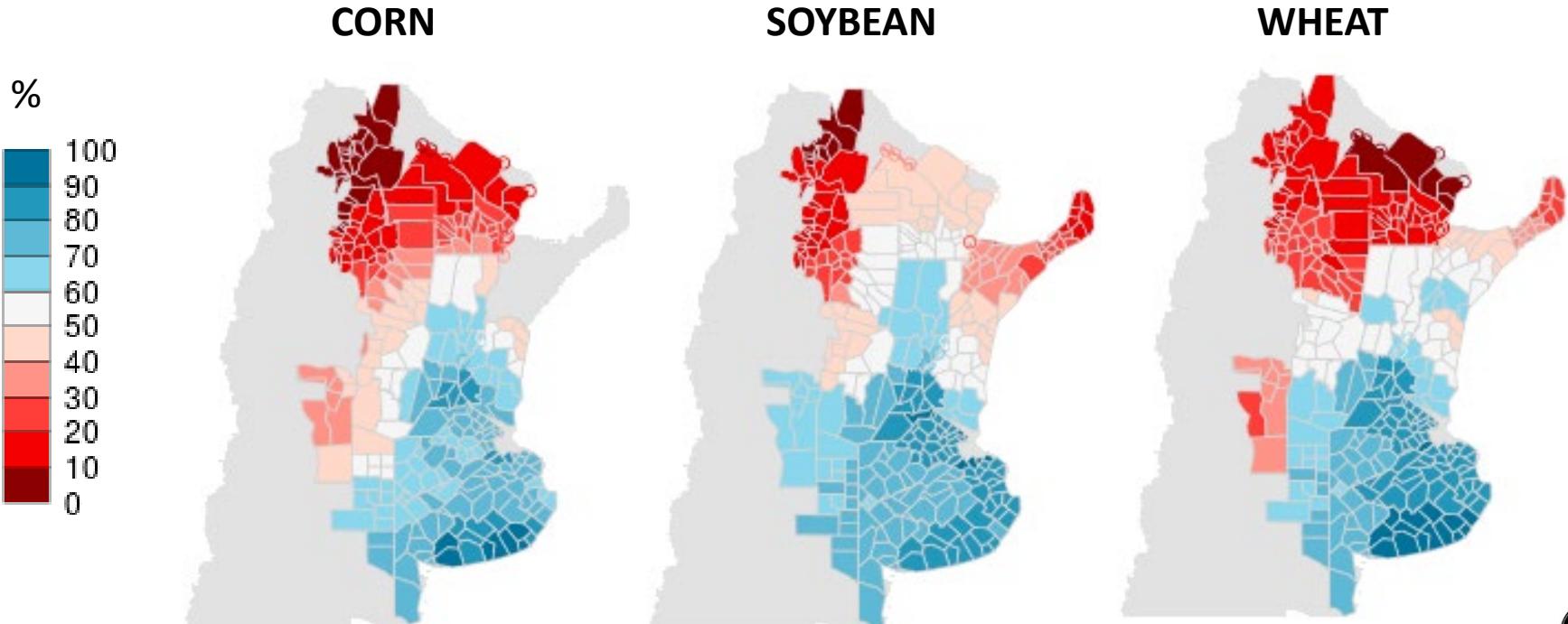
Planted area could decrease between 0.5 and 0.8 million ha. in comparison to the baseline. Cereals will fall at a higher rate than soybeans.



# The State of Farm Economy: Regional Effects

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## PROBABILITY OF COVERING PRODUCTION COSTS



Source: Buenos Aires Grain Exchange





# Soybean Complex Situation: Simulated Scenarios

## FACTORS OF UNCERTAINTY



¿Coronavirus?



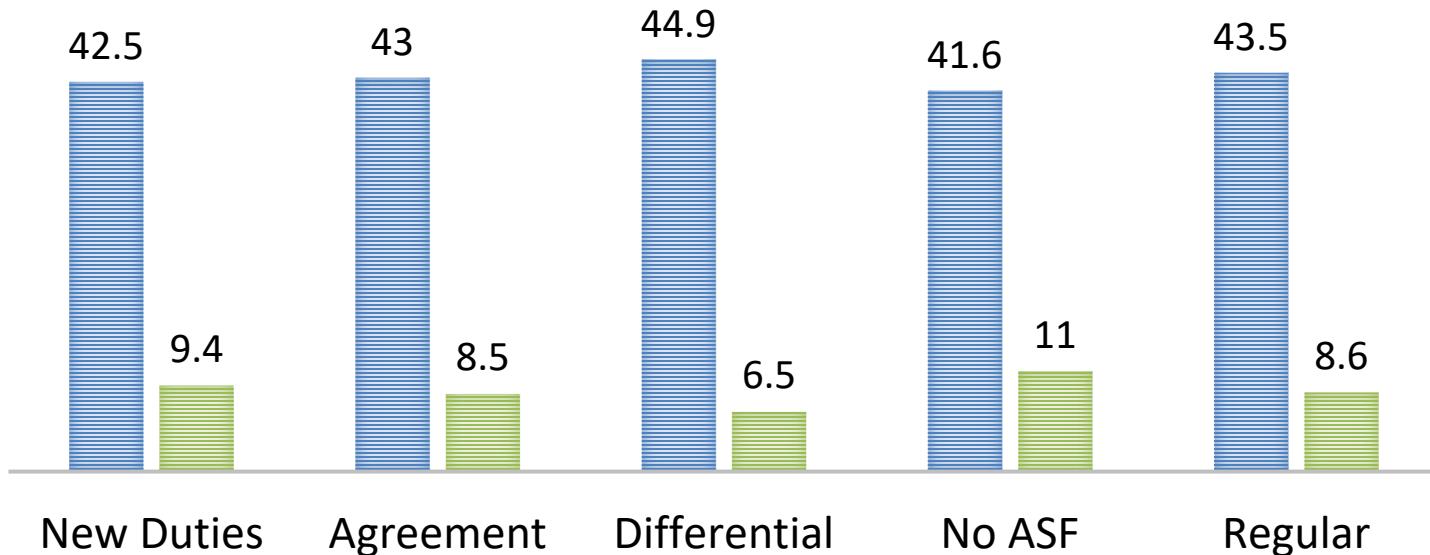


# Soybean Complex in Argentina: Results for 2019/20

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## Soybean (Million tons)

■ Crushing ■ Exports



Source: Buenos Aires Grain Exchange





Argentine Agricultural Policies



Impact on crop season 2019/20



Economic incentives for 2020/21



What to expect for the long-term?



# Long-term Projections: What to Expect?

## SIMULATED SCENARIOS

### Baseline

- New Duties established in 2019

### Duties 2015

- Maximum export duties in force in 2015

### Exp. Restrictions

- Export Duties and Export Restrictions applied between 2008-2015

### Potential

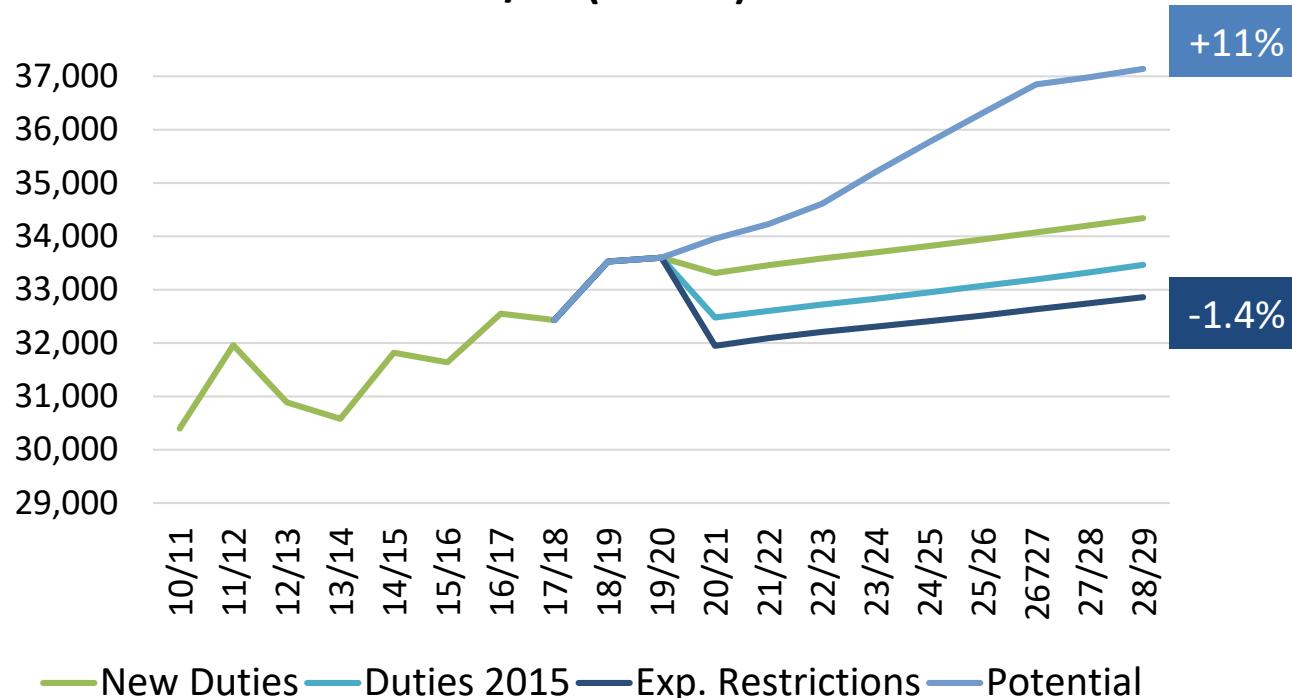
- Closing yield Gaps
- Improvements in logistics and infrastructure



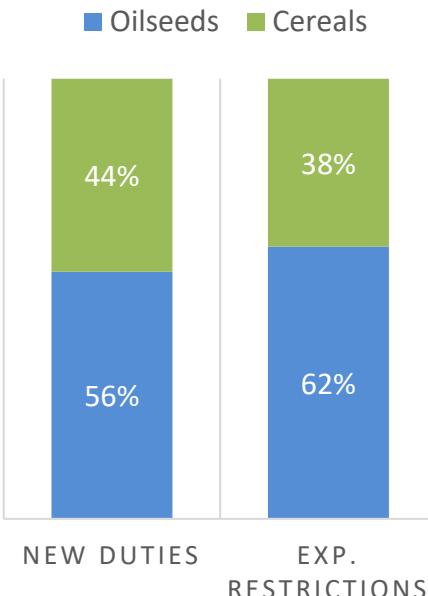


# Long-term Projections: Planted Area

## Planted Area to 2028/29 (000 ha)



## Cereals-to-Oilseed Ratio



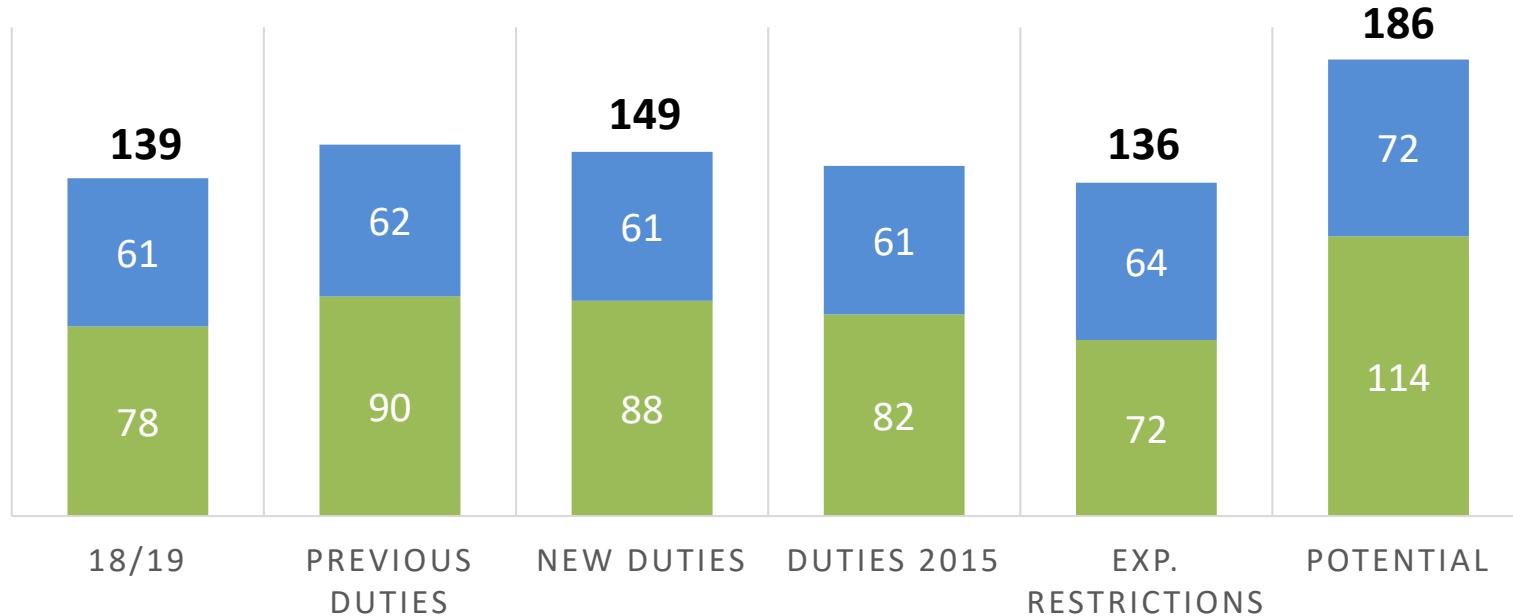


# Long-term Projections: Production

## CEREALS VS OILSEEDS

Grain Production to 2028/29 (Million Tons)

■ Cereals ■ Oilseeds





# Closing Remarks



**Export taxes** are the main ag policy tool used by Argentina. Measures have **effects** on total planted area and the cereals-to-oilseed ratio.



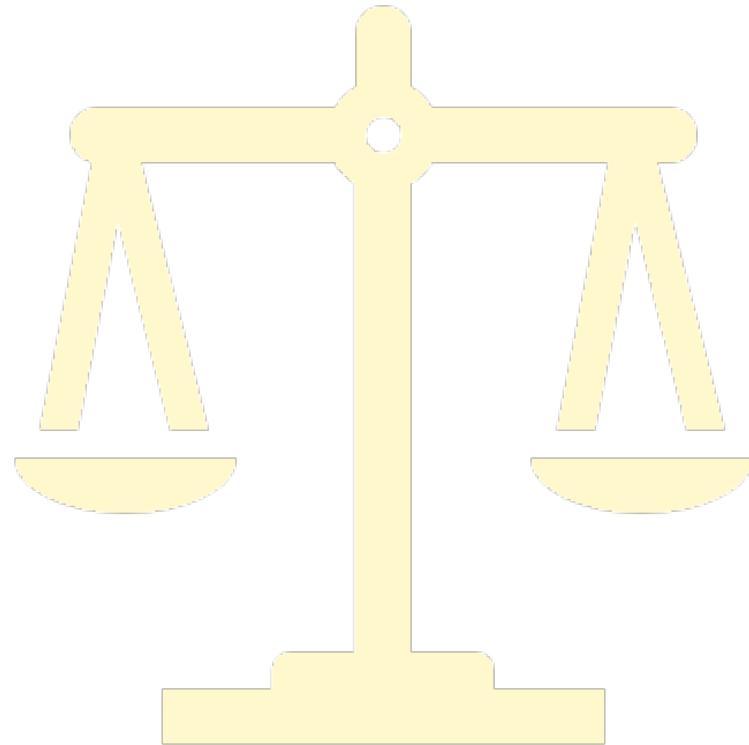
**Soybean** is the most competitive crop, in a context of macroeconomic uncertainty, financing constraints and high export taxes.



The recent increase in export duties will affect the next 20/21 crop season. The last four seasons **trends** might be **reversed**.



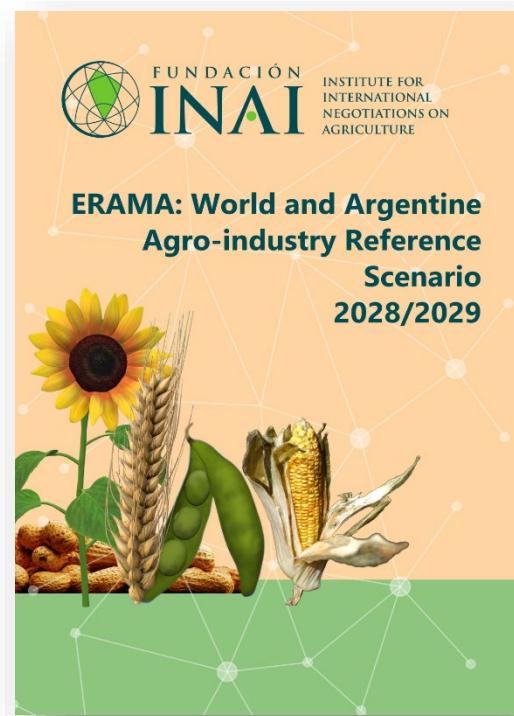
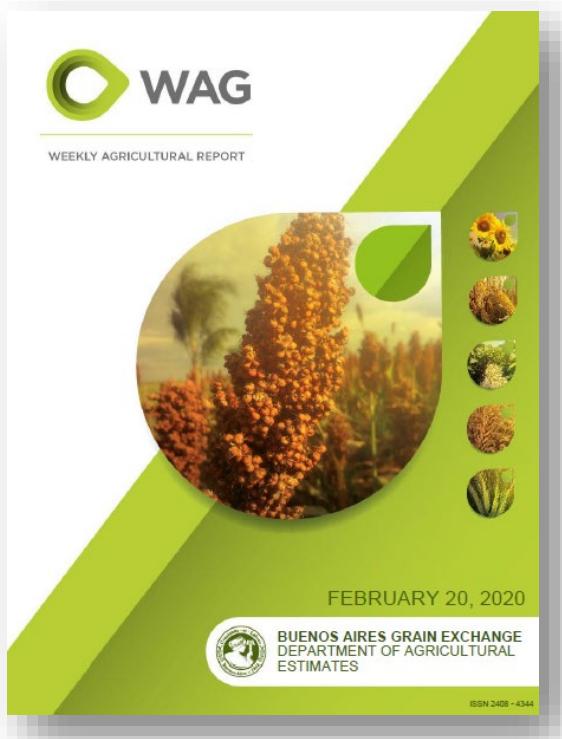
The future will **depend on the policy framework** adopted. With a set of policies that promote investment and exports, **we would reach more than 185 million tons**. Otherwise, grain production would even fall.





# Our Work

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# Thank you

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Argentina

