



# Argentine Agricultural Sector

## Impact of new policies and trade tensions

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Buenos Aires Grains Exchange,  
Argentina



**ECONOMIC CONTEXT AND INCENTIVES**

**RECENT CHANGES IN AGRICULTURAL POLICIES**

**WHAT TO EXPECT FOR 2018/19 AND 2019/20  
CROP SEASONS?**

**AGRICULTURAL LONG-TERM OUTLOOK FOR  
ARGENTINA (ERAMA 2027/28)**

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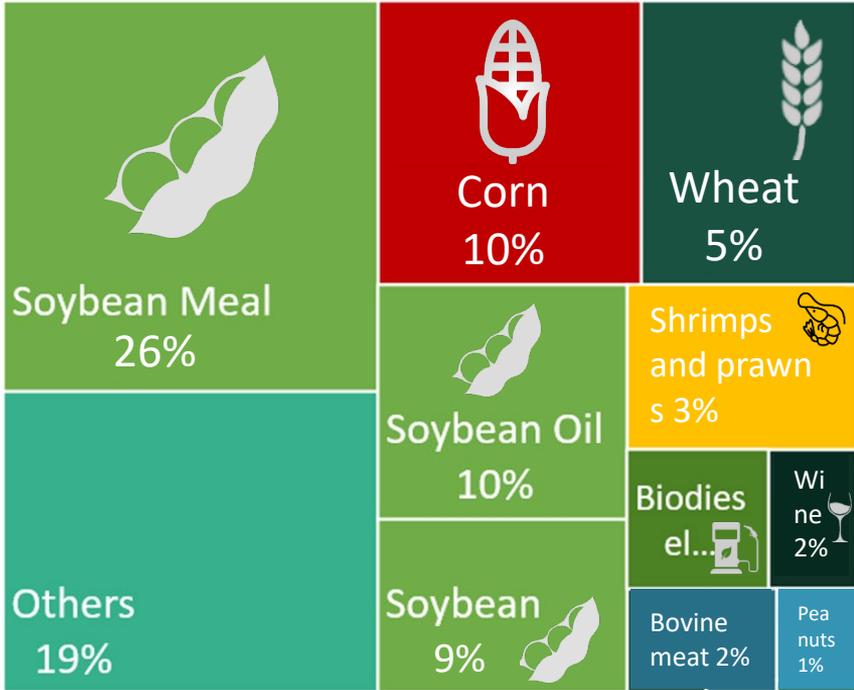
A blue-tinted globe of the Earth is the central focus, resting on a document with various charts and graphs. The globe shows the continents in a darker blue, with the oceans in a lighter blue. The document underneath has some text and graphical elements, including a bar chart on the left and some lines of text on the right. The overall scene is set against a light blue background.

## **ARGENTINA**

- 11° world supplier
- 3% of agro-industrial exports

# AGRICULTURAL EXPORTS OF ARGENTINA

Main products (AVG 2015-17)



USD 36.7 billion  
60% of total exports

**!**  
Soybean complex accounts for almost 50% of Argentine agricultural exports.



# AGRICULTURAL POLICIES IN ARGENTINA

## HIGHLY REGULATED AGRICULTURAL SECTOR

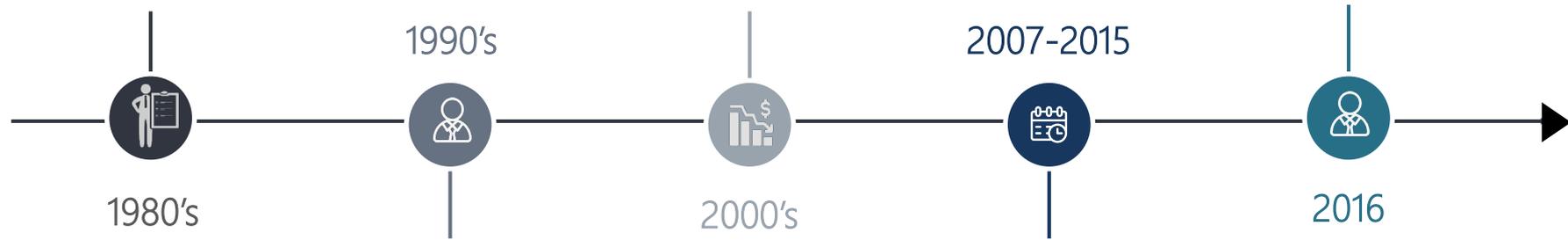
- Government intervention in wheat domestic price setting.
- Export quotas
- Export duties

## CRISIS

- 2002 Economic crisis
- Depreciated exchange rate
- Reintroduction of export duties

## NEW ADMINISTRATION

- Removal of currency controls
- Elimination of export restrictions
- Elimination and/or decrease of export taxes



1980's

1990's

2000's

2007-2015

2016

## DEREGULATION

- Elimination of export quotas and export duties

## MACROECONOMIC INSTABILITY

- High inflation, Overvalued Exchange rate
- Increase in export duties
- Quantitative restrictions
- Limitations on the foreign exchange market



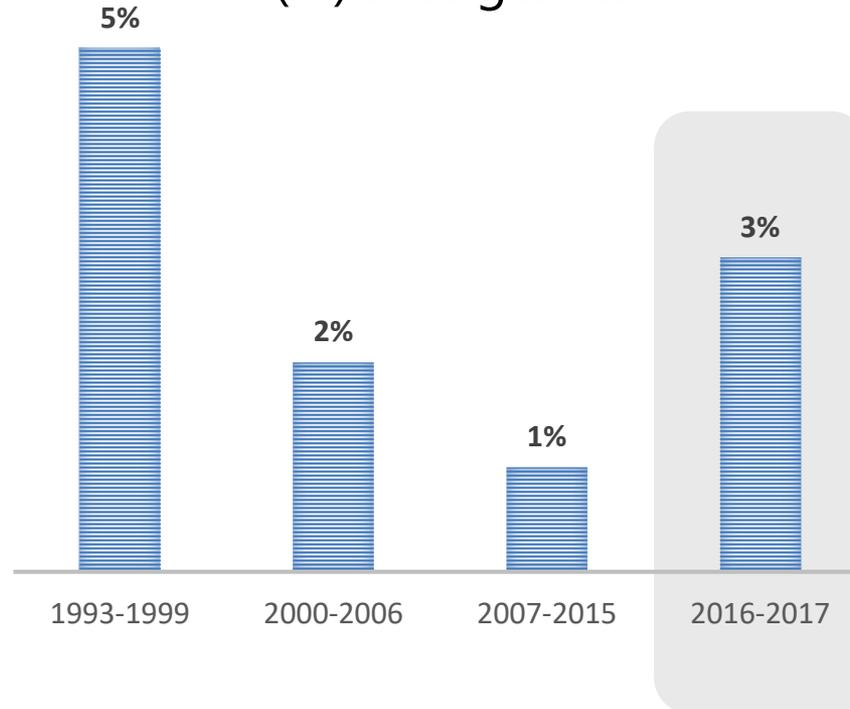
## IMPACT OF POLICY MEASURES



Economic institutions shape economic incentives: the incentives to become educated, to save and invest, to innovate and adopt new technologies, and so on.

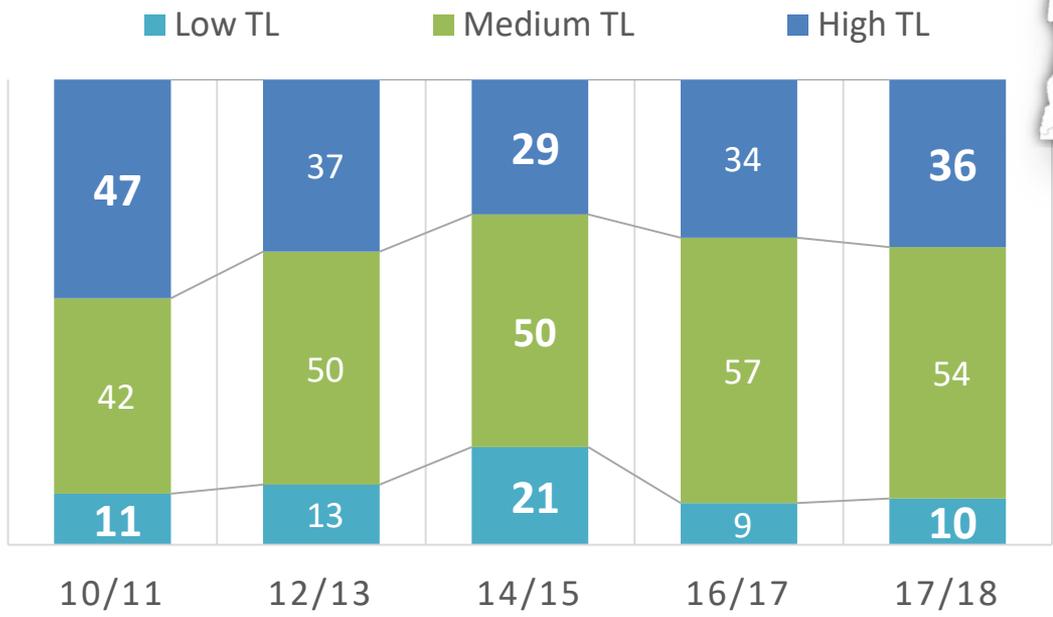
— Daron Acemoglu,  
Why Nations Fail:  
The Origins of Power, Prosperity, and  
Poverty

Evolution of Area Growth-Rate (%) in Argentina



# IMPACT OF POLICY MEASURES

## Level of technology adoption in Argentina



Applied Agricultural  
Technology Survey



Argentinean farmers:  
early adopters of new  
technologies when  
they face positive economic  
incentives

Great increase in fertilizer application and no-till farming since 16/17.

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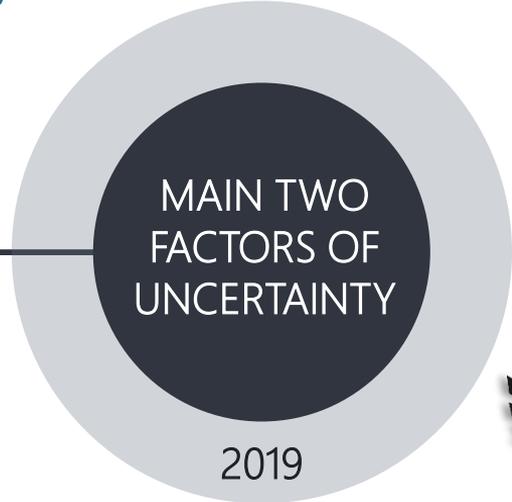
# RECENT CHANGES IN POLICIES

## RECENT CHANGES IN POLICIES

- New export duties



2018



Changes in local  
policies



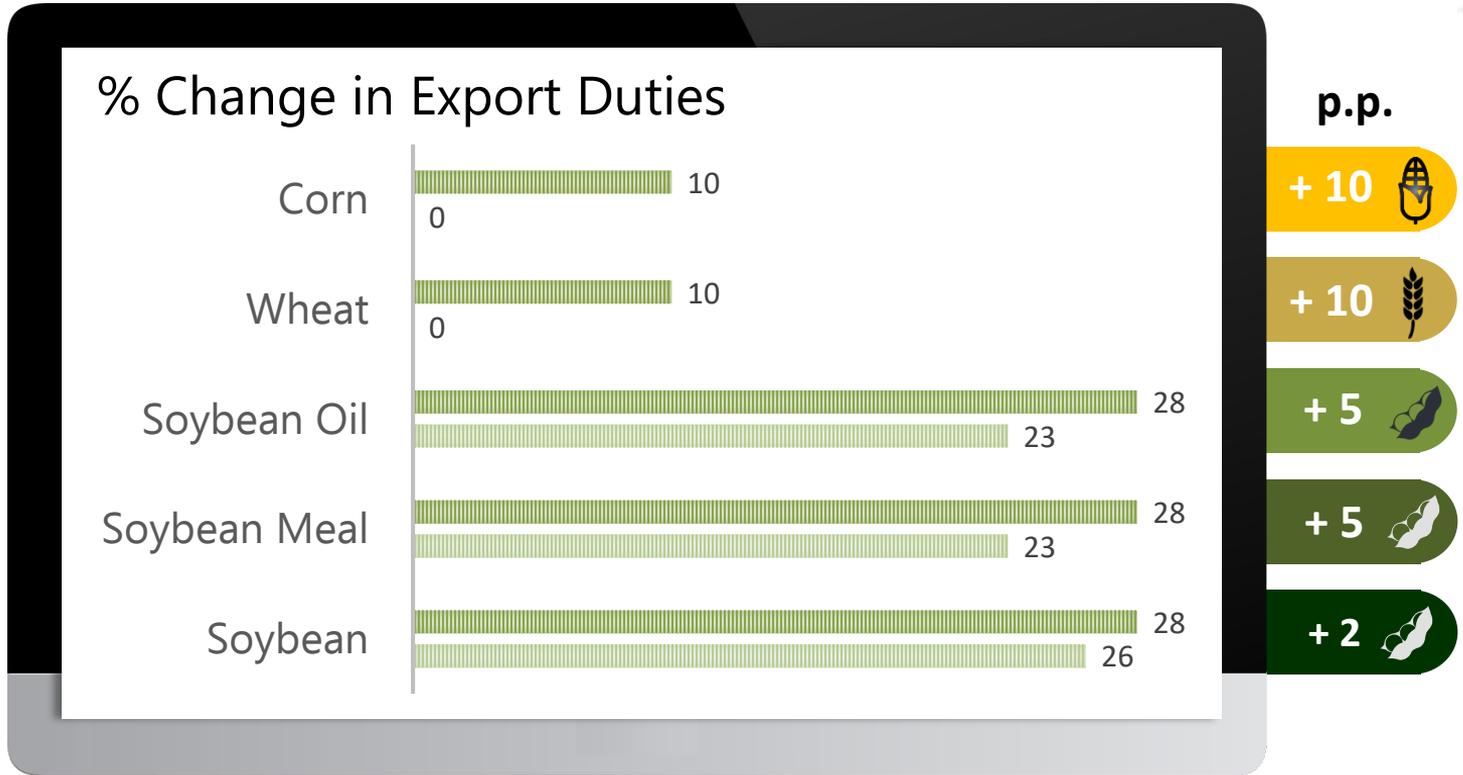
&



Trade tensions

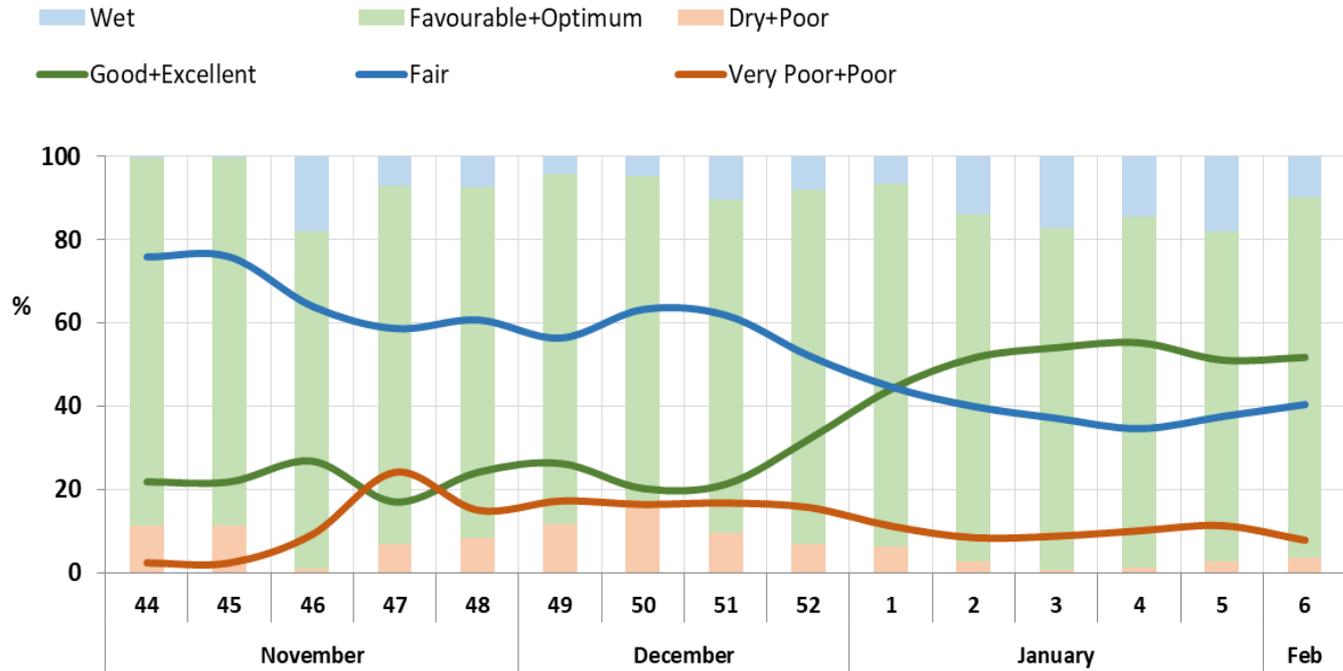


# NEW MEASURES APPLIED IN ARGENTINA

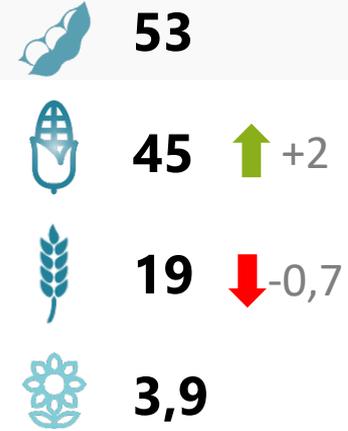


# CROP SEASON 2018/19

## First Soybean 2018/19: Crop and Moisture Condition in Argentina



## Production Estimates (Million Tons)



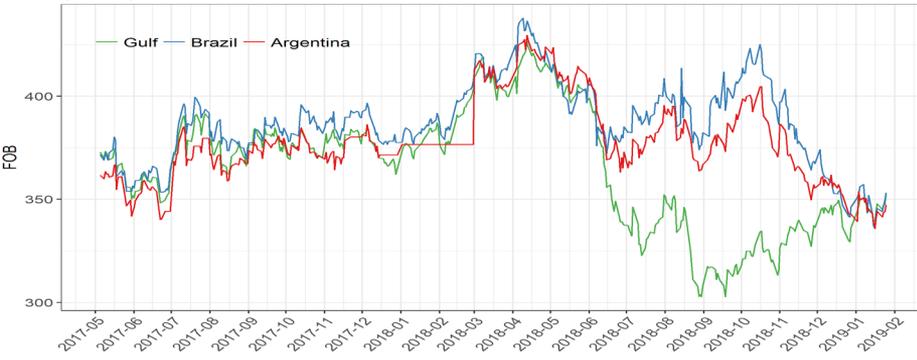
Source: Department of Agricultural Estimates - Buenos Aires Grain Exchange

As of Feb. 6, 2019

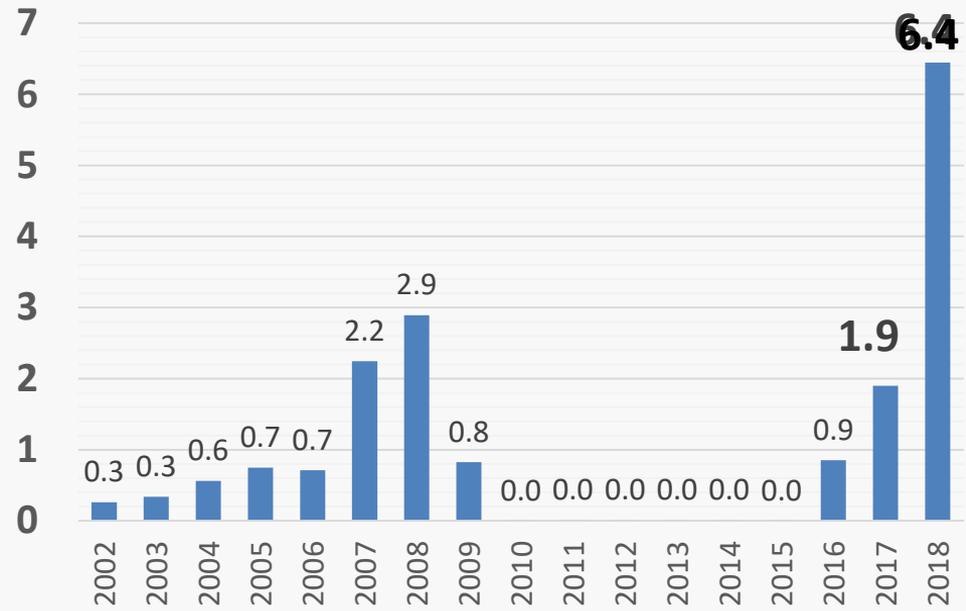


# EFFECTS OF TRADE TENSIONS ON SOYBEAN

## Soybean FOB Prices (usd/tn)

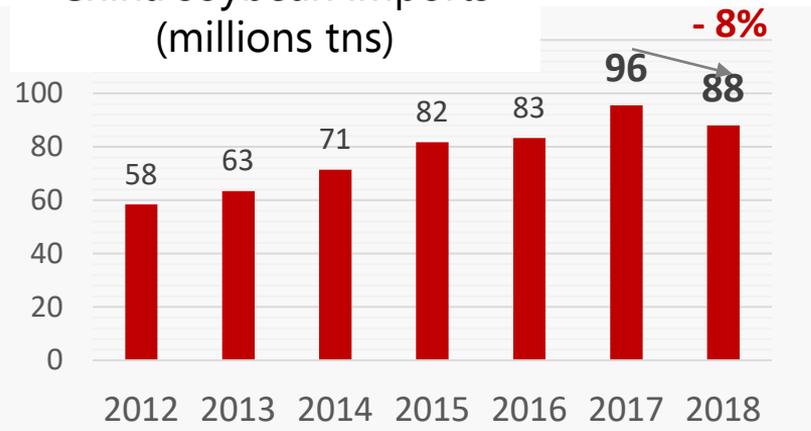


## Argentina soybean imports (million tns)



## China soybean imports (millions tns)

Source: Reuters and Bolsa de Cereales

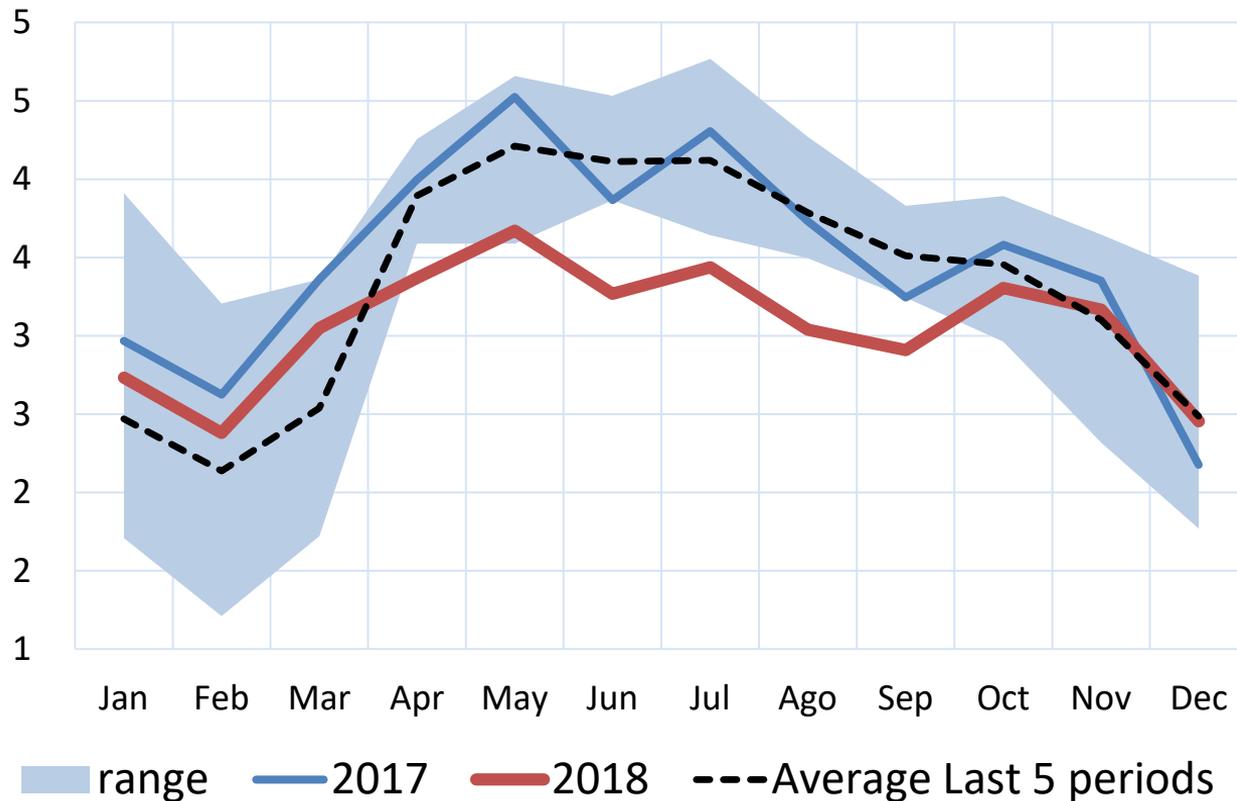


# EFFECTS OF TRADE TENSIONS ON SOYBEAN



Trade tensions have boosted demand for Argentine soybeans at the expense of byproducts.

Monthly Crushing (Million tons)



**ECONOMIC CONTEXT AND INCENTIVES**

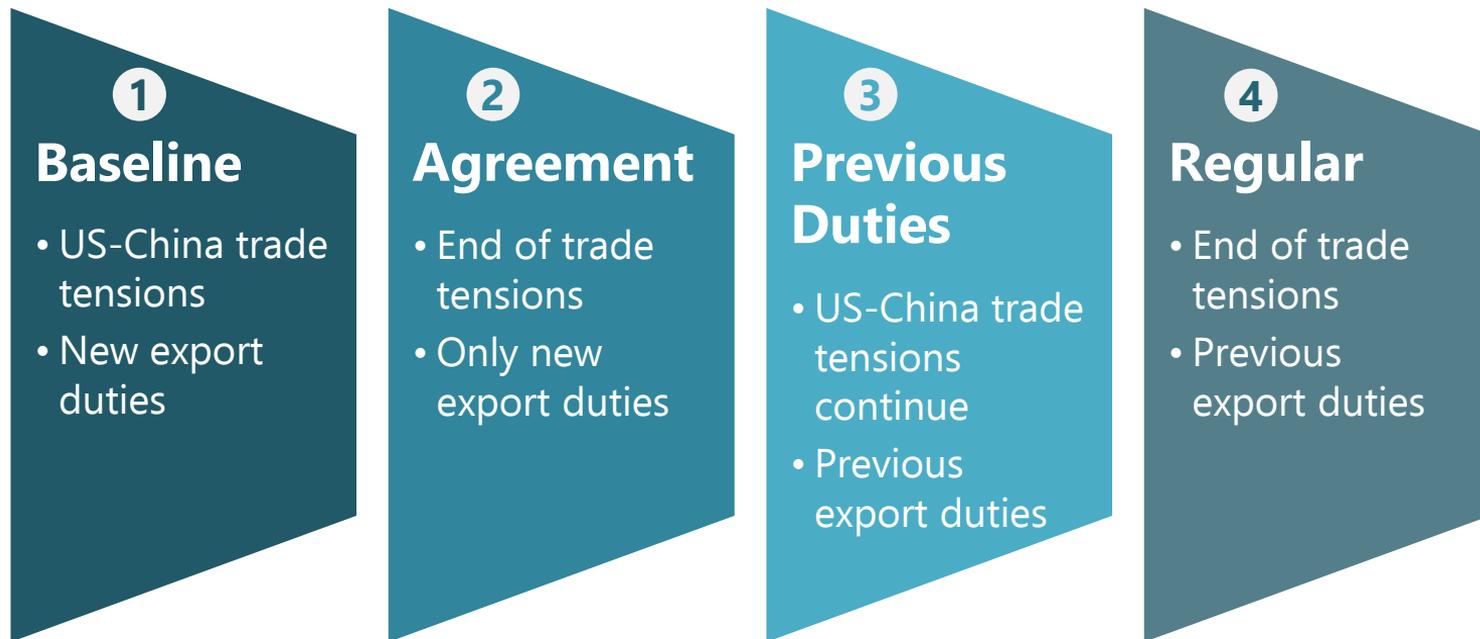
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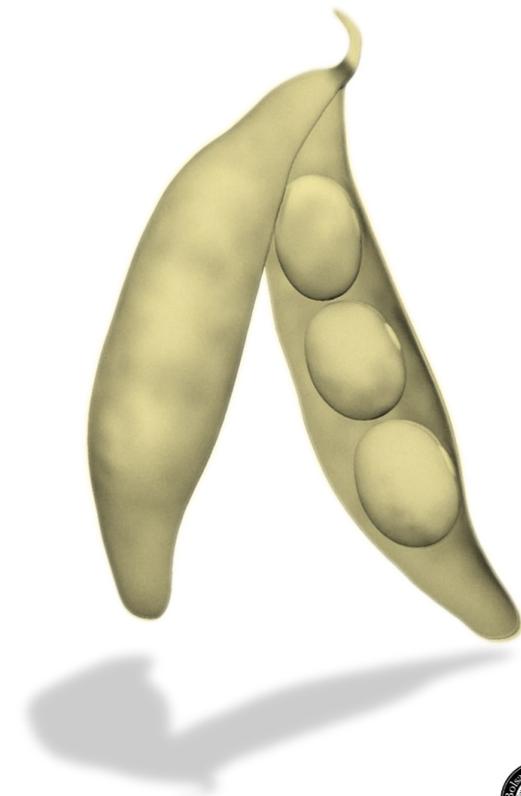
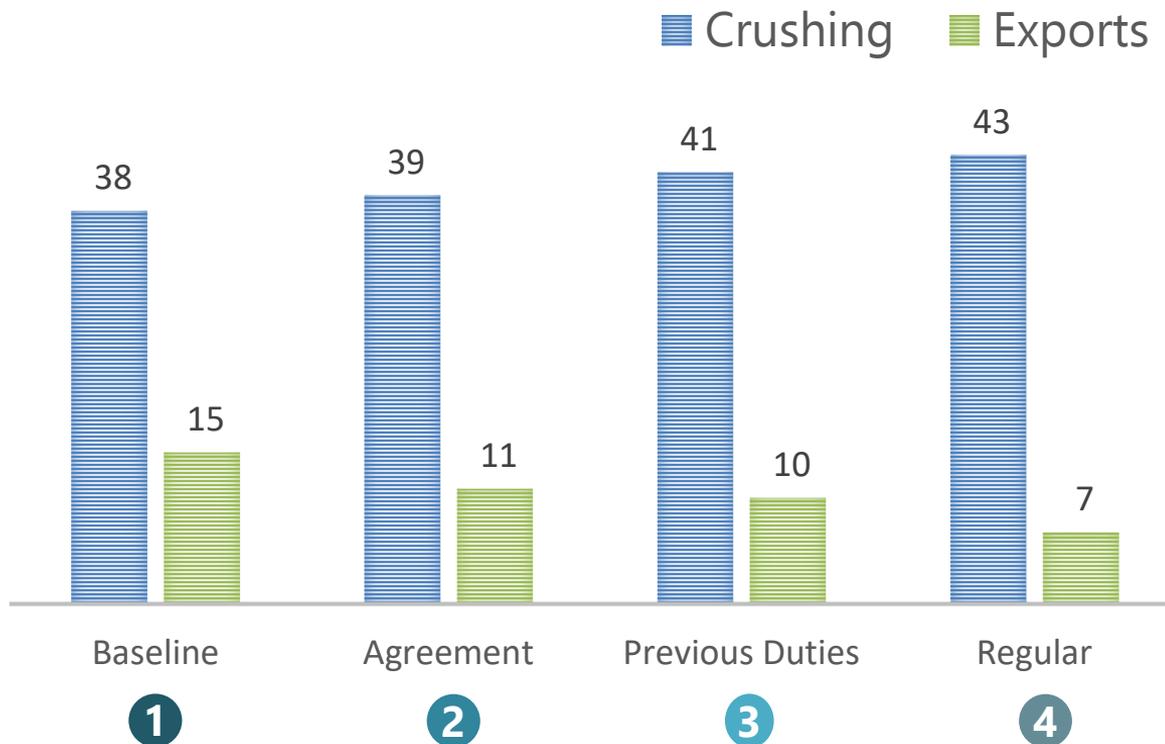
# SHORT-TERM ESTIMATES: SIMULATED SCENARIOS

In order to analyze the impact on argentine crushing and exports, 4 different SCENARIOS were defined:



# SHORT-TERM ESTIMATES: SOYBEAN RESULTS 2018-2019

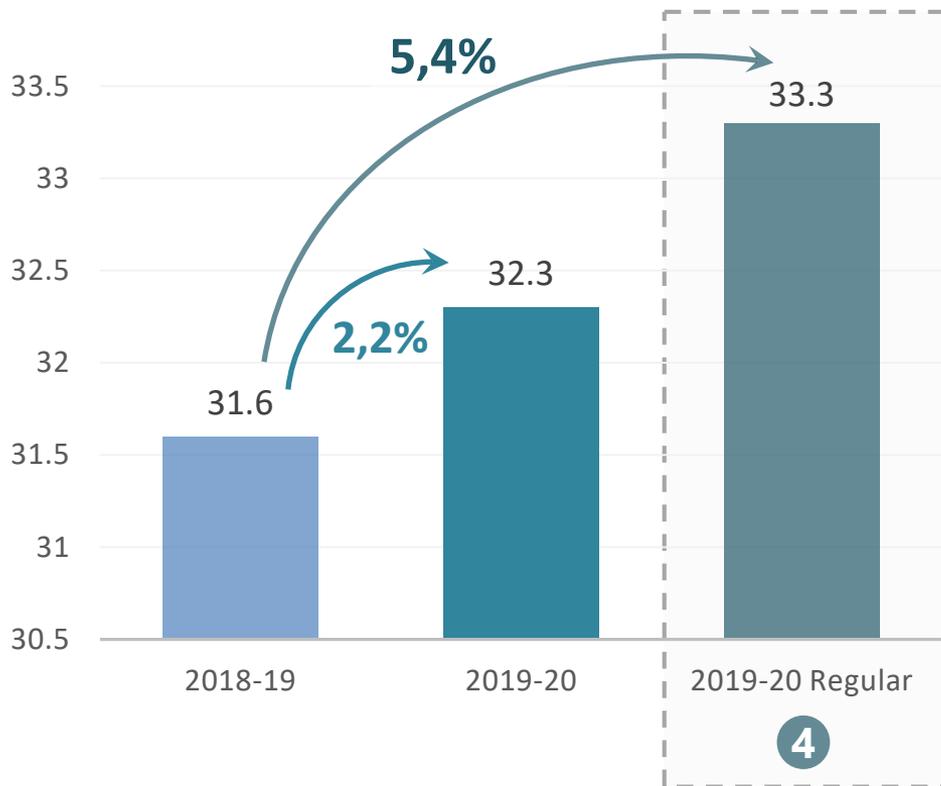
Soybean (Million tons)



# SHORT-TERM ESTIMATES: CROP SEASON 2019-2020



Planted Area 2019-2020: 4 main crops (Million Ha)



Planted area could be 1 million hectares below the potential. Cereals will grow at a lower rate than soybeans.

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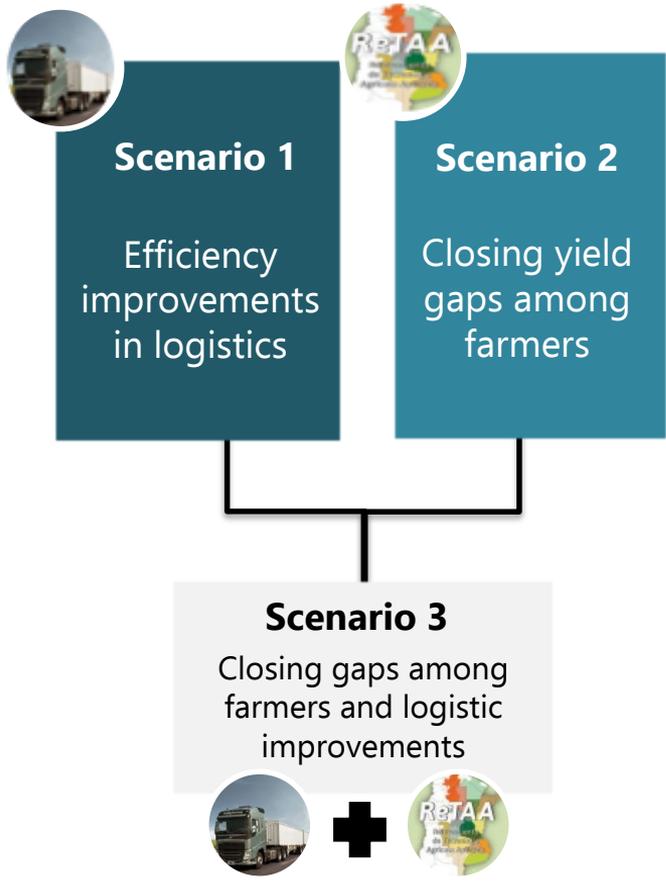
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**ERAMA 2027/2028**

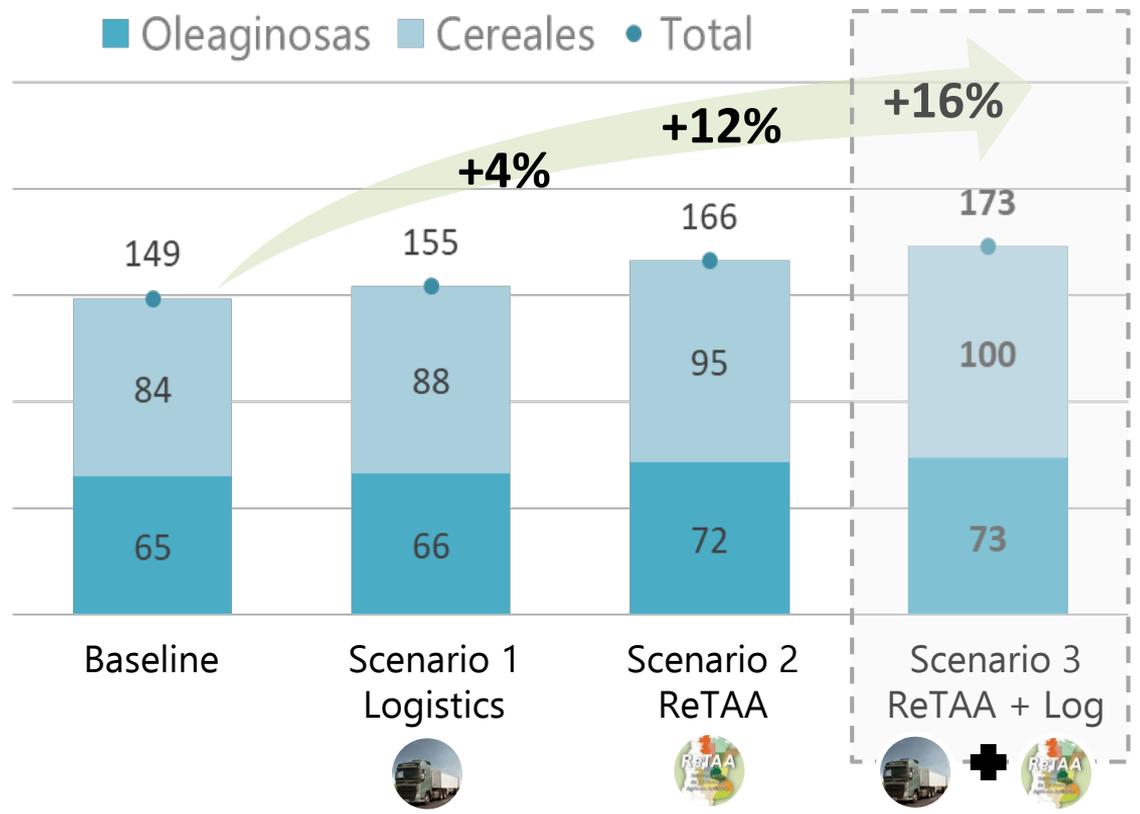
**WORLD AND  
ARGENTINE  
AGRO-INDUSTRY  
REFERENCE  
SCENARIO  
2027/2028**



# LONG-TERM PROJECTIONS: CLOSING POTENTIAL GAPS



Production (Million Tons)



## FINAL REMARKS

### Opportunities

Access to new  
markets

Intensify  
negotiation agenda

R+D

Bioeconomy /  
Smart agriculture

### Challenges

Policy measures

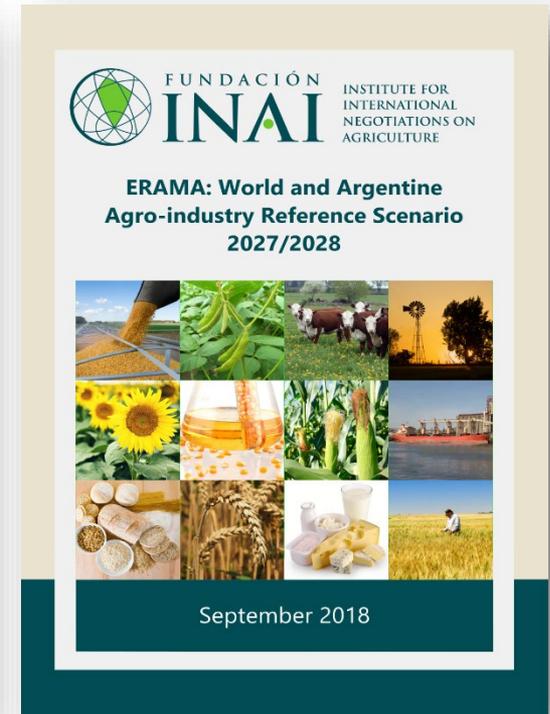
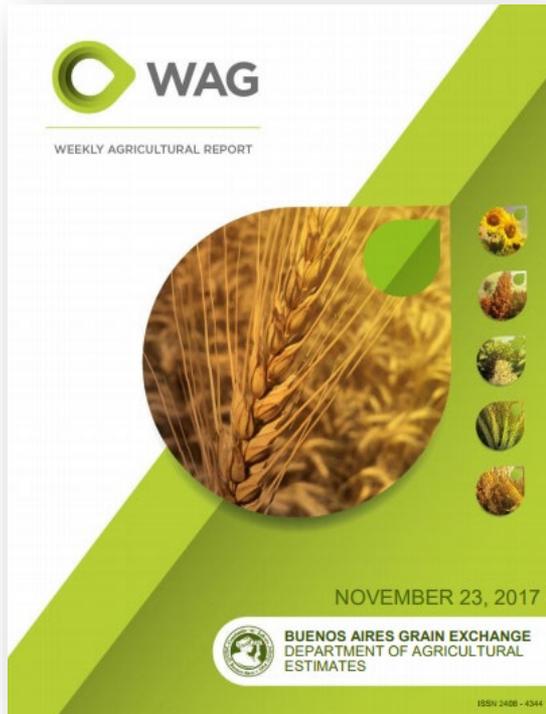
Trade, financial and  
geopolitical  
tensions

Infrastructure /  
Logistics

Climate Change

# OUR WORK

USDA's  
95th  
Annual



Source: Estimates Department, Bs As Grain Exchange and INAI Foundation.  
<http://www.bolsadecereales.com/>



# Thank you

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<http://www.bolsadecereales.com/>

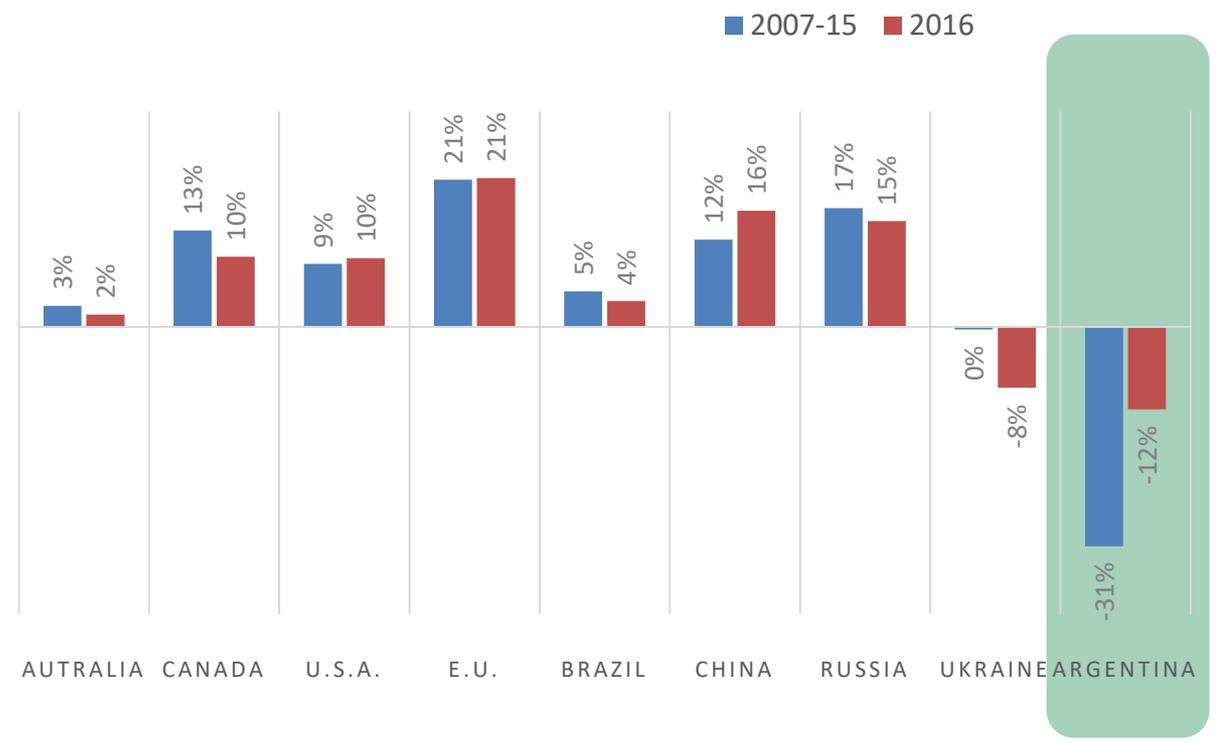
Buenos Aires Grains Exchange,  
Argentina



# IMPACT OF POLICY MEASURES

## Producer Support Estimate (PSE)

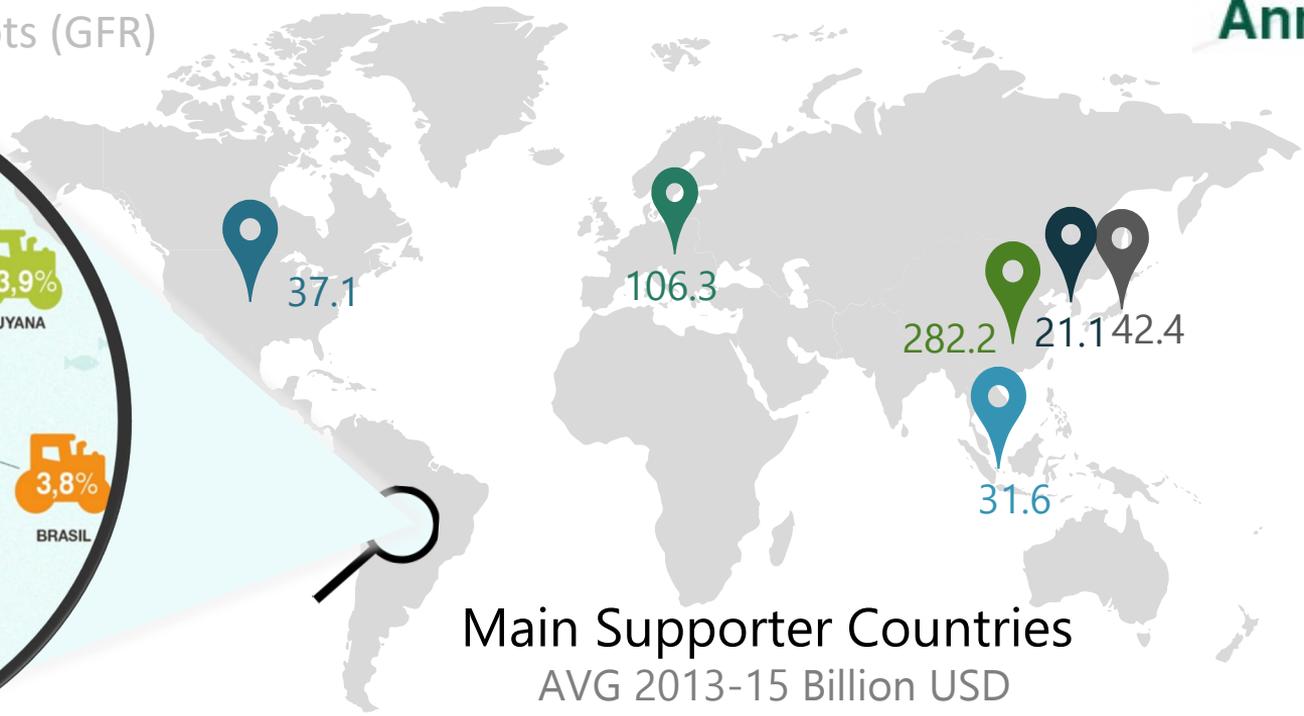
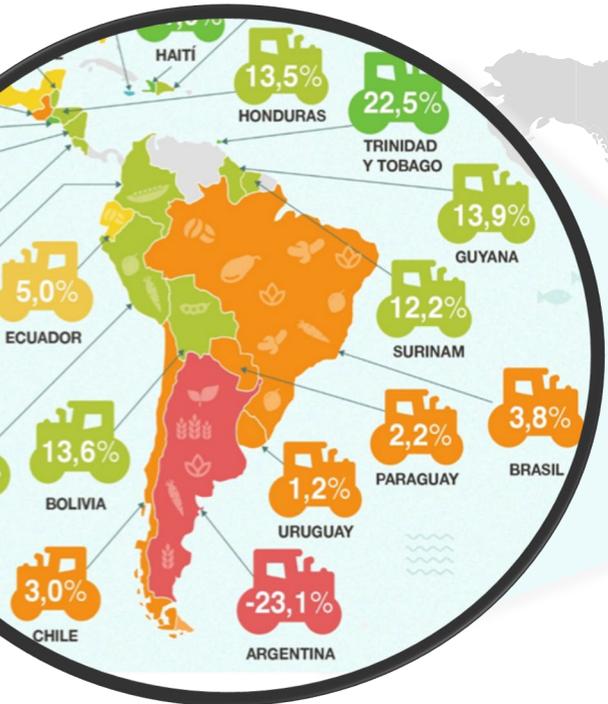
% of Gross Farm Receipts (GFR)



Argentine farmers received negative support by government policies.

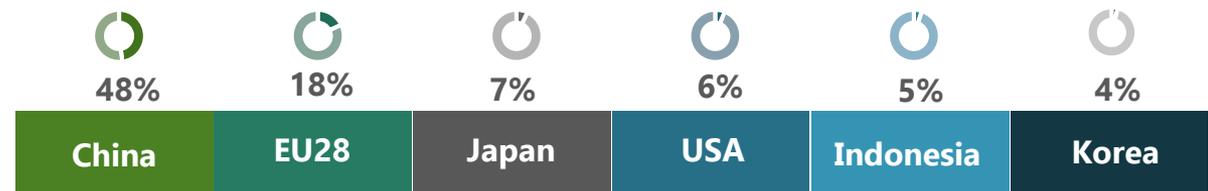
# PRODUCT SUPPORT ESTIMATE (PSE)

% of Gross Farm Receipts (GFR)



## Main Supporter Countries

AVG 2013-15 Billion USD



Source: IADB-Agrimonitor and OECD.