
Argentine soybean complex

Factors of uncertainty

Ramiro Costa

Buenos Aires Grain Exchange

IGC, 18th June 2020



TABLE OF CONTENTS

- **Importance of the Argentine Soybean Complex**
- **Current factors of uncertainty**
- **Impact of the Argentine Agricultural Policies**
- **What to expect for the 2020/21 crop season?**

—

¿Why **the Soybean Complex**
is important for Argentina
and international markets?

Argentine Soybean Complex

5%

of GDP

30%

of Exports

5% Soybeans

43% Meal

48% Oil

of Global Exports

SOYBEAN COMPLEX SITUATION

FACTORS OF UNCERTAINTY



**COVID-
19**



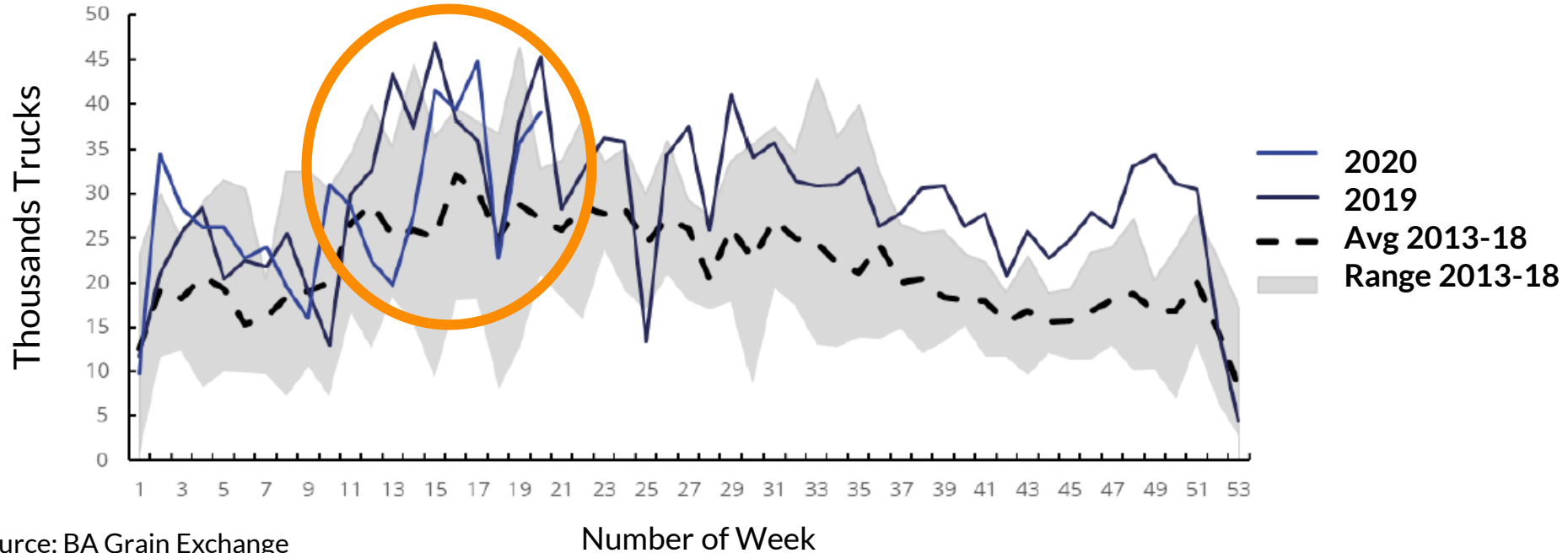
**TRADE
WAR**



**African
Swine
Fever**

The **lock down** is having minimal effects on the argentine soybean complex

Weekly trucks arrive at ports



DOWNFLOW OF THE PARANÁ RIVER

80% of the grains are exported through the Paraná River

This month level is the **lowest of the last 55 years**

8,000 - 10,000 tons loss of load capacity per ship

—
Beyond this international factors, Argentina has to deal with its **domestic** sources of uncertainty: Changes in **Argentine Ag Policies.**

Argentine Agricultural Policies

INCREASE IN EXPORT DUTIES

Soybean Complex 33%
Corn 12%
Wheat 12%
Wheat flour 7%
Sunflower Complex 7%

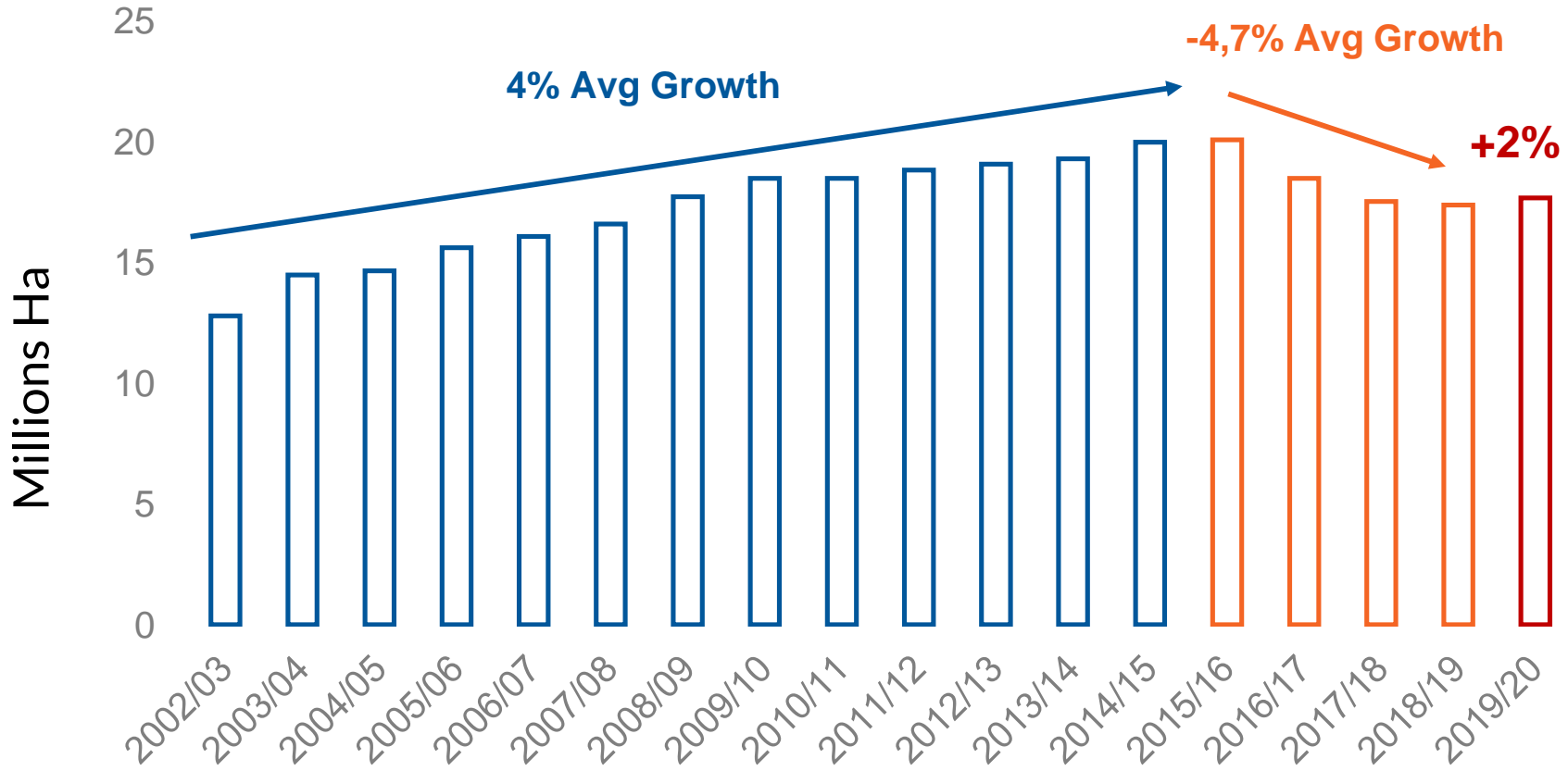
ELIMINATION OF THE TAX DIFFERENTIAL

Soybean Oilseed 33%
Soybean Meal 33%
Soybean Oil 33%

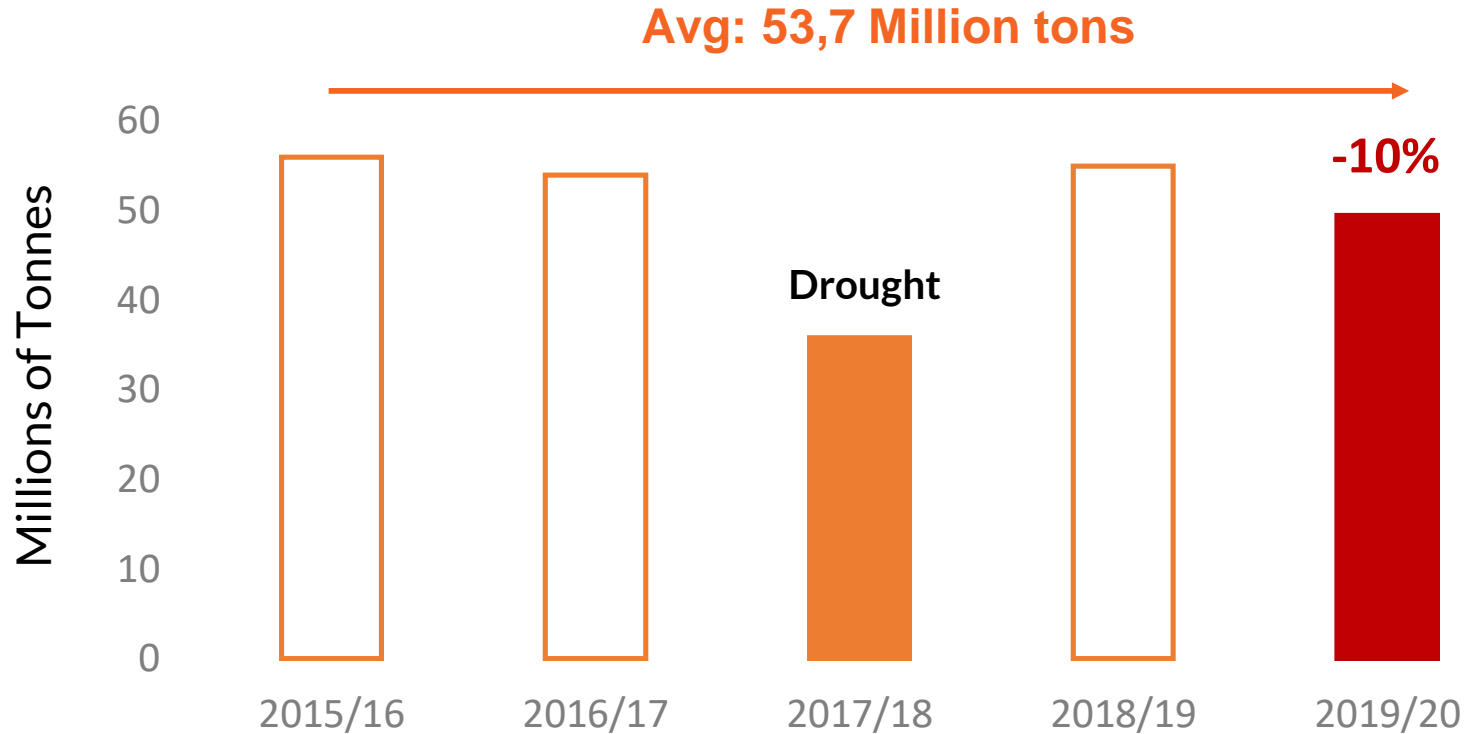
WHAT'S NEXT?

- **A NEW INCREASE IN EXPORT DUTIES?**
- **REINTRODUCTION OF EXPORT RESTRICTIONS?**

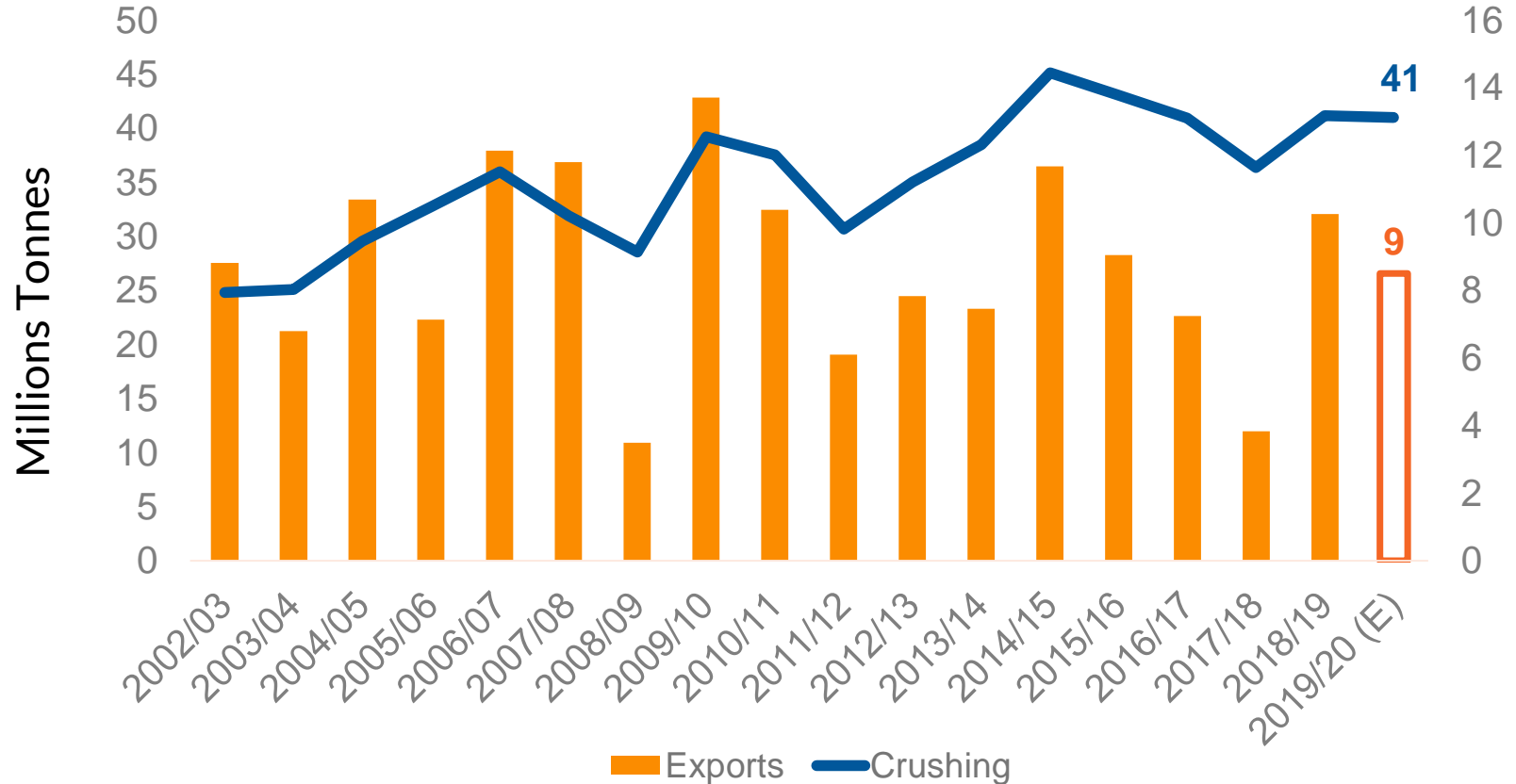
Evolution of Soybean Planted Area



Soybean Production



Crushing and Exports



SIMULATED SCENARIOS FOR 2020/21

Baseline

Export Duties established in 2020, Covid-19, AFS and Trade War.

Covid Plus

New Covid outbreak in 2021.

Max Duties

For Cereals

Maximum export duties allowed by the economic emergency law.

Exp. Restrictions

For Cereals

Maximum export duties plus export restrictions applied between 2008-2015.

WHAT TO EXPECT FOR 2020/21? SOYBEAN PLANTED AREA

Baseline

-0.6%

17,3 Mha

Covid Plus

-0.8%

17,2 Mha

Max Duties

For Cereals

+0.7%

17,5 Mha

Exp.
Restrictions

For Cereals

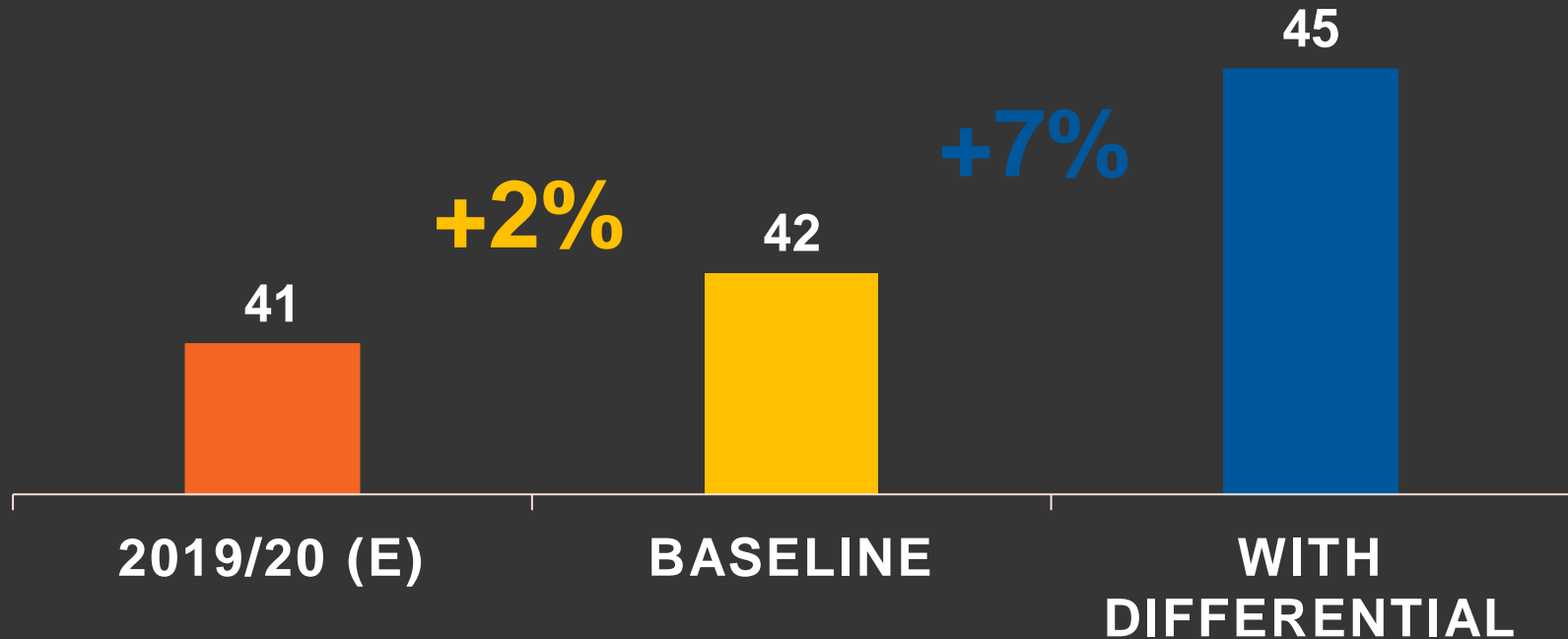
+6.7%

18,6 Mha

What if the differential is reintroduced?

Crushing 2020/21

in millions tonnes



—

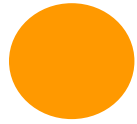
The **domestic policy framework** will affect the growth of the soybean complex. With a set of policies that promote crushing, **we could crush more than 45 million tons in 2020/21.**



CLOSING REMARKS



The soybean complex is crucial for the Argentine Economy and the international markets.



Grain markets are being affected by disruptive international factors, such as the coronavirus.

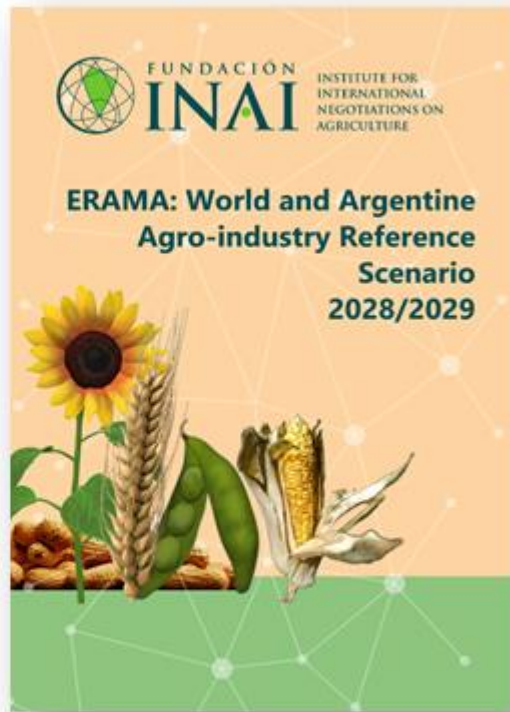
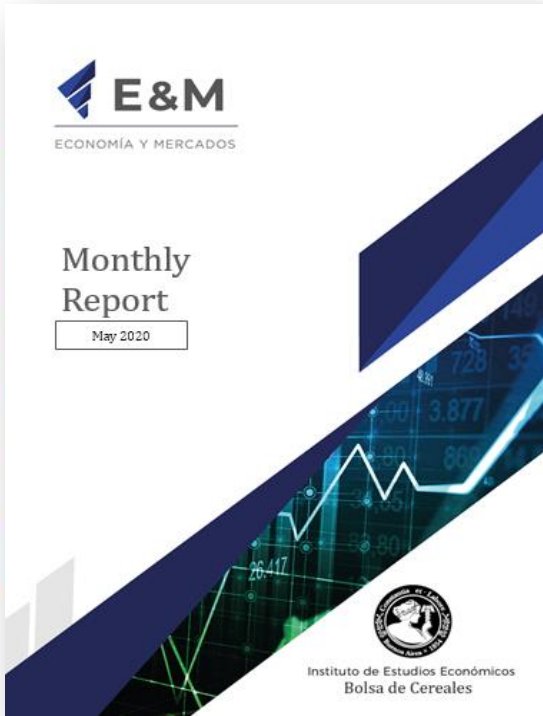
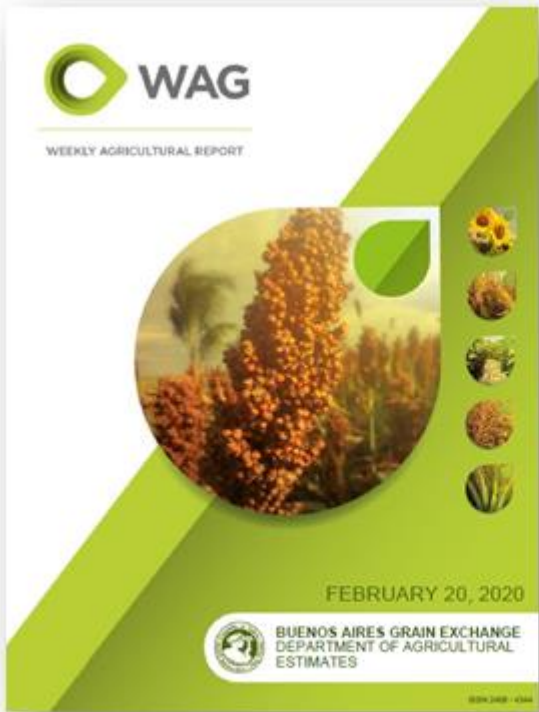


The soybean complex in Argentina has to deal also with domestic uncertainty factors.



Possible changes in Argentinian Ag Policies could have significant effects on crushing and soybean production.

OUR WORK



Thank you

Ramiro Costa
Buenos Aires Grain Exchange

IGC, 18th June 2020
