



USDA's
96th
Annual

Argentina Agricultural Sector Impact of new policies

Agustín Tejeda Rodriguez
Chief Economist



Buenos Aires Grains Exchange,
Argentina



Argentine Agricultural Policies



Impact on crop season 2019/20



Economic incentives for 2020/21



What to expect for the long term?



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What to expect for the long-term?

The importance of Agriculture in Argentine Economy



GDP
(13.7%)



Exports
USD 39.6 billions
(65%)

Employment
2.4 million people
(12%)



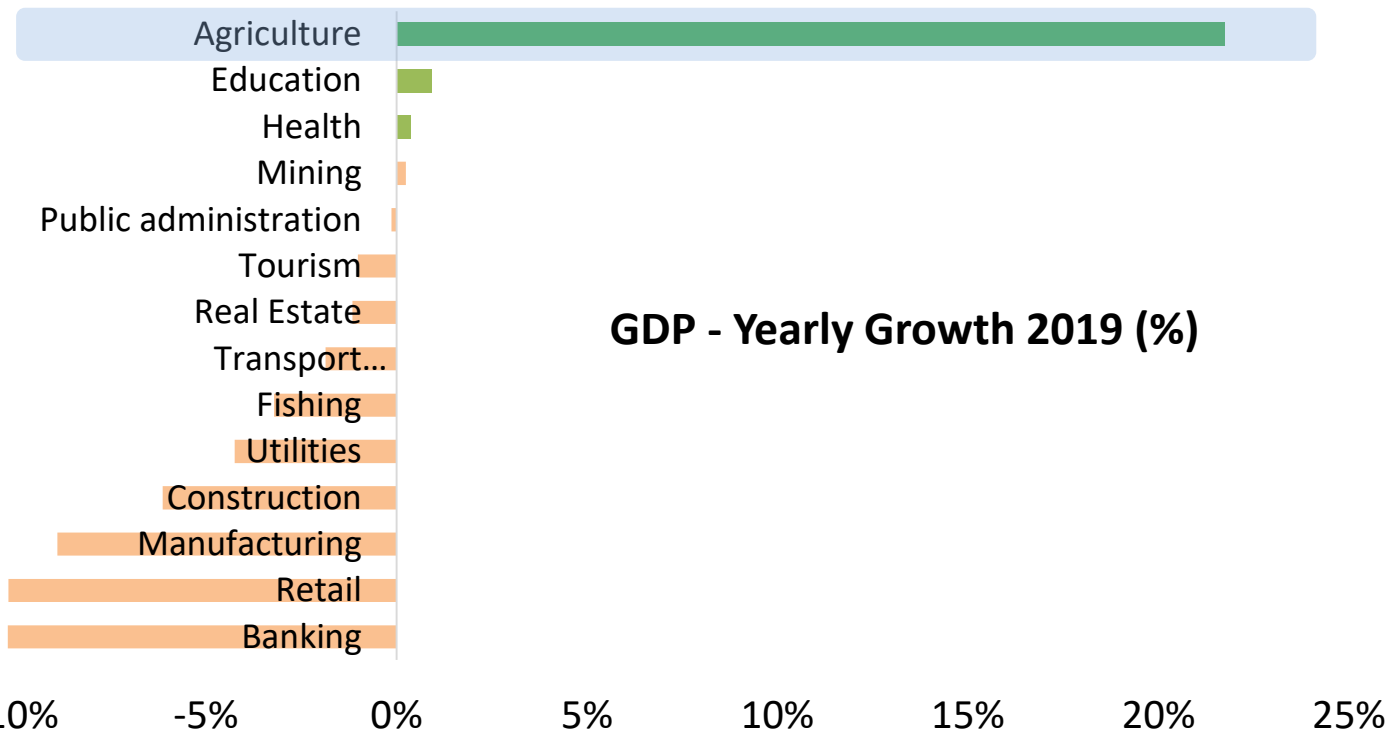
Tax Revenue
(14%)





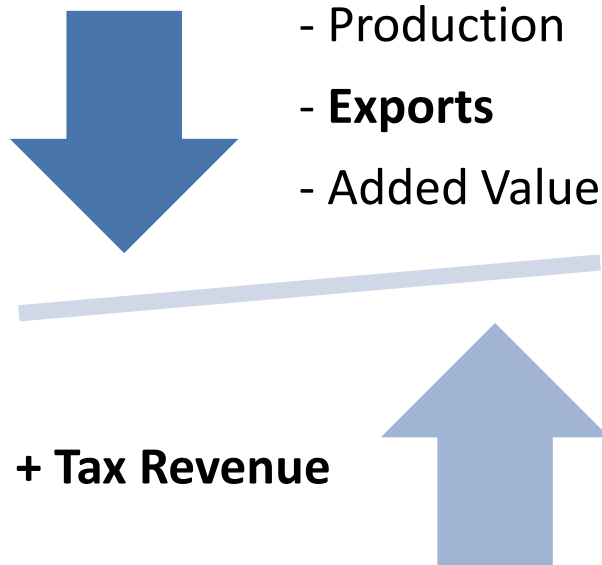
This role has increased during the last year

THE ONLY SECTOR SHOWING ECONOMIC GROWTH





Export taxes: Macroeconomic Impact

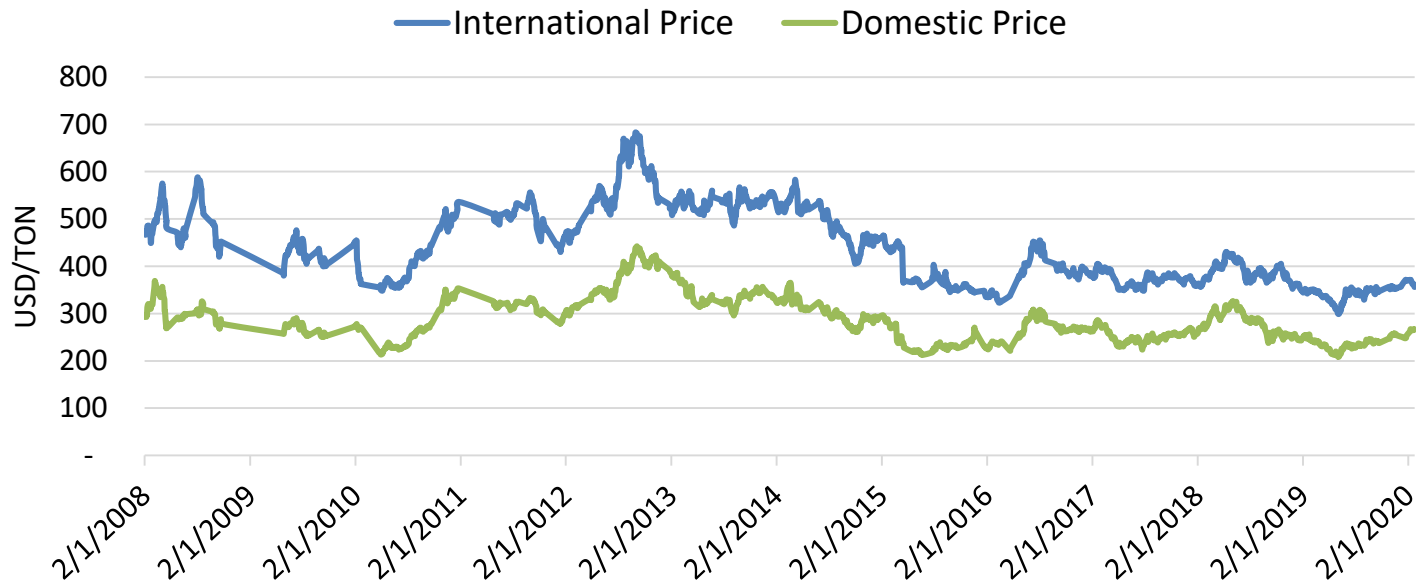


In marginal terms, a new increase in export duties **will reduce exported value (cost) more than it increases tax revenue (benefit).**



Export taxes: Effects on Incentives

Soybean: Direct Effects

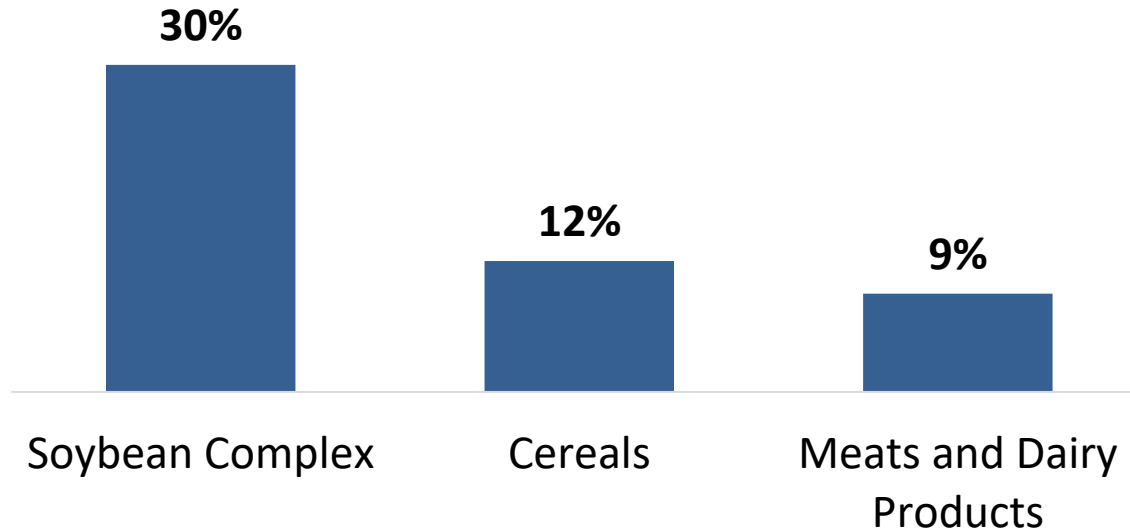




Export Duties Per Product

INDIRECT EFFECTS: DIFFERENT DUTIES AFFECT COMPARATIVE MARGINS BETWEEN CROPS

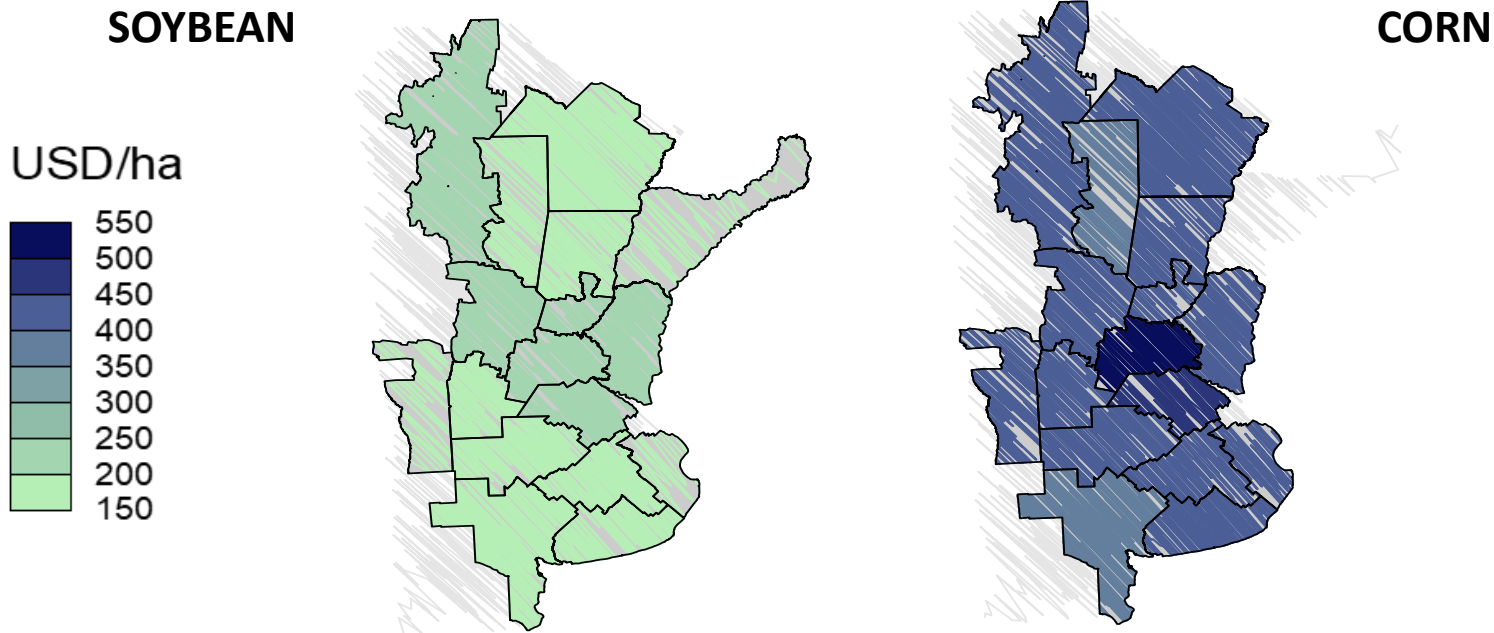
Current Situation





Comparative Direct and Marketing Costs

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





Export Duties Over Time

RECENT CHANGE: BACK TO SEP 2018

Res. 793/Sep. 2018

Res. 37/Dec. 2019

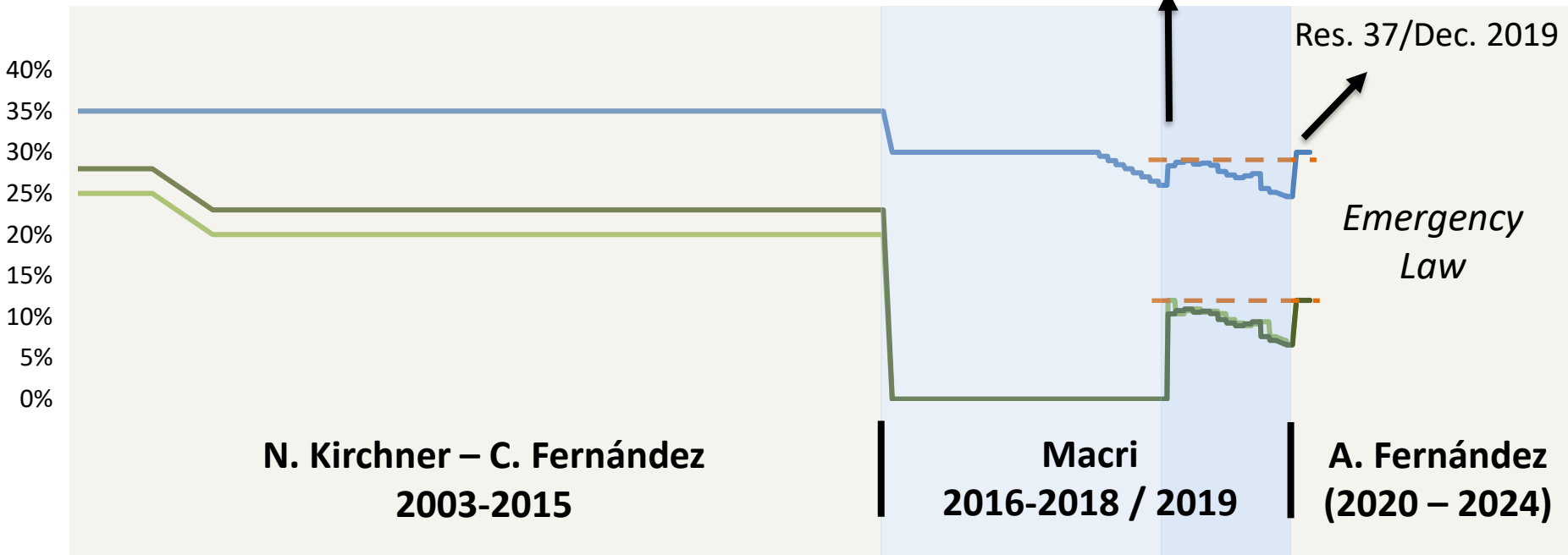
Emergency Law

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

**Macri
2016-2018 / 2019**

**A. Fernández
(2020 – 2024)**

— SOYBEAN — CORN — WHEAT

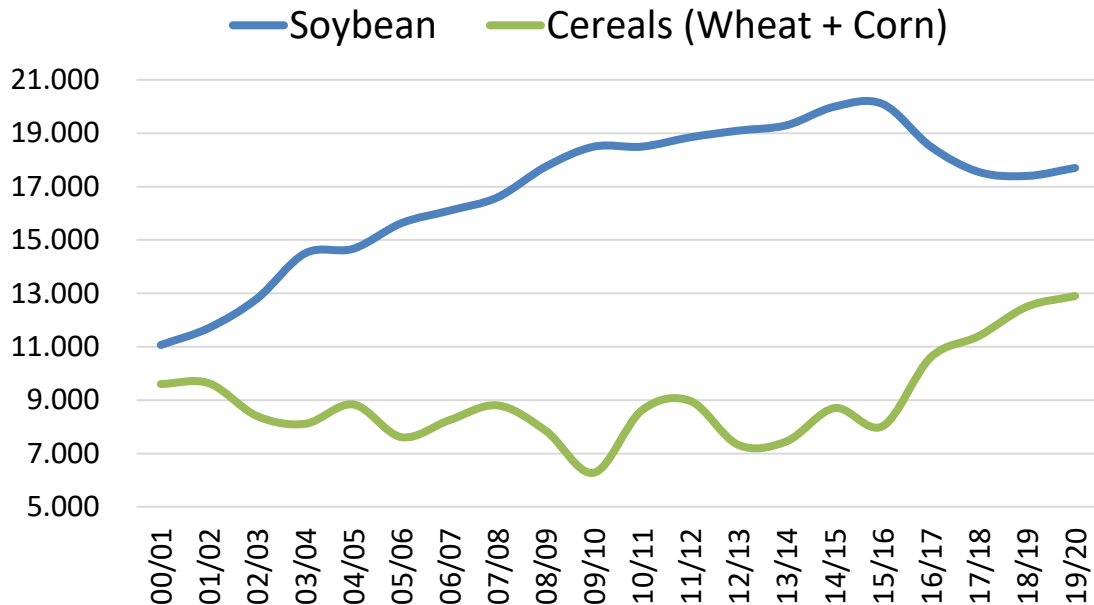




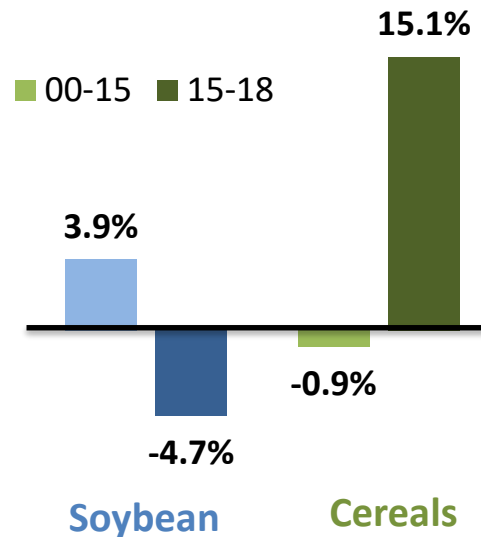
Export Taxes: Impact on Planted Area

EFFECTS: CEREALS VS SOYBEAN

Argentina - Planted Area (000 ha)

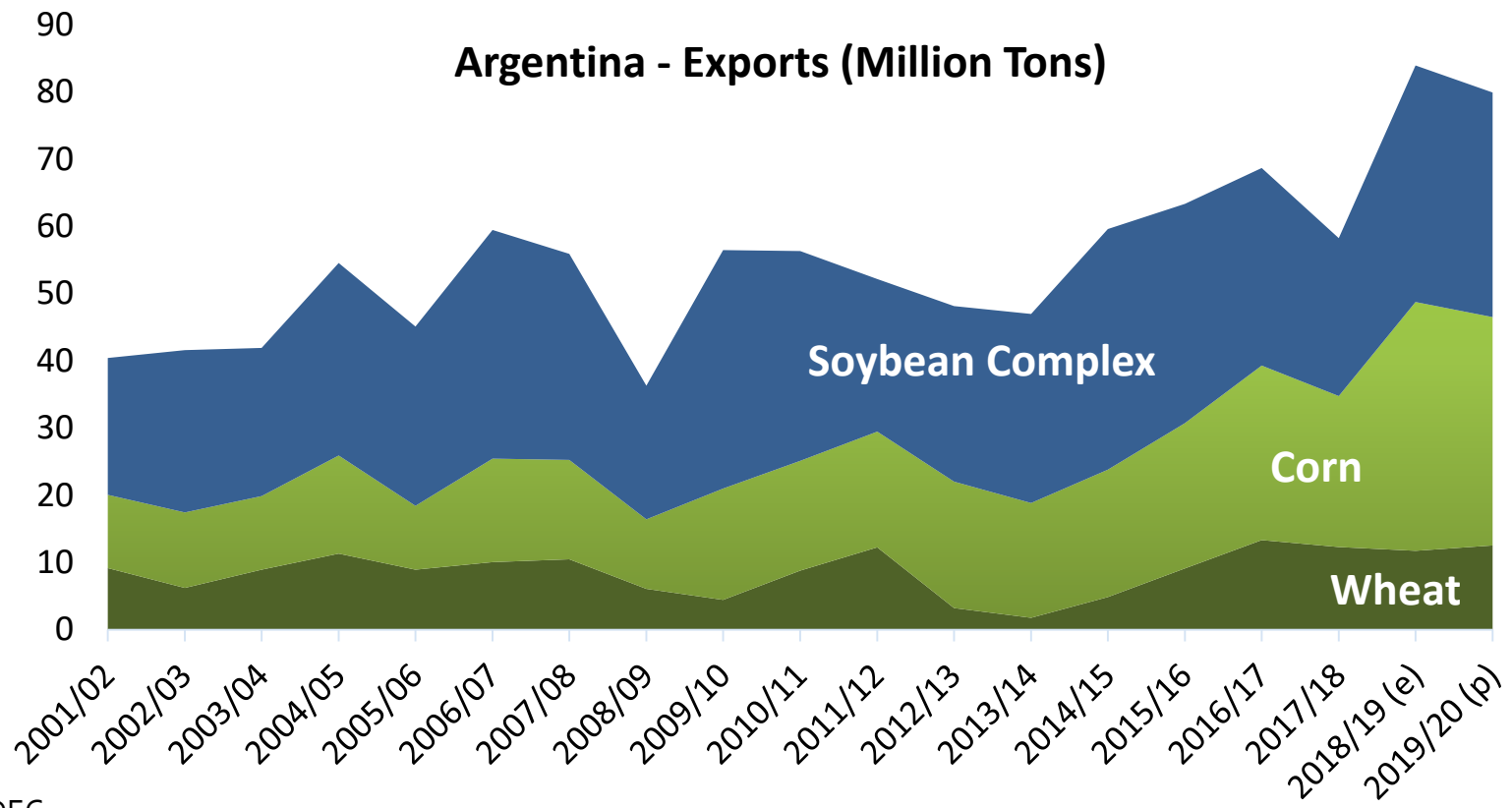


Annual Growth Rate





Export Taxes: Impact on Exports



Source: INDEC





Argentine Agricultural Policies



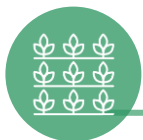
Impact on crop season 2019/20



Economic incentives for 2020/21

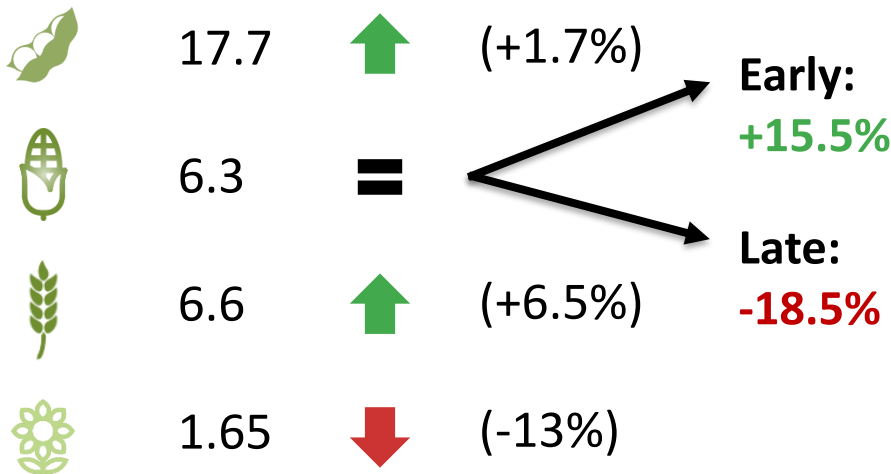


What to expect for the long-term?

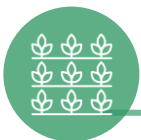


2019/20 Crop Season: Planted Area

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

2019/20 Production Estimates (Million Tons)



53



49



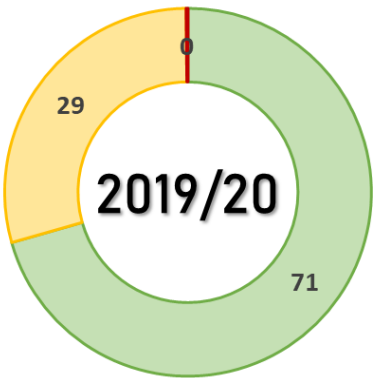
18.8



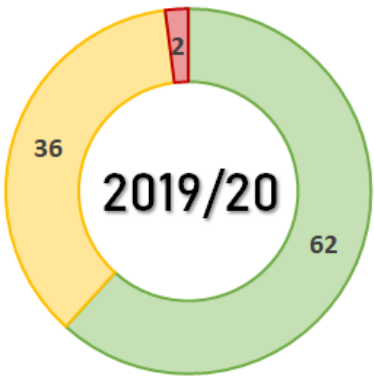
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CROP CONDITION

Soybean



Corn



■ Excellent / Good ■ Fair ■ Poor / Very poor





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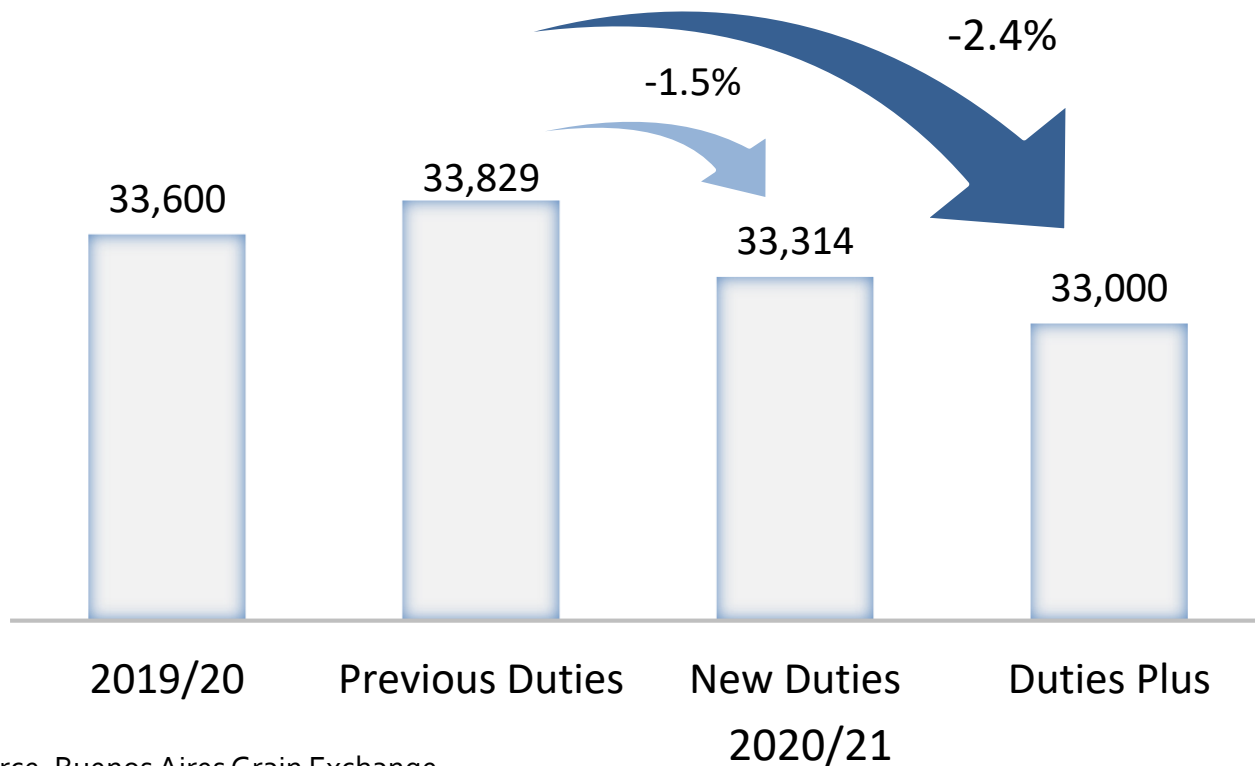


What to expect for the long-term?



2020/21 Crop Season: Full Impact on Planted Area

Planted Area 2020/21 (Million Ha)



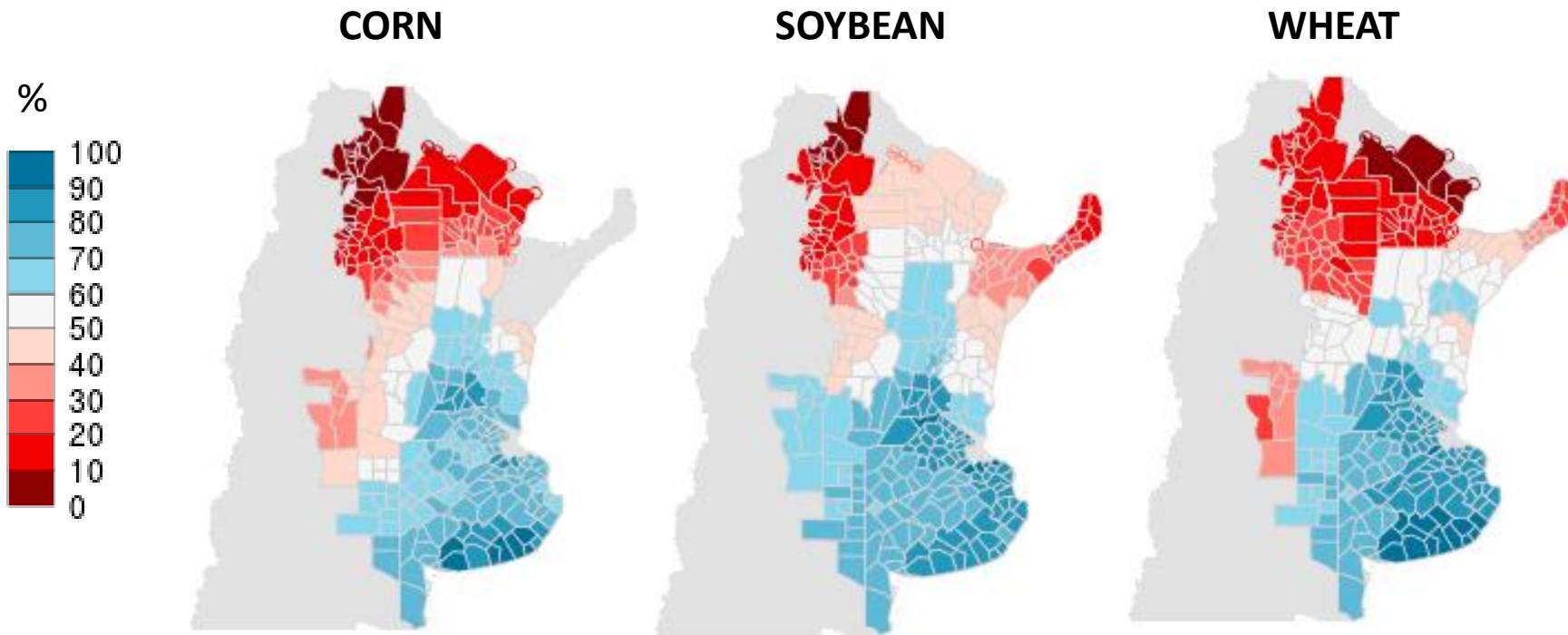
Planted area could decrease between 0.5 and 0.8 million ha. in comparison to the baseline. Cereals will fall at a higher rate than soybeans.



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

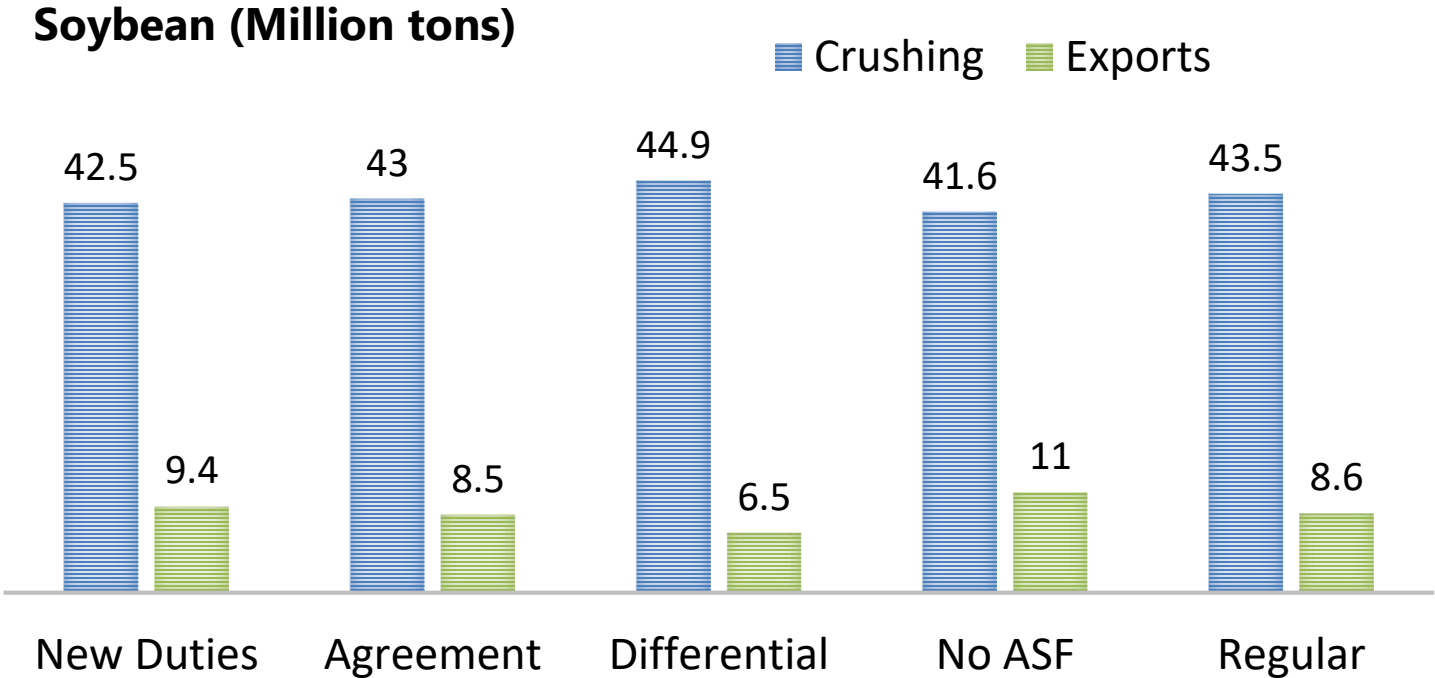
FACTORS OF UNCERTAINTY



¿Coronavirus?



Soybean Complex in Argentina: Results for 2019/20



Source: Buenos Aires Grain Exchange





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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

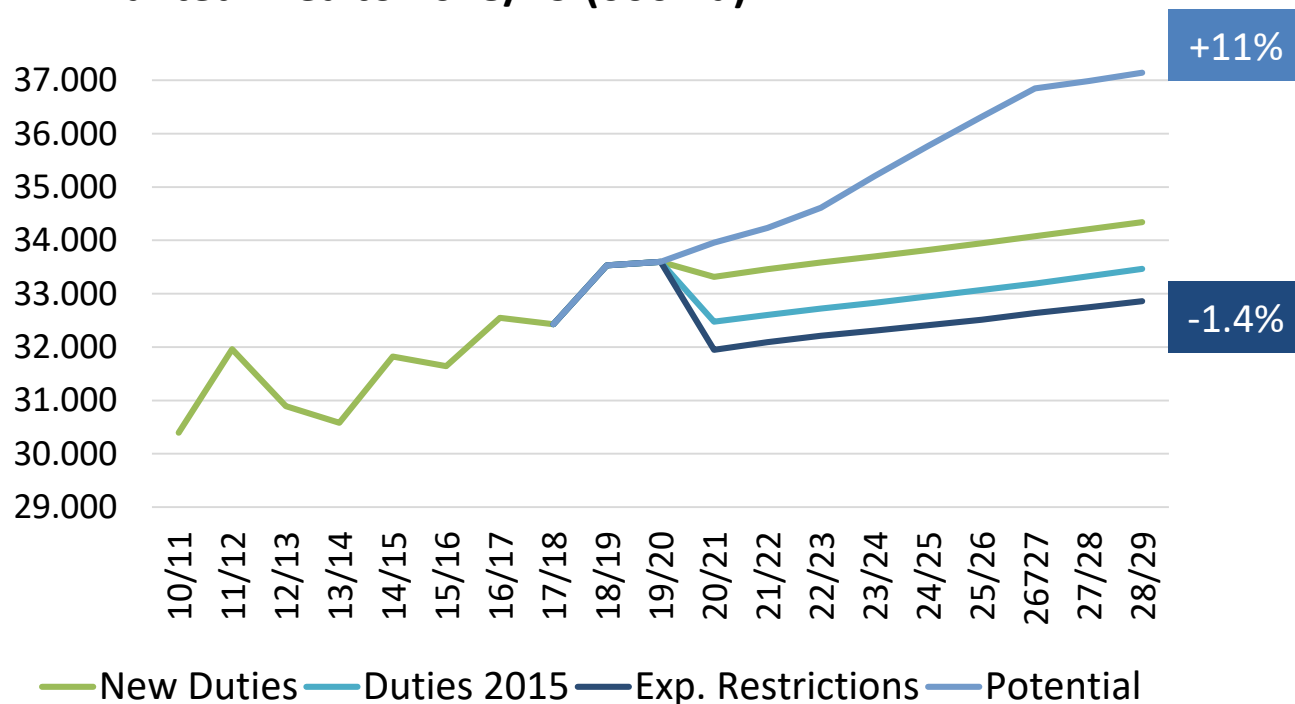
- Closing yield Gaps
- Improvements in logistics and infrastructure



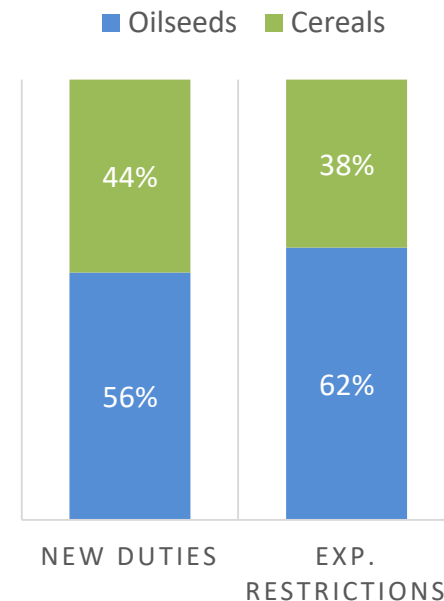


Long-term Projections: Planted Area

Planted Area to 2028/29 (000 ha)



Cereals-to-Oilseed Ratio



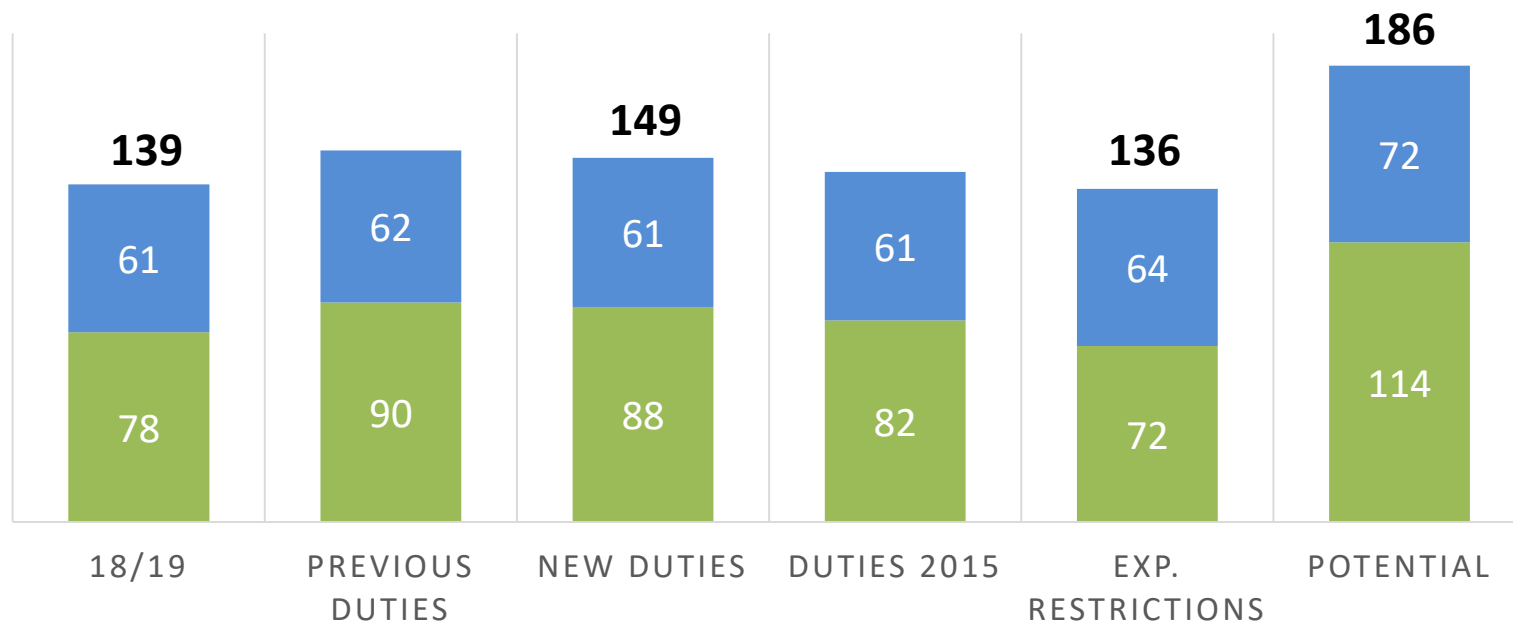


Long-term Projections: Production

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**.



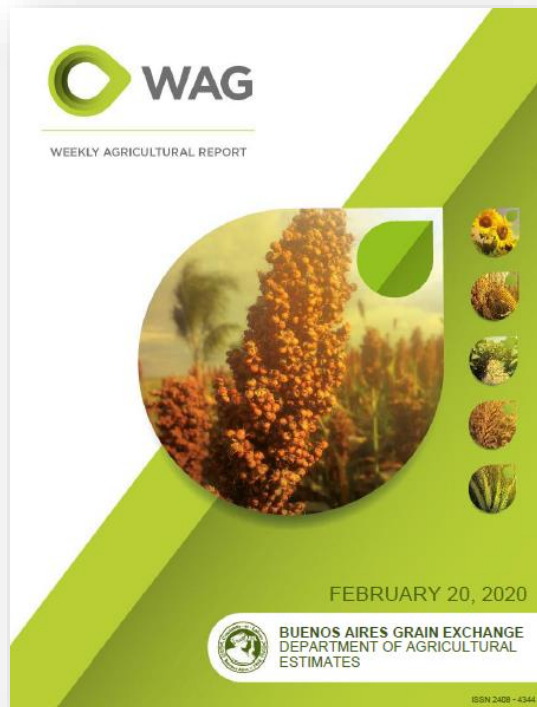
The future will **depend on the policy framework** adopted. With a set of policies that promote investment and exports, **we would reach more than 185 million tons**. Otherwise, grain production would even fall.





Our Work

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Thank you

Agustín Tejeda Rodriguez

atejeda@bc.org.ar



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

Buenos Aires Grains Exchange,
Argentina

