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## **Report Name:** Biofuels Annual

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### **Report Highlights:**

Argentina's fuel ethanol production is forecast to reach a record 1.35 billion liters in 2026, driven by record domestic consumption, additional corn-based production capacity, and a March 2026 regulation allowing fuel distributors to blend up to 15 percent ethanol through voluntary agreements above the mandatory 12 percent rate. Corn-based ethanol is expected to account for approximately 60 percent of output, while stronger domestic demand is forecast to reduce exports modestly. Biodiesel production is projected at nearly 1.2 billion liters, up eight percent from 2025, as higher domestic use more than offsets weaker exports. However, exports are forecast at their lowest level since 2007, and the industry is expected to operate at only about 27 percent of installed capacity. Proposed legislation under consideration would raise the ethanol mandate to 15 percent and the biodiesel mandate to 10 percent, but biodiesel provisions remain politically contentious.

## I. Executive Summary

Argentina's biofuels sector is entering a period of significant policy transition. While the current Biofuels Law (27,640) remains in force through 2030, the government recently proposed new legislation that would substantially liberalize the market, increase blending mandates, and create a regulatory framework for advanced biofuels such as Sustainable Aviation Fuel (SAF), renewable diesel (HDRD), hydrogen, and biomethane. If a new biofuels law is approved, it would represent the most significant reform of Argentina's biofuels sector since the original Biofuels Law was enacted in 2006.

The proposed reform would increase the national bioethanol blending mandate from 12 to 15 percent and the biodiesel mandate from 7.5 to 10 percent while replacing government administered pricing with a transparent market-based trading system. The proposal also introduces flex-fuel vehicles, expands opportunities for advanced biofuels, and gradually opens the biodiesel market to greater competition by reducing the protected market share currently reserved for small and medium sized producers.

Although negotiations continue in the Senate, the proposal has received broader political and industry support than previous reform attempts. Ethanol provisions enjoy widespread backing, while biodiesel remains the most contentious issue due to concerns from smaller domestic producers about increased competition from large vertically integrated exporters and oil companies.

In March 2026, the Secretariat of Energy issued resolution 79/2026, increasing the maximum oxygen content permitted in gasoline to 5.6 percent. The measure now allows fuel distributors to market gasoline containing up to 15 percent bioethanol, while maintaining the mandatory blending requirement at 12 percent. The additional 3 percentage points may be blended under freely negotiated agreements between bioethanol producers and fuel distributors. The resolution also reiterates that diesel may be blended with up to 20 percent biodiesel. The resolution was issued amid a sharp increase in international oil and fuel prices following the outbreak of the Iran conflict, with the objective of providing greater flexibility to expand domestic biofuel use.

Biofuels remain a central component of Argentina's updated Nationally Determined Contribution (NDC 3.0), presented at COP30. The government has committed to limiting greenhouse gas emissions to 375 MtCO<sub>2</sub>e by 2030 while expanding renewable energy, improving transportation efficiency, and promoting low-carbon fuels.

Renewable energy continues to expand and already account for approximately 25 percent of electricity generation, exceeding the country's original 20 percent target by late 2025, with additional large investment expected in wind and solar projects through 2030. However, the administration also continues to prioritize the development of Vaca Muerta's oil and gas shale resources as a key driver of economic growth.

At the provincial level, Córdoba remains Argentina's most advanced biofuels market, offering higher biofuel blends (B20 and E17) than the national mandate at some gas stations, expanding fueling infrastructure, and promoting flex-fuel vehicles and biofuel use in commercial transportation. Santa Fe continues to advocate higher biodiesel mandates while positioning itself as a future production hub for SAF and renewable diesel.

Argentina maintains tax exemptions for biofuels while official purchase prices under the blending mandate continue to be regulated by the Secretariat of Energy. However, delayed price adjustments have periodically reduced producer profitability, particularly for small- and medium-sized biodiesel companies that depend on the domestic mandate. Argentina does not impose domestic sustainability or carbon intensity requirements for biofuels. Nevertheless, as one of the world's leading biodiesel exporters, Argentine producers comply with international certification schemes, including the EU's revised RED II sustainability requirements and internationally recognized certification systems such as ISCC and 2BSvs.

Overall, Argentina's biofuels outlook is increasingly positive. If the proposed legislation is enacted, higher blending mandates, market liberalization, and the introduction of policies supporting SAF and other advanced biofuels could significantly increase domestic consumption, attract new investment, and strengthen export opportunities.

Argentine biodiesel faces restricted access to most export markets. Since 2018, the United States has effectively been closed to Argentine biodiesel following combined anti-dumping and countervailing duties of approximately 130–160 percent. A mandatory five-year sunset review is not expected until 2028.

The European Union remains virtually the only major export destination. Under a 2019 agreement, Argentine biodiesel benefits from a minimum import price and an annual duty-free quota of up to 1.2 million tons (approximately 1.36 billion liters), exempt from countervailing duties of 25–33 percent. On July 8, 2026, the European Parliament rejected a proposed regulation that would have phased out the use of soybean oil as a biofuel through 2030. The decision provided significant relief to Argentina's biodiesel industry, as the proposal would have classified soy-based biodiesel as a high indirect land-use change (ILUC) risk feedstock under the revised RED II, gradually disqualifying it from counting toward the EU's renewable energy targets, a designation that Argentina had actively opposed. The EU–Mercosur Trade Agreement, which entered into provisional application in May 2026, excludes biodiesel from tariff liberalization, while granting bioethanol limited preferential access through tariff-rate quotas.

Meanwhile, Peru, formerly an importer of approximately 200,000 tons (approximately 230 million liters) of Argentine biodiesel annually, is conducting a sunset review of the anti-dumping duties first imposed in 2016. A favorable outcome could reopen that market to Argentine exports.

### **Fuel Bioethanol Market 2026 Summary**

Argentine fuel ethanol production is forecast at a record 1.35 billion liters, supported by record domestic consumption and relatively strong exports. Recent policy changes allow fuel distributors to blend up to three percentage points above the mandatory 12 percent ethanol blend through freely negotiated agreements with producers. Corn-based ethanol is expected to account for approximately 60 percent of total production, with the remainder supplied by the sugarcane industry. Despite relatively strong export demand, higher domestic consumption is expected to reduce export volumes somewhat, with Brazil remaining virtually the sole export destination. In 2026, two large corn ethanol plants expanded their production capacity.

## **Biodiesel Market 2026 Summary**

Argentine biodiesel production is forecast at nearly 1.2 billion liters, up eight percent from 2025. Higher domestic consumption, supported by an average biodiesel blend of 7.2 percent, is expected to more than offset lower exports. Volatility in global energy markets reinforced the government's and fuel distributors' interest in expanding domestic biofuel use. Biodiesel exports are projected to fall to their lowest level since 2007, the first year Argentina exported biodiesel. Even with higher production, the industry is expected to utilize only about 27 percent of its installed capacity. Soybean oil will remain the only feedstock, and no significant investments in new biodiesel production capacity are expected during 2026.

## **II. Policy and Programs**

At the national level, Argentina has been operating under Biofuels Law 27,640 since 2021, with several subsequent amendments. This law, together with the original Biofuels Law 26,093 enacted in 2006, focuses primarily on blending mandates and production incentives through quotas and government-set prices for the domestic fuels market. Biofuels have long been viewed as a tool to promote rural development and add value to agricultural commodities such as soybeans, corn, and sugarcane.

The Secretariat of Energy's latest modifications introduced important changes to the current biofuels policy:

1. In June 2025, Resolution 252/2025 authorized the use of biofuels, primarily affecting biodiesel as marine bunker fuel for river and ocean-going vessels, up to B100, provided the engines are equipped to run on biofuels. Initially, this will affect barges operating on the Paraná-Paraguay waterway.
2. In March 2026, Resolution 79/2026 updated fuel specifications, raising the allowable fuel ethanol content from a mandatory 12 percent to 15 percent, with the additional 3 percentage points to be freely negotiated between producers and fuel distributors. The mandatory biodiesel blend remains at 7.5 percent, and the Secretariat retains discretion to authorize blends of up to B20 if deemed necessary.

Although the law highlights the sustainable production and use of biofuels, it does not establish a mechanism to reward reductions in carbon intensity (CI). It also does not provide specific incentives for advanced biofuels, although it authorizes the government to regulate future biofuels, including sustainable aviation fuel (SAF). In practice, neither the current nor the previous biofuels law has fully achieved its stated objectives. This is largely due to weak enforcement of blending mandates and delays in updating official biofuel prices to reflect production costs while providing reasonable margins for domestic producers.

While Córdoba (Law 10,721) has made the greatest progress in implementing biofuels policies and has become a model for other provinces, other provinces have moved toward enacting their own legislation and regulations. In 2025, Entre Ríos enacted Biofuels Law 11,211 with objectives like those of Córdoba and Santa Fe. In May 2024, the province of Tucumán approved Law 9,766, promoting biofuels and bioenergy derived from sugarcane. In 2020 Santa Fe (Law 14,010) enacted legislation promoting biofuels production and consumption. While these provincial programs have created localized demand, they have had only a limited impact on total national ethanol and biodiesel consumption.

A new national biofuels law, or significant reforms to the current framework, could substantially expand domestic production and consumption while creating new opportunities for the production and export of SAF and renewable diesel.

Biofuels Law 27,640 remains in force through 2030. However, in mid-May 2026, the government introduced a new bill intended to replace the current legislation. In early June, the Senate began debating five separate biofuels bills. Discussions involve two Senate committees, national and provincial authorities, and private-sector stakeholders, including biofuel associations and automotive manufacturers. To date, debate has centered primarily on the government's proposal. Most stakeholders support increasing the mandatory blending rates. However, approximately 25 small and medium sized biodiesel producers (9 - 80 million liters annual production), which currently supply the domestic mandate, argue that liberalization would eventually reduce their market share in favor of large vertically integrated biodiesel companies that produce their own vegetable oil and operate at lower costs. The government's proposal would remain in effect for 15 years and represents a major shift toward a more competitive and market-oriented biofuels sector, departing significantly from the previous two laws under which the government regulated both prices and volumes under the official mandate.

The main provisions of the proposed Government Bill presented in May 2026 include:

- Increasing the bioethanol blending mandate from the current 12 percent to 15 percent, effective 12 months after the law enters into force. The existing 12 percent mandate would continue to be supplied equally by the sugarcane and corn ethanol industries (6 percent each), while the additional 3 percent points would be freely negotiated between producers and fuel distributors.
- Increasing the biodiesel blending mandate from 7.5 percent to 10 percent, also effective 12 months after implementation.
- Exempting biofuel use in power generation, marine bunker fuel, and mining operations from blending requirements.
- Expanding the definition of biofuels to include advanced biofuels such as sustainable aviation fuel (SAF), renewable diesel (HDRD), hydrogen, biomethane, and second-generation biofuels.
- Broadening the legal definition of biofuels to accommodate new technologies and production processes, thereby opening the market to participation by oil companies.
- Authorizing the use of flex-fuel vehicles, including both new and converted used vehicles. Thus, permitting the use of E100 fuel.
- Eliminating government-set biofuel prices. Instead, prices would be established through a transparent electronic trading platform, consistent with President Milei's broader deregulation agenda. Maximum prices would be based on import parity, and domestic transactions could not exceed that level.
- Limiting the government's role to regulation, inspections, quality control, and certification.
- Establishing a transition period for the biodiesel sector, recognizing that while the ethanol market could quickly transition to a deregulated system, biodiesel producers would require additional time because more than 25 small and medium sized companies currently supply nearly all biodiesel used to meet the domestic mandate.
- During the first 12 months after enactment, these small and medium sized producers would continue supplying all of the existing 7.5 percent mandate through prices determined in the electronic market. After the mandate increases to 10 percent, their guaranteed share would

decline to 5 percent (half of the biodiesel mandate), falling further to 4 percent in 2029 and 3 percent in 2030.

- As the guaranteed share for small and medium sized producers declines, the remaining volume would become fully open to competition, allowing large integrated biodiesel companies to participate. No single company would be permitted to supply more than 14 percent of the total blending mandate.
- Allowing the commercialization of biomethane (renewable gas produced from organic waste), including unrestricted injection into the natural gas grid.
- Allowing SAF (bio jet fuel) to be commercialized freely without blending mandates or blending obligations with conventional jet fuel.
- Maintaining the current tax exemption for biofuels from the liquid fuels tax and carbon dioxide tax, both of which continue to apply to fossil fuels.
- Authorizing the unrestricted importation of biofuels for volumes exceeding the domestic blending mandate. Biofuels used to satisfy the mandate, however, would still be required to be produced in Argentina using domestically sourced feedstocks. Imports could be authorized if domestic supplies become insufficient or if domestic mandated prices exceed import parity.

The proposal continues to generate significant debate, and stakeholders remain divided on several key provisions. Nevertheless, this is the first biofuels bill in recent years to receive broad support across much of the sector. The national government, most biofuel-producing provinces, several biofuel associations, and oil companies generally agree on the overall direction of the proposal.

The ethanol provisions enjoy widespread support across nearly all stakeholders. The biodiesel provisions, however, remain considerably more controversial, primarily because small and medium sized producers that have historically supplied the entire domestic mandate would eventually have to compete with large vertically integrated biodiesel exporters and oil companies under a liberalized market. Negotiations are expected to continue over the coming weeks, and it remains uncertain whether the proposal will ultimately be approved. The remaining biofuels bills currently under Senate consideration are described in last year's Argentina Biofuels Annual Report (AR2025-0013).

### **Biofuels Law 27640 (National Level) - July 2021**

On July 16, 2021, the Argentine Congress enacted Biofuels Law 27,640, titled the "Regulation and Promotion Regime for the Production and Sustainable Use of Biofuels," replacing the original Biofuels Law 26,093 of 2006, which expired in May 2021. Law 27,640 will remain in effect through December 31, 2030, with the option of a five-year extension. To date, not all provisions of the law have been fully implemented through the regulatory process.

The key provisions of the law and subsequent regulations include:

- A minimum bioethanol blending mandate of 12 percent with gasoline, with the possibility of temporarily reducing the blend to 9 percent. The mandate is intended to be equally supplied by sugarcane- and corn-based ethanol. However, if high commodity prices are determined to significantly affect fuel prices, any reduction in the blending mandate would apply exclusively to corn-based ethanol.

- A minimum biodiesel blending mandate of 5 percent with diesel fuel. However, Resolution 438/22, issued in June 2022, permanently increased the blend rate to 7.5 percent, to be supplied exclusively by small- and medium-sized biodiesel producers participating in the mandate. It authorizes the Secretariat of Energy to approve higher biodiesel mixes up to 20 percent.
- Only bioethanol and biodiesel produced in Argentina using domestically sourced agricultural feedstocks or organic waste qualify to meet the blending mandate.
- Biofuels remain exempt from both the liquid fuels tax and the carbon dioxide tax, which continue to apply to fossil fuels.
- The Secretariat of Energy serves as the regulatory authority responsible for overseeing and enforcing the biofuels sector.
- Companies engaged in fossil fuel production may not own or participate in companies producing biofuels under the blending mandate. If petroleum companies were to convert existing refineries to produce renewable diesel (HDRD) and seek participation under the mandate, current legislation would need to be amended to recognize HDRD as a biofuel. In addition, their production capacity would be limited, as only small- and medium-sized producers are currently eligible to supply the mandate.
- The Secretariat of Energy may authorize the substitution of imported fossil fuels with domestically produced biofuels whenever market conditions allow.
- The Secretariat is also responsible for establishing the conditions under which entities may consume self-produced biofuels, including public transportation companies, freight operators, and businesses using agricultural machinery and equipment.

### **Biofuels Law 10,721 (Province of Córdoba) – November 2020**

In late 2020, the Legislature of Córdoba Province enacted the Law for the Promotion, Development, and Consumption of Biofuels and Bioenergy. The law aims to expand the use of provincially produced biofuels in public transportation, government fleets, freight transport, and agricultural equipment.

Córdoba is one of Argentina's leading producers of corn and soybeans and is the country's largest producer of corn-based ethanol. One of the country's largest agricultural cooperatives is awaiting additional national bioethanol regulations before proceeding with the construction of a large ethanol plant, which could eventually be constructed in Córdoba. Several additional investment projects are also anticipated.

The main components of Córdoba's biofuels program include:

- Establishing a B100 program for the provincial vehicle fleet (the provincial government is supporting financing for the construction of 20 small-scale biodiesel plants).
- Promoting the use of E85 and E100 fuels in government fleets and encouraging the adoption of flex-fuel vehicle technology (Córdoba is home to several automobile manufacturers that already produce flex-fuel vehicles for export to Brazil).
- Inauguration of three fueling stations dedicated to supplying more than 6,000 government vehicles operating on biofuels.
- The creation of the province's first biofuels laboratory responsible for certifying fuel quality (built in 2023).

In late 2024, a private fuel company opened in Cordoba a retail service station offering B20 biodiesel and E17 ethanol blends to the public. The operating company plans to expand this network throughout the province.

### **Biofuels Law 14,010 (Province of Santa Fe) – October 2020**

Santa Fe Province also enacted its own biofuels law in 2020. However, implementation has progressed more slowly, and biofuel consumption remains close to national average levels. The legislation promotes the use of biofuels in agriculture, transportation, logistics, government fleets, heat and power generation, and marine bunker fuel.

Santa Fe accounts for approximately 80 percent of Argentina's biodiesel production, supported by its concentration of large soybean crushing facilities, biodiesel plants, and export terminals centered around the Rosario industrial hub. Nevertheless, much of the province's biodiesel production capacity remains underutilized because Argentine biodiesel exports continue to face restrictions or limited market access in several key destinations.

The provincial government has been one of the strongest advocates for a new national biofuels law that would increase the biodiesel blending mandate, although it supports a larger increase than what is currently under discussion. New national legislation would also create opportunities to produce advanced biofuels, including SAF and HDRD, areas in which Santa Fe is well positioned to become a national leader. In fact, Argentina's state-controlled oil company, together with a local partner, has announced plans to convert an existing oil refinery in San Lorenzo, Santa Fe, into a facility capable of producing SAF.

### **Renewable Energy and Greenhouse Gas (GHG) Emissions**

Argentina ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 1994 and became a Party to the Paris Agreement in September 2016.

According to Argentina's Under Secretariat of Environment, the country's greenhouse gas (GHG) emissions totaled 401 million metric tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>e) in 2022, representing approximately 0.7 percent of global GHG emissions. At the UN Climate Change Conference (COP30) held in Brazil in late 2025, Argentina presented an updated Nationally Determined Contribution (NDC 3.0), committing to limit emissions to 375 MtCO<sub>2</sub>e by 2030 and maintain that target through 2035.

The government's strategy to achieve this goal is based on seven main pillars:

**Energy:** Expanding renewable energy generation so that at least 30 percent of the country's energy matrix comes from renewable sources by 2030, while improving overall energy efficiency.

**Transportation:** Increasing vehicle electrification, expanding the use of biofuels, and improving vehicle fuel efficiency.

**Agriculture:** Reducing methane emissions from livestock and promoting improved soil management and sustainable agricultural practices.

**Forestry:** Reducing deforestation while increasing carbon sequestration through forest conservation and expansion.

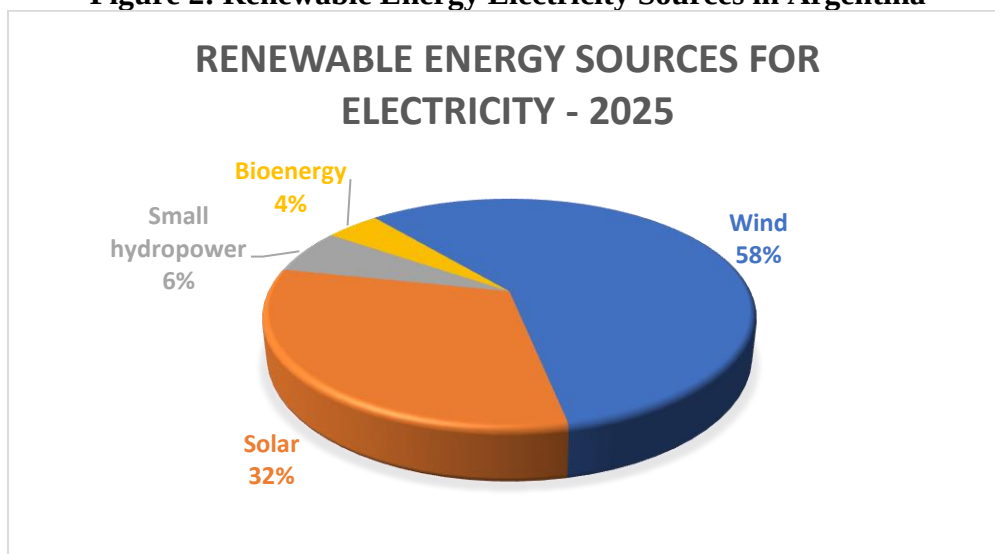
**Industry:** Improving industrial energy efficiency through the adoption of more advanced technologies.  
**Carbon Markets:** Expanding the use of carbon markets to finance emissions reductions.  
**Minerals and Energy Transition:** Promoting investment in lithium and copper production, which indirectly supports global decarbonization by supplying critical minerals for clean energy technologies.

Over the past several years, Argentina's emissions have remained broadly in line with its NDC targets. This has been driven largely by a prolonged economic slowdown, which limited energy demand, together with the continued expansion of renewable electricity generation, particularly from wind and solar power. However, achieving the country's long-term objective of carbon neutrality by 2050 remains uncertain. The current administration continues to prioritize the development, production, and export of oil and natural gas from the Vaca Muerta shale formation, one of the world's largest unconventional hydrocarbon resources, as a cornerstone of Argentina's economic recovery strategy. At the same time, recent policy reforms have attracted significant investment in the mining sector, particularly in lithium and copper, where Argentina possesses some of the world's largest reserves.

Law 27,191, enacted in 2015, established a target requiring renewable sources to account for at least 20 percent of Argentina's electricity generation by the end of 2025. That goal was exceeded, with renewable energy reaching approximately 25 percent of total electricity generation and installed renewable capacity increasing to 7,880 MW.

Following several years of relatively modest growth, stricter enforcement of renewable energy purchasing requirements for large electricity consumers, together with the investment incentives included in the Bases Law and the accompanying fiscal reform package, are expected to accelerate renewable energy development. Several large-scale projects are currently under construction or have recently entered operation, including solar facilities in the northern provinces, wind farms in Buenos Aires Province and Patagonia, and biomass projects based on forestry residues. Industry contacts estimate that cumulative investment in Argentina's wind and solar sectors could reach between US\$4 billion and US\$6 billion by 2030, increasing renewable electricity generation by at least 50 percent.

**Figure 2: Renewable Energy Electricity Sources in Argentina**



Source: FAS Buenos Aires with Cammesa data – excludes large hydropower

Since the enactment of Biofuels Law 26,093 in 2006, which established the initial mandatory blending requirements of 5 percent ethanol in gasoline and 5 percent biodiesel in diesel beginning in 2010, Argentina has maintained a national biofuel blending mandate.

Biofuels continue to play a significant role in the country's strategy to reduce greenhouse gas (GHG) emissions and are included as a key component of Argentina's updated Nationally Determined Contribution (NDC 3.0), submitted in November 2025. The NDC supports the expansion of biofuels while emphasizing the need to maintain competitive fuel prices, strengthen the country's trade balance, promote regional development, and ensure that biofuel production remains consistent with domestic refining capacity and feedstock availability. However, the updated NDC has been criticized for lacking specific implementation measures and timelines for the 2030–2035 period.

### **Biofuel Blending Mandates**

The current Biofuels Law, enacted in 2021, originally established a minimum biodiesel blending mandate of 5 percent. In June 2022, the Secretariat of Energy issued Resolution 438/22, permanently increasing the biodiesel mandate to 7.5 percent. Under the current framework, this volume may only be supplied by eligible small and medium sized biodiesel producers.

For bioethanol, the law maintains a mandatory 12 percent blend with gasoline, equally divided between corn- and sugarcane-based ethanol (6 percent each). It also grants the Secretariat of Energy the authority to temporarily reduce the overall blending requirement to 9 percent if market conditions warrant such action. Any reduction must be applied exclusively to the corn ethanol portion of the mandate.

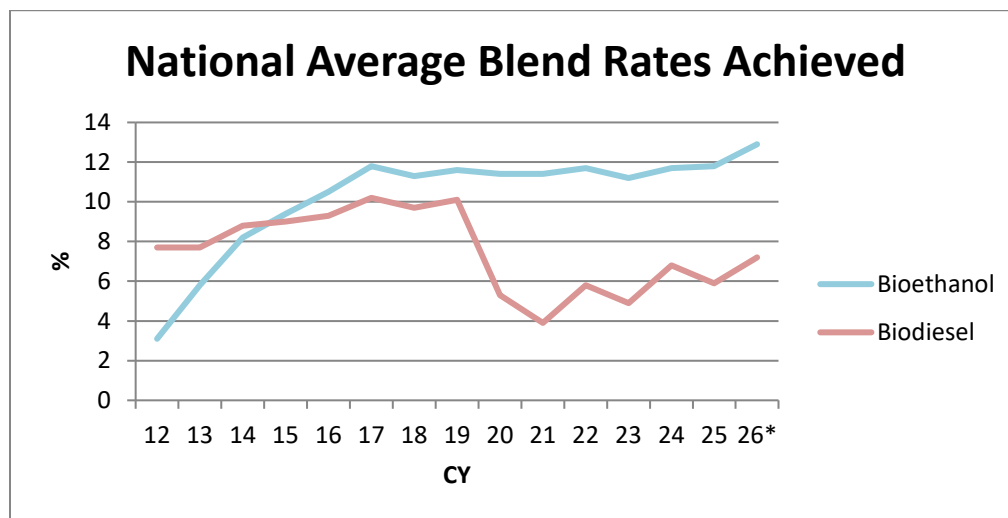
Most of the biofuel bills currently under debate in the Senate propose increasing the mandatory blending rates to 10 percent for biodiesel and 15 percent for bioethanol. The final blending requirements, however, will depend on the legislation ultimately approved. If a new law, or major amendments to the current framework, is enacted, the higher blending mandates could take effect in 2027.

Córdoba Province continues to lead biofuels adoption in Argentina under its provincial biofuels law, which has supported the development of an integrated network of producers, distributors, and fueling infrastructure. To date, several thousand government vehicles operate on B20 biodiesel and E17 ethanol blends. A growing number of municipalities in the province have adopted biofuel use, while private-sector consumption expanded further during 2025. Approximately four privately operated service stations offering higher biofuel blends have been inaugurated, and additional stations are planned.

During 2026, the provincial government intends to prioritize the use of biofuels in more than 15,000 grain trucks operating within Córdoba. Additional initiatives include the construction of the province's first fuel blending terminal and the continued development of a provincial flex-fuel vehicle fleet. As a result, Córdoba utilizes higher biofuel blends than those required under the national mandate and remains the province with the highest biofuel blending rates.

Argentina's first national biofuels mandate entered into force in January 2010 under Biofuels Law 26,093, requiring minimum blends of 5 percent bioethanol in gasoline and 5 percent biodiesel in diesel fuel. Over the past 16 years, these mandates have been modified, both upward and downward, resulting in the following average effective blending rates:

**Figure 3: Bioethanol & Biodiesel Blend Rates**



Source: FAS Buenos Aires \*Projection  
Covers all Diesel Pool for On/Off-road Use and excludes stationary power.

### Official Biofuel Purchase Prices

Under the current biofuel's framework, the Secretariat of Energy establishes the official monthly purchase prices that fuel blenders must pay for biodiesel and bioethanol supplied under the national blending mandate. Different prices are set for sugarcane-based and corn-based bioethanol.

In principle, these prices are intended to cover production costs while providing producers with a reasonable profit margin. However, periods of high inflation, combined with delays in updating official prices, have often resulted in prices that fail to reflect current production costs. As a result, biofuel producers, particularly small and medium sized biodiesel companies that rely almost exclusively on the domestic mandate, have periodically operated at a loss. The methodology and timing of official price adjustments have long been a source of disagreement between the biofuels industry and successive governments. Industry representatives have consistently argued that delays in updating prices have weakened the financial viability of many domestic producers.

Under the current law, the Secretariat of Energy periodically updates the official prices for the three regulated biofuels under the blending mandate: sugarcane-based bioethanol, corn-based bioethanol, and biodiesel. The following table presents the official prices for the different biofuels beginning in June 2025:

**Table 1. Official Biofuel Prices June 2025-July 2026**

| Month/Year | Sugarcane Pesos/Lt | Sugarcane USD/Lt | Corn Pesos/Lt | Corn USD/Lt | Biodiesel Pesos/Lt | Biodiesel USD/Lt |
|------------|--------------------|------------------|---------------|-------------|--------------------|------------------|
| Jul 2026   | 1,044              | 0.69             | 957           | 0.64        | 1,693              | 1.12             |
| Jun 2026   | 1,023              | 0.68             | 938           | 0.62        | 1,636              | 1.09             |

|                 |       |      |     |      |       |      |
|-----------------|-------|------|-----|------|-------|------|
| <b>May 2026</b> | 1,006 | 0.70 | 922 | 0.64 | 1,592 | 1.11 |
| <b>Apr 2026</b> | 1,001 | 0.71 | 917 | 0.65 | 1,592 | 1.13 |
| <b>Mar 2026</b> | 1,001 | 0.71 | 917 | 0.65 | 1,622 | 1.15 |
| <b>Feb 2026</b> | 1,001 | 0.70 | 917 | 0.65 | 1,622 | 1.14 |
| <b>Jan 2026</b> | 976   | 0.67 | 895 | 0.61 | 1,582 | 1.08 |
| <b>Dec 2025</b> | 964   | 0.65 | 883 | 0.60 | 1,549 | 1.05 |
| <b>Nov 2025</b> | 918   | 0.62 | 841 | 0.57 | 1,487 | 1.01 |
| <b>Oct 2025</b> | 891   | 0.60 | 817 | 0.55 | 1,338 | 0.91 |
| <b>Sep 2025</b> | 857   | 0.61 | 785 | 0.56 | 1,265 | 0.90 |
| <b>Aug 2025</b> | 824   | 0.61 | 755 | 0.56 | 1,215 | 0.89 |
| <b>Jul 2025</b> | 800   | 0.58 | 733 | 0.53 | 1,146 | 0.83 |

Source: Argentine Secretariat of Energy – using official exchange rate (July 2026, first week)

For information on earlier pricing history, see past reports. Last year's [report found here](#).

### **Exemption for Biofuels of Taxes on Liquid Fuels and Fossil Fuel Carbon Emissions**

In July 2021, the Argentine Congress passed the [Biofuels Law 27640/2021](#), which updated the country's biofuels regulatory framework. In addition to modifying the biodiesel blending mandate, the law reaffirmed the existing tax treatment for biofuels.

Since March 2018, transportation fuels have been subject to two federal taxes: the Liquid Fuels Tax and the Carbon Dioxide Tax, the latter designed to discourage fossil fuel consumption and encourage the use of renewable energy. Biofuels, whether consumed in pure form or blended with fossil fuels, remain exempt from both taxes.

Beginning in 2020, the previous administration repeatedly postponed scheduled adjustments to these taxes as part of its efforts to contain inflation. The current administration has resumed updating the tax collection of fossil fuels, although adjustments remain partial and continue to lag inflation, leaving a significant portion of the scheduled increases yet to be implemented.

### **Impacting Fuel Pool Size Through Other Demand-Side Incentives**

Local sales of diesel and gasoline have remained broadly stagnant since demand recovered following the Covid-19 pandemic in 2020-2021. Argentina's economy continues to be affected by a prolonged recession and weakened purchasing power, keeping domestic consumption and overall economic activity subdued. President Milei has stated that the significant structural reforms and economic adjustments implemented by his administration are expected to pave the way for a strong economic recovery in late 2026 and continuing into 2027.

The adoption of hybrid and battery electric vehicles (EVs) has accelerated after several years of modest growth. In March 2025, the government exempted lower-priced hybrid and electric vehicles manufactured outside the Mercosur region from paying the standard 35 percent import tariff. The measure applies to an annual quota of up to 50,000 vehicles and will remain in effect for five years. Approximately 27,000 hybrid and electric vehicles were sold in 2025, an increase of 88 percent over 2024, representing nearly 5 percent of the country's total vehicle sales. Private sector analysts project

sales of approximately 60,000 hybrid and electric vehicles in 2026, which would account for roughly 10 percent of all domestic vehicle purchases.

Charging infrastructure continues to expand in service stations, hotels, shopping centers, and other private locations. Major highways connecting Argentina's largest cities are now largely covered by public charging stations, with additional expansion expected throughout 2026 and beyond.

Initiatives to improve energy efficiency standards for new vehicles and agricultural machinery continue to advance slowly. As a result, the fuel efficiency of Argentina's light- and heavy-duty vehicle fleet is expected to remain below that of many countries with more advanced regulatory frameworks.

To date, the limited progress toward adopting flex-fuel vehicles has significantly constrained opportunities to expand ethanol consumption. However, if the biofuels bill currently under consideration is enacted, the authorization of flex-fuel vehicles, combined with higher bioethanol blending mandates, would likely stimulate additional ethanol demand over the coming years, if passed.

Argentina has one of the world's largest compressed natural gas (CNG) vehicle fleets, with approximately 1.5 million vehicles running in 2025. This represents about 10 percent of the country's total vehicle fleet and ranks Argentina among the six largest CNG markets worldwide. Despite this large fleet, annual vehicle conversions to CNG have declined by nearly 70 percent over the past decade.

The sector is undergoing significant structural changes despite CNG's continued cost advantage relative to gasoline. In addition to recurring periods of economic recession over the past decade, the cost of vehicle conversions has increased substantially. Furthermore, natural gas shortages during the winter months periodically constrain supplies to CNG fueling stations. More recently, however, higher international oil prices have renewed interest in CNG conversions. A decade ago, private vehicles and taxis accounted for most CNG use. Today, commercial fleets, including public buses and freight transportation companies, have become the primary source of demand, driven by efforts to reduce operating costs. Continued expansion of CNG use in the commercial transportation sector could gradually reduce demand for conventional transportation fuels. At the same time, the rapid development of the Vaca Muerta shale formation is significantly increasing the availability of domestically produced natural gas.

Demand for diesel, and consequently biodiesel, is expected to recover once Argentina's economy strengthens. Freight transportation remains overwhelmingly dependent on trucking, with few viable alternatives and only limited improvements in vehicle fuel efficiency or other measures aimed at reducing carbon intensity. Although freight rail infrastructure continues to be renovated, particularly along corridors connecting Rosario port with the northern and western regions of the country, rail currently accounts for only about 6 percent of domestic freight transport, compared to approximately 93 percent carried by trucks.

## **Environmental Sustainability and Certification**

Argentina does not have specific environmental, social, or economic sustainability requirements for biofuels used in the domestic market. The current regulatory framework does not establish sustainability criteria for feedstock production, nor does it require minimum lifecycle analysis (LCA)-based carbon

intensity (CI) thresholds for biofuels. Instead, the national policy relies primarily on mandatory blending requirements for biodiesel and bioethanol.

However, as one of the world's leading biodiesel exporters, Argentina closely follows the sustainability standards and regulatory requirements of its export markets. This is particularly true for the European Union's Renewable Energy Directive (revised RED II) and the U.S. Environmental Protection Agency's Renewable Fuel Standard (RFS) program.

To qualify for preferential treatment under the EU framework, biodiesel must demonstrate greenhouse gas (GHG) emission reductions of at least 65 percent relative to fossil diesel. Argentine biodiesel plants generally achieve GHG reductions ranging from approximately 65 to 85 percent, allowing many facilities to comply with the EU's sustainability requirements. For corn-based ethanol, estimated GHG emission reductions generally range from 60 to 75 percent compared to fossil fuels, while sugarcane-based ethanol typically achieves even greater reductions.

Biofuel exports to the European Union are commonly certified under internationally recognized voluntary sustainability schemes, including the International Sustainability and Carbon Certification (ISCC) system and the French 2BSvs biomass and biofuels sustainability certification program.

**Trade Policy Including Duties/Export Taxes and Levies**

Under the current Biofuels Law 27,640, enacted in July 2021, only biofuels produced in Argentina using domestically sourced feedstocks are eligible to satisfy the national blending mandate. However, if domestic supplies become insufficient or under other exceptional circumstances, the Secretariat of Energy may authorize biofuel imports to meet the mandate. Imports of biofuels intended for use outside the mandatory blending program are not prohibited.

Since the enactment of the original Biofuels Law in 2006, the export tax differential between biodiesel and soybean oil has changed several times in response to broader export tax policy. On June 3, 2026, under Decree 423/2026, the government lowered the export tax on biodiesel by 2 percentage points to 21 percent, leaving export taxes unchanged on soybeans and its byproducts. The Decree also sets a monthly descending path for export taxes as of January 2027, on most grains and oilseeds, including oilseeds byproducts. The chart below shows the final export tax in December 2027 and December 2028.

Currently, biodiesel benefits from a nominal export tax advantage of 1.5 percentage points relative to soybean oil. However, because biodiesel also qualifies for an export tax reduction granted to most manufactured products, a benefit that does not apply to soybean oil or other unprocessed agricultural commodities, the effective export tax differential is currently 5.1 percentage points. This lower effective export tax rate continues to provide Argentine biodiesel exporters with a competitive advantage relative to exports of soybean oil.

**Table 2: Recent Export Tax Changes on Biodiesel, Soybean Oil, and Soybeans**

| MONTH     | BIODIESEL<br>% Export Tax* | SOY OIL<br>% Export Tax | SOYBEANS<br>% Export Tax |
|-----------|----------------------------|-------------------------|--------------------------|
| July 2025 | 23.0 (18.7)                | 24.5                    | 26.0                     |

|                 |             |      |      |
|-----------------|-------------|------|------|
| July 2026       | 21.0 (17.4) | 22.5 | 24.0 |
| December 2027** | 18.0 (15.3) | 19.5 | 21.0 |
| December 2028** | 13.0 (11.5) | 14.0 | 15.0 |

\*Biodiesel export tax nominal terms, effective rate in parenthesis

\*\* Declining monthly path set by government in Decree 423/2026

Source: Government of Argentina

**Table 3: Import/Export Taxes and Rebate Rates for Ethanol and Biodiesel (July 2026)**

| Product                                                    | Import Duty<br>Extra<br>Mercosur % | Import Duty<br>Intra<br>Mercosur % | Export Tax<br>% | Export Rebate<br>% |
|------------------------------------------------------------|------------------------------------|------------------------------------|-----------------|--------------------|
| Ethanol (2207.10 & 2207.20)                                | 20.0                               | 0.0                                | 0.0             | 1.25               |
| Biodiesel, <B30-100 (3826.00)                              | 12.6                               | 0.0                                | 21              | 0.0                |
| Petroleum Oil containing 1-30% biodiesel, B1-B30 (2710.20) | 0.0                                | 0.0                                | 12              | 0.0                |

Note: Applicable HTS codes in parenthesis

Source: Government of Argentina

See previous [Biofuel Annual Reports](#) for earlier export tax rates.

In January 2018 the U.S. government determined that Argentina was providing unfair subsidies to its biodiesel producers at rates of approximately 72 percent and imposed countervailing duties of a similar magnitude on imports from Argentina. Argentine biodiesel exports to the U.S. totaled \$1.1 billion in 2016. In April 2018, the U.S. government imposed additional anti-dumping duties of roughly 60 percent, concluding that Argentine biodiesel was being sold in the U.S. market at unfairly low prices. The combined anti-dumping and countervailing duties reached approximately 130-160 percent, making Argentine biodiesel commercially uncompetitive in the U.S. market. Later in 2018, Argentina requested a changed-circumstances review, arguing that policy changes warranted a reassessment of the duties. However, the U.S. Government concluded that the requirements for such a review had not been met and left the duties unchanged. The next mandatory five-year sunset review is projected for 2028. The EU has long been Argentina's only real export market for biodiesel. After years of high EU anti-dumping duties, a 2019 agreement with the European Commission set a minimum import price and a 1.2-million-ton (approximately 1.36 billion liters) annual quota exempt from the 25-33 percent countervailing duties, restarting bilateral trade. In 2026, the EU Commission proposed classifying soy-based biodiesel as "high ILUC risk" under the revised RED II. A designation that would have gradually barred it from counting toward EU renewable energy targets, and one Argentina strongly opposed. On July 8, 2026, the European Parliament rejected this proposal, giving Argentina's biodiesel industry significant relief.

In January 2026 the EU-Mercosur Partnership agreement and the Interim Trade Agreement were officially signed by members. In May 2026, the latter began provisional application. Biodiesel is excluded from the tariff liberalization commitments, while bioethanol received limited preferential access through tariff-rate quotas of 450,000 tons (approximately 570 million liters) for chemical use, duty free, and 200,000 (approximately 250 million liters) tons for all other uses, including fuel, at a reduced tariff. This opens negotiations among Mercosur members as the agreement did not establish country-specific allocations.

Peru, once an importer of about 200,000 tons (approximately 230 million liters) of Argentine biodiesel annually, is currently conducting a sunset review to determine if the anti-dumping duties on Argentine biodiesel should continue. These were imposed in 2016 and extended in 2021.

### III. Fuel Ethanol

**Table 4: Ethanol Used as Fuel**

| <b>Ethanol Used as Fuel and Other Industrial Chemicals (Million Liters)</b> |       |       |       |       |       |       |        |       |        |       |
|-----------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|
| Calendar Year                                                               | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023   | 2024  | 2025   | 2026f |
| <b>Beginning Stocks</b>                                                     |       |       |       |       |       |       |        |       |        |       |
| Fuel Begin Stocks                                                           | 44    | 72    | 121   | 123   | 146   | 139   | 139    | 132   | 135    | 146   |
| <b>Production</b>                                                           |       |       |       |       |       |       |        |       |        |       |
| Fuel Production                                                             | 1,105 | 1,113 | 1,073 | 809   | 1,008 | 1,159 | 1,157  | 1,208 | 1,295  | 1,350 |
| <b>Imports</b>                                                              |       |       |       |       |       |       |        |       |        |       |
| Fuel Imports                                                                | 0     | 0     | 0     | 0     | 0     | 0     | 0      | 0     | 0      | 0     |
| <b>Exports</b>                                                              |       |       |       |       |       |       |        |       |        |       |
| Fuel Exports                                                                | 0     | 0     | 8     | 22    | 16    | 33    | 24     | 81    | 104    | 80    |
| <b>Consumption</b>                                                          |       |       |       |       |       |       |        |       |        |       |
| Fuel Consumption                                                            | 1,077 | 1,064 | 1,063 | 764   | 999   | 1,126 | 1,140  | 1,124 | 1,180  | 1,280 |
| <b>Ending Stocks</b>                                                        |       |       |       |       |       |       |        |       |        |       |
| Fuel Ending Stocks                                                          | 72    | 121   | 123   | 146   | 139   | 139   | 132    | 135   | 146    | 136   |
| <b>Refineries Producing Fuel Ethanol (Million Liters)</b>                   |       |       |       |       |       |       |        |       |        |       |
| Number of Refineries                                                        | 14    | 17    | 22    | 22    | 22    | 22    | 22     | 22    | 22     | 22    |
| Nameplate Capacity                                                          | 1,200 | 1,300 | 1,440 | 1,555 | 1,560 | 1,580 | 1,580  | 1,630 | 1,650  | 1,800 |
| Capacity Use (%)                                                            | 92.1% | 85.6% | 74.5% | 52.0% | 64.6% | 73.4% | 73.2%  | 74.1% | 78.5%  | 75.0% |
| <b>Co-product Production (1,000 MT)</b>                                     |       |       |       |       |       |       |        |       |        |       |
| DDGS*                                                                       | 415   | 440   | 415   | 320   | 400   | 530   | 580    | 550   | 570    | 600   |
| <b>Feedstock Use for Fuel Ethanol (1,000 MT)</b>                            |       |       |       |       |       |       |        |       |        |       |
| Corn**                                                                      | 1,325 | 1,400 | 1,330 | 1,020 | 1,280 | 1,685 | 1,860  | 1,750 | 1,830  | 1,920 |
| Molasses***                                                                 | 2,250 | 2,150 | 2,110 | 1,565 | 1,910 | 1,855 | 1,545  | 1,950 | 2,150  | 2,235 |
| <b>Market Penetration (Million Liters)</b>                                  |       |       |       |       |       |       |        |       |        |       |
| Fuel Ethanol Use                                                            | 1,077 | 1,064 | 1,063 | 764   | 999   | 1,126 | 1,140  | 1,124 | 1,180  | 1,280 |
| Gasoline Pool 1/                                                            | 9,137 | 9,453 | 9,176 | 6,698 | 8,733 | 9,643 | 10,200 | 9,700 | 10,020 | 9,900 |
| Blend Rate (%)                                                              | 11.8% | 11.3% | 11.6% | 11.4% | 11.4% | 11.7% | 11.2%  | 11.6% | 11.8%  | 12.9% |

f=forecast

Note: 1/ Covers gasoline and all additives including any bio components (biofuels) when used like ethanol.

Source: Private and Secretariat of Energy data, Gasoline Pool: International Energy Agency and local private sources.

There are no dedicated HS codes for fuel ethanol, Post estimates trade numbers analyzing official trade data in discussions with private industry sources.

\* Calculated on a dry basis (1 mt of corn = 0.313 mt of DDGs (assume no oil extraction). Some plants sell in different proportions wet distiller's grains.

\*\* 1 MT of corn yields 417 liters of ethanol.

\*\*\* Sugar mills use molasses but several also use sugarcane or convert sugar to ethanol. To simplify, we assume only molasses are used with a conversion rate of 1 MT of molasses yields 246 liters.

#### A. Consumption

Argentine fuel ethanol consumption in 2026 is projected at 1.28 billion liters, a record high and an 8.5 percent increase from 2025. Despite a marginal decline in total gasoline sales, a recent change in local gasoline specifications, authorizing voluntary blending of up to 15 percent bioethanol, is expected to add roughly 100 million liters of demand, lifting the effective blend rate to nearly 13 percent, one percentage point above the official mandate. Bioethanol blend is expected to continue growing in 2027.

Gasoline sales in Argentina are expected to remain virtually flat in 2026 at 9.9 billion liters, a volume that has shown little variation since 2022. The primary driver of this stagnation is sluggish economic growth. While the government has made significant progress in bringing down inflation, reduced utility subsidies and wages that have yet to fully recover in real terms continue to limit household disposable income. In addition, gasoline prices have risen sharply, reducing consumers driving habits and gasoline sales.

The official mandate remains at 12 percent, split equally between sugarcane and corn-based ethanol. In March 2026, partly in response to higher global oil prices driven by the conflict in the Middle East, the Secretariat of Energy raised the maximum oxygen content in gasoline from 3.7 to 5.6 percent by weight, allowing fuel distributors to voluntarily blend up to 15 percent bioethanol. A few corn-based ethanol plants are already selling volumes above the mandate to fuel distributors at prices slightly below the official mandate price. Some plants that had been exporting surplus production are now selling more domestically because local demand is growing and domestic sales have become slightly more profitable.

Local oil refiners tend to be skeptical of blending fossil fuels with biofuels, as biofuels displace a portion of the gasoline or diesel they produce and/or import. They are considerably more receptive to bioethanol than to biodiesel under the official mandates since ethanol is typically price-competitive with gasoline, improves fuel quality by boosting the octane rating, and reduces the need for certain additives normally blended into gasoline. Furthermore, vehicle manufacturers are supportive of higher bioethanol blends, as both older and newer engines are designed to run on greater ethanol concentrations without operational issues.

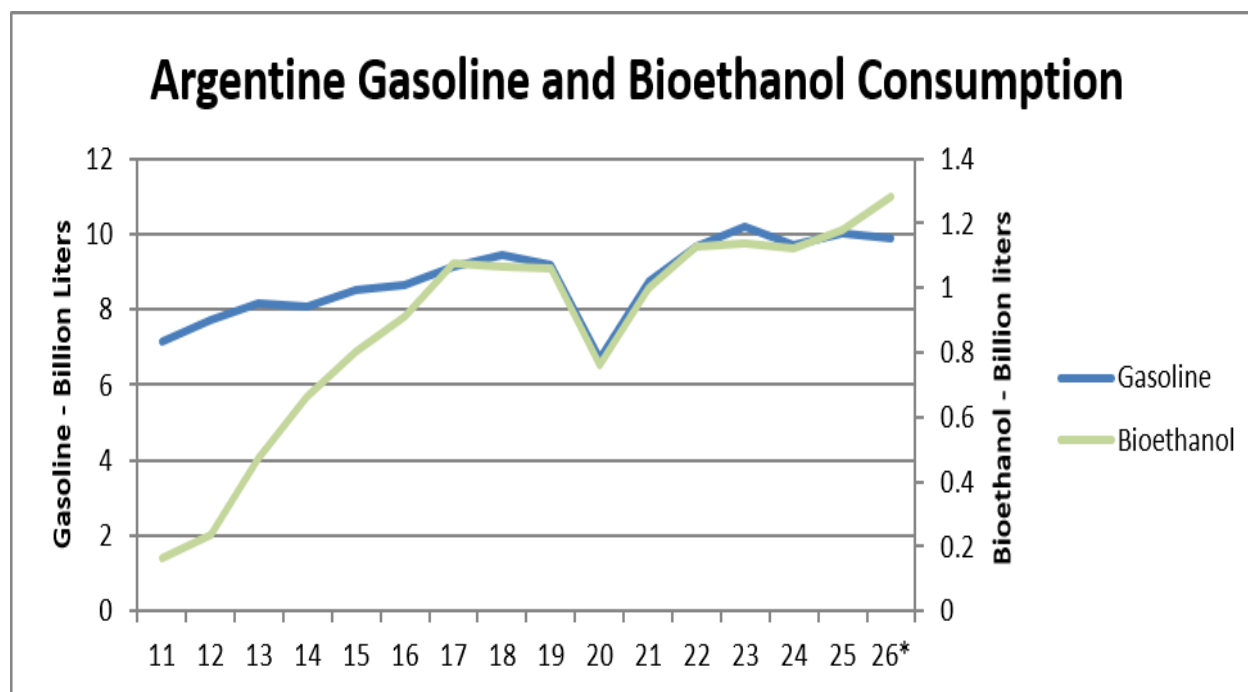
Of the 1.28 billion liters projected for 2026, approximately 730 million are expected to come from corn ethanol and the remaining 550 million from sugar ethanol. Both sectors are projected to grow relative to 2025, supported by expanding production and profitable official prices.

Gasoline sales in Argentina in 2022–2025 were volatile, reflecting the domestic economy. After two consecutive years of GDP contraction, the economy grew 4.4 percent in 2025 and is expected to expand a further 2.8–3.0 percent in 2026, yet a marginal decline in gasoline sales is still projected for the year. Despite the economic recovery, many households remain under financial pressure. Incomes are improving only gradually, while utility costs have risen as the government reduces subsidies. Wage growth also remains limited. Most economic growth is concentrated in agriculture, energy, and mining, which create relatively few jobs and therefore provide limited benefits to the broader population.

Córdoba province remains the national leader in bioethanol promotion, maintaining an E17 blending program for public vehicles and allowing private ones to use it as well. In addition, pilot trials of E70 are underway in select government fleets.

Argentina produces and consumes approximately 120–150 million liters of ethanol annually for beverage and industrial purposes. The principal end-use sectors include pharmaceuticals, cosmetics, food and beverages, chemicals, and sanitizers. Both the sugarcane and corn ethanol industries supply this segment of the market.

**Figure 4: Argentine Gasoline and Bioethanol Consumption**



Source: FAS with Secretariat of Energy and International Energy Agency, local sources

\* Post forecast

Bioethanol is all ethanol used as fuel. Gasoline pool includes all blended ethanol.

## Production

Bioethanol production in 2026 is projected to reach a record 1.35 billion liters, a 4 percent increase from the previous year, with both corn-based and sugarcane-based output expected to grow in similar proportion. Under the current Biofuels Law, the domestic fuel ethanol mandate must be supplied in equal shares of 6 percent each by the sugarcane and corn industries. In practice, however the corn industry is expected to account for nearly 60 percent of total bioethanol production in 2026, with the sugarcane industry supplying the remainder as in recent years. Approximately 95 percent of bioethanol production is destined for the domestic market, with the balance exported.

The sugarcane sector is currently in the harvest season, which runs through November and could yield record volumes if weather conditions are favorable. The sugar industry supplies the domestic market, with surplus sugarcane directed to ethanol production and/or sugar for export.

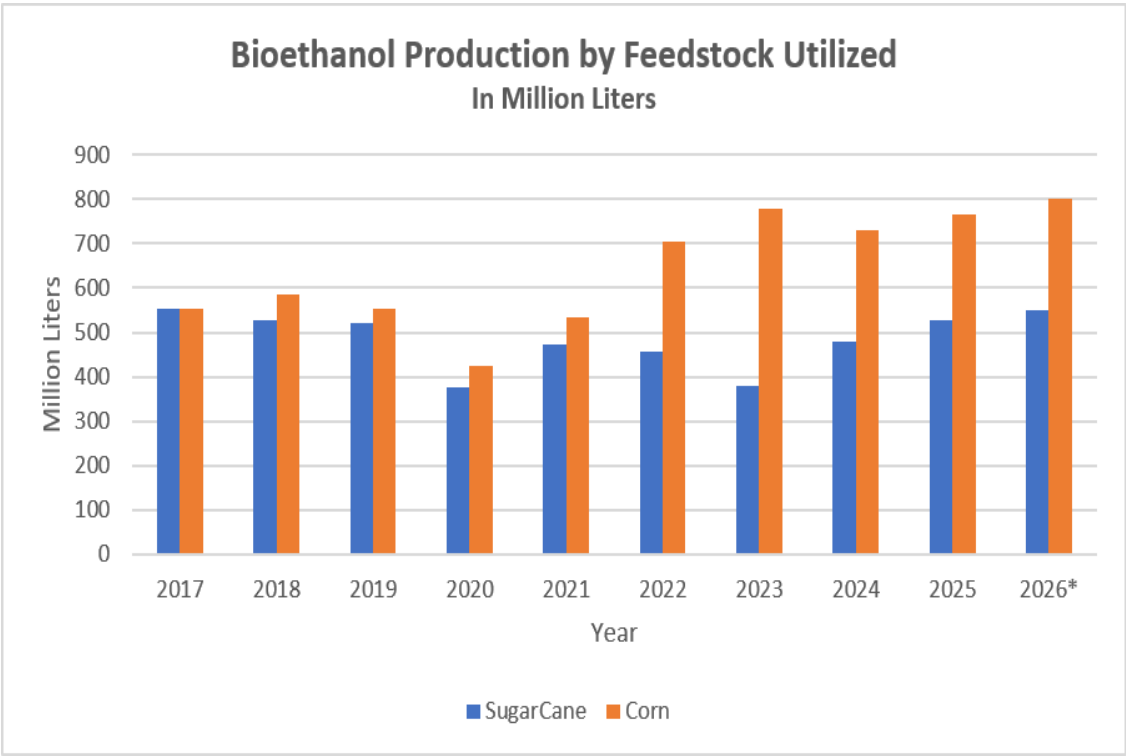
The corn bioethanol industry is benefiting from a record corn crop in marketing year 2025/26, currently more than halfway through harvest, alongside additional capacity expansions. Argentina is projected to be the world's third largest corn exporter, with domestic consumption of 18–19 million tons, representing roughly 30 percent of total production. Corn used for bioethanol production in 2026 will account for approximately 3 percent of the country's total corn output.

Argentine ethanol production capacity was estimated at 1.65 billion liters at the start of 2026. With two plants currently expanding, total capacity is expected to reach 1.80 billion liters by mid-2026, an addition of 150 million liters, equivalent to roughly 1.5 percent of the gasoline pool. While sugarcane-based ethanol capacity remains flat, corn-based capacity is estimated to grow 15–20 percent in 2026.

With limited new investment, the sugar industry in 2026 is projected to operate near full utilization, reaching a record 625 million liters of ethanol output. Attractive returns under the official mandate have incentivized sugar mills to prioritize bioethanol over sugar exports, though the additional volumes of bioethanol the sector can contribute remain marginal.

Total sugarcane ethanol production in 2025 was 605 million liters, of which 530 million liters were supplied under the official biofuels mandate and 75 million liters were directed to industrial and beverage use. According to data published by IPAAT (Tucumán Institute for the Promotion of Sugar and Alcohol), sugarcane-based ethanol production in marketing year 2024/2025 (June–May) totaled 578 million liters, of which 478 million liters were dehydrated alcohol for the official mandate. Tucumán province accounted for 60 percent of total output across 10 distilleries, while the northern provinces of Salta and Jujuy supplied the balance across 5 distilleries. In terms of fuel ethanol specifically, Tucumán produced 284 million liters across 7 dehydration facilities, and the northern provinces produced 194 million liters across 4 facilities.

**Figure 5: Argentine Bioethanol Production by Feedstock Utilized**



Source: Secretariat of Agriculture, Livestock, and Fisheries  
\* Post's projection

Corn-based ethanol production in 2026 is projected at approximately 850 million liters, with roughly 800 million for fuel ethanol and the remainder destined for industrial uses, a 4 percent increase over 2025. Growth will be driven primarily by an increase in the effective ethanol blending rate, which could rise from an estimated 13 to 15 percent in 2026. At that demand level, corn-based ethanol plants would operate at approximately 84 percent of their projected year-end production capacity.

There are currently 12 corn-based ethanol plants in Argentina, though one operates almost exclusively for industrial ethanol. Among the 11 fuel ethanol producers, capacity varies considerably: 6 are small farm-based facilities with a capacity of around 5,000 liters a year each, while the remainder range from 90,000 to 290,000 liters per year. Unlike the sugarcane sector, corn-based ethanol producers continue to invest in expanding existing plant capacity. In 2026, a new facility of approximately 100,000 liters per year is already producing adjacent to an existing large plant, bringing their combined output to 290,000 liters per year. In addition, the first bioethanol plant in Argentina expanded capacity by 50 million liters.

Two additional corn-based bioethanol plants have been announced, each with a projected capacity of approximately 150 million liters per year, contingent on the approval of the new biofuels law authorizing an increase in the use of bioethanol. One plant would be developed by a farmer group in western Buenos Aires province. The other by one of the country's largest cooperatives, whose location has not yet been determined.

Local corn-based ethanol plants produce both wet and dry distiller's grains and solubles (WDGS and DDGS), with the mix varying according to market conditions and drying costs. Post industry contacts estimate current production is roughly split between the two. Wet distiller's grains are sold primarily to nearby feedlots and dairies, while DDGS are marketed to poultry, swine, and feed manufacturers, which tend to be located farther away.

## **Trade**

Argentina is not a significant exporter of fuel ethanol, as the industry has focused almost exclusively on supplying the domestic blending mandate since its inception. The mandate became effective in 2010 with a 5 percent ethanol blend in gasoline. It increased to 10 percent in 2014 and to 12 percent in 2016. As of March 2026, the mandatory blend remains at 12 percent, with an additional 3 percentage points that may be traded freely outside the mandate. Expansion of production capacity has generally mirrored the successive increases in the blending requirement. However, several companies expanded capacity ahead of demand. Combined with stagnant gasoline consumption over the past five to six years, this has left a few producers with surplus capacity, prompting them to explore export opportunities. This process grew in 2024, when fuel ethanol exports reached 81 million liters.

Fuel ethanol exports are forecast at 80 million liters in 2026, down 23 percent from the record level reached in 2025. Although exports remain profitable, the country's only major producer with exportable surplus is expected to ship lower volumes than initially planned as prices in domestic discretionary market are currently more attractive. These sales have been permitted since March 2026. This discretionary market could absorb an estimated 80–100 million liters this year. Export margins remain relatively thin, although somewhat stronger than in 2025, and producers continue operating at high capacity.

Exports during January–June 2026 totaled approximately 50 million liters. Shipments are expected to slow during the second half of the year, with Brazil once again projected to be the principal destination.

Ethanol exports reached a record 131 million liters in 2025, of which approximately 104 million liters were bioethanol. Most shipments were loaded at the Port of San Nicolás, in Buenos Aires Province, and exported to northern Brazil. Small volumes were also shipped to the European Union and to Chile by truck.

In May 2026, the EU-Mercosur Partnership Agreement and the Interim Trade Agreement entered into provisional application. Under the agreement, ethanol obtained limited preferential market access through tariff-rate quotas consisting of 450,000 metric tons (approximately 570 million liters) for chemical use, duty free, and an additional 200,000 metric tons (approximately 250 million liters) for all other uses, including fuel ethanol, at a tariff equivalent to one-third of the normal duty. The agreement does not establish country-specific allocations, opening negotiations among Mercosur members over the distribution of these quotas.

## IV. Biodiesel

**Table 5: Biodiesel**

| <b>Biodiesel (Million Liters)</b>           |        |        |        |        |        |        |        |        |        |        |
|---------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Calendar Year                               | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026f  |
| <b>Beginning Stocks</b>                     | 52     | 102    | 27     | 28     | 98     | 120    | 90     | 18     | 20     | 15     |
| <b>Production</b>                           | 3,260  | 2,760  | 2,440  | 1,315  | 1,962  | 2,170  | 944    | 1,320  | 1,105  | 1,195  |
| <b>Imports</b>                              | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| <b>Exports**</b>                            | 1,875  | 1,585  | 1,147  | 675    | 1,440  | 1,388  | 346    | 435    | 311    | 230    |
| <b>Consumption</b>                          | 1,335  | 1,250  | 1,292  | 570    | 500    | 812    | 670    | 883    | 799    | 960    |
| <b>Ending Stocks</b>                        | 102    | 27     | 28     | 98     | 120    | 90     | 18     | 20     | 15     | 20     |
| <b>Production Capacity (Million Liters)</b> |        |        |        |        |        |        |        |        |        |        |
| Number of Biorefineries                     | 37     | 36     | 36     | 33     | 33     | 33     | 32     | 32     | 30     | 30     |
| Nameplate Capacity                          | 5,000  | 5,000  | 5,000  | 4,430  | 4,430  | 4,430  | 4,400  | 4,400  | 4,380  | 4,380  |
| Capacity Use (%)                            | 65.2%  | 55.2%  | 48.8%  | 29.7%  | 44.3%  | 49.0%  | 21.5%  | 30.0%  | 25.2%  | 27.3%  |
| <b>Feedstock Use (1,000 MT)</b>             |        |        |        |        |        |        |        |        |        |        |
| Soybean oil*                                | 2,870  | 2,430  | 2,200  | 1,180  | 1,750  | 1,930  | 840    | 1,175  | 980    | 1,060  |
| <b>Market Penetration (Million Liters)</b>  |        |        |        |        |        |        |        |        |        |        |
| Biodiesel, On-road use                      | 1,335  | 1,250  | 1,292  | 570    | 500    | 812    | 670    | 883    | 799    | 960    |
| Diesel Pool, On-road use 1/                 | 13,147 | 12,952 | 12,845 | 10,794 | 12,685 | 14,058 | 13,767 | 12,991 | 13,490 | 13,350 |
| Blend Rate (%)                              | 10.2%  | 9.7%   | 10.1%  | 5.3%   | 3.9%   | 5.8%   | 4.9%   | 6.8%   | 5.9%   | 7.2%   |
| Diesel Pool 1/                              | 14,547 | 13,826 | 13,248 | 11,646 | 14,710 | 16,494 | 16,350 | 15,682 | 15,500 | 15,400 |

f: forecast

Note: 1/ Covers diesel and all biocomponents (biodiesel). Diesel Pool 2 minus stationary power (source Cammesa). It also does not include bunkers, mining and others which are not subject to the official mandate mix and total 900 million to 1.2 billion liters/year.

Note: 2/ Source International Energy Agency (IEA). Covers diesel and any biodiesel used in the diesel pool, all on/off road transport (including agriculture, construction, rail and marine), plus stationary power.

Post estimates trade numbers consulting the Secretariat of Energy database

\*1 MT of soybean oil (1x refined) yields 1,128 liters of biodiesel \*\* Source: Argentine Secretariat of Energy

## Consumption

Argentine biodiesel consumption in 2026 is forecast at 960 million liters, up 20 percent from 2025. Due to a relatively stagnant diesel market, the average biodiesel blend is forecast at 7.2 percent, 1.3 percent higher than the previous year, owing to an additional 160 million liters of biodiesel. This would

represent the highest average blend rate since 2019. Post's industry contacts expect domestic biodiesel demand to remain firm as long as the volatility in global energy markets spurred by the Iran conflict persists. Higher biodiesel use could also reduce Argentina's reliance on imported diesel, which typically accounts for 5-10 percent of domestic consumption.

During January-May 2026, biodiesel sales under the official blending mandate reached 382 million liters, 8 percent above the same period in 2025. The current administration has been adjusting mandated prices and volumes to bring actual blending levels closer to those required by law. In recent years, weak enforcement and delays in updating official prices caused effective blend rates to fall below mandated levels.

An additional source of demand emerged in March 2026 with the start of discretionary biodiesel sales outside the blending mandate. Resolution 79/2026 of the Secretariat of Energy reaffirmed that voluntary biodiesel blends of up to B20 are permitted. Fuel distributors, commercial fleets, and the agricultural sector are expected to be the main users. Discretionary sales for delivery during March-June 2026 totaled approximately 25 million liters, with nearly all volumes contracted in March and April. Only two or three of the country's largest fuel distributors participated, purchasing biodiesel from the major export-oriented producers under commercially attractive terms for both buyers and sellers. No additional discretionary sales are expected during the remainder of the year, as international diesel prices are forecast to remain relatively stable.

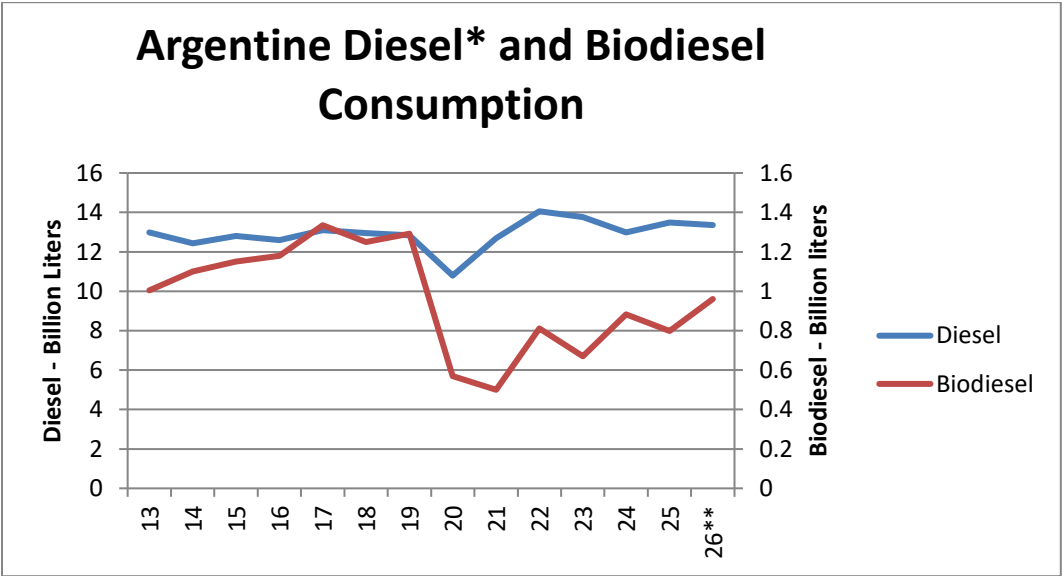
Argentina's total diesel market, including both on-road and off-road consumption, is projected to remain virtually unchanged in 2026. Diesel use declined by about 1 percent during the first half of the year, with a modest recovery expected in the second half. Although the economy is forecast to grow by 3.0-3.5 percent in 2026, the government continues to prioritize disinflation, with monthly inflation currently near 2 percent. Economic growth is being led by agriculture, energy, oil and gas, and mining. However, financial pressure remains on households. High interest rates, limited access to credit, higher utility bills, and slow wage growth continue to hold back consumer spending and the broader economy.

Current biodiesel policy mandates a 7.5 percent blend in the national diesel pool while allowing voluntary blends of up to B20. The mandate applies to both on-road and off-road diesel consumption, including passenger vehicles, light commercial vehicles, heavy trucks, buses, and agricultural equipment, representing an estimated diesel market of 13.35 billion liters in 2026. Biodiesel use in bunker fuel for river and international maritime transport remains limited, although blends of up to B100 have been authorized since 2025. Rail transport, mining, and stationary power generation remain outside the blending mandate.

The blending mandate continues to face opposition from fuel distributors, who argue that biodiesel remains more expensive than petroleum diesel, as well as from some government officials who contend that higher biodiesel use reduces fuel tax revenues. The state-owned oil company accounts for more than half of domestic fuel sales, giving the government considerable influence over market prices. Because fuel-price increases are politically sensitive and can add to inflation, the government continues to limit price adjustments. At the same time, restrained prices at the pump can limit refiners' ability or willingness to absorb higher biofuel costs. Against this backdrop, the biofuels bill currently under consideration in the Senate seeks to liberalize the market by promoting greater competition and reducing regulatory intervention.

Several provincial initiatives continue to encourage additional biodiesel consumption. Córdoba remains the leading province, promoting higher biodiesel blends in government vehicle fleets and authorizing blends above the national mandate at selected retail stations for private vehicles. These initiatives are estimated to generate an additional 2-3 million liters of biodiesel demand annually.

**Figure 6: Argentine Diesel and Biodiesel Consumption**



*\* All On and Off-Road Surface Transportation, including biodiesel*

*\*\* Post forecast*

*Source: FAS with Energy Secretariat, International Energy Agency, and private sources*

Domestic diesel and biodiesel continue to meet high-quality standards, with no significant operational issues reported, including during winter conditions. Argentine biodiesel is produced almost exclusively from soybean oil, which provides favorable cold-flow properties. Some vehicle manufacturers remain reluctant to endorse blends above B10, citing the need for engine recalibration and concerns over warranty liability. However, several domestic automakers and independent technical institutions maintain that blends of B20 or higher do not negatively affect engine performance or durability. Argentina's automotive industry is closely integrated with Brazil's, where B15 has been mandatory since 2025 and additional testing is underway to evaluate even higher blend levels. Paraguay currently mandates blends ranging from B8 to B10, with legislation allowing blends of up to B20 following government authorization.

**Production**

Argentine biodiesel production in 2026 is forecast at 1.195 billion liters, up 8 percent from 2025, supported by stronger domestic demand.

As discussed above, although total diesel consumption is expected to remain essentially flat in 2026, biodiesel demand is projected to increase by approximately 160 million liters. This growth is expected to

result primarily from stricter enforcement of the blending mandate following updates to official biodiesel prices, together with higher sales in the discretionary domestic market.

Biodiesel exports, destined almost entirely for the European Union, are projected to decline by approximately 26 percent from 2025. Shipments were slow during the first half of 2026 because of uncertainty surrounding the EU regulatory framework and weak import demand. However, the European Parliament's vote in early July 2026 confirmed that soybean-based biodiesel would remain eligible under the EU renewable energy framework. This decision substantially reduced the immediate risk to Argentine exports, although uncertainty remains because the European Commission could still introduce new legislative proposals or pursue additional regulatory measures.

Following the closure of two small biodiesel plants in 2025, Argentina has 30 biodiesel plants operating in 2026 with a combined production capacity of 4.38 billion liters, virtually unchanged since 2020. Despite the projected increase in production this year, the industry will continue to operate with significant excess capacity. Approximately 73 percent of installed capacity is expected to remain idle, well above the average of 50 percent recorded during 2017-2022. No significant investments in new biodiesel production capacity have been announced.

For purposes of administering the domestic blending mandate, the government classifies biodiesel plants into three categories based on production capacity. Eligibility to supply the mandated market depends on the category to which each plant belongs:

**Table 6: Number of Biodiesel Plants in Argentina by Production Capacity**

| Size   | Capacity               | Number of Plants |
|--------|------------------------|------------------|
| Small  | 9-28 million liters    | 8                |
| Medium | 54-80 million liters   | 11               |
| Large  | 136-690 million liters | 11               |

*Source: Argentine Secretariat of Energy*

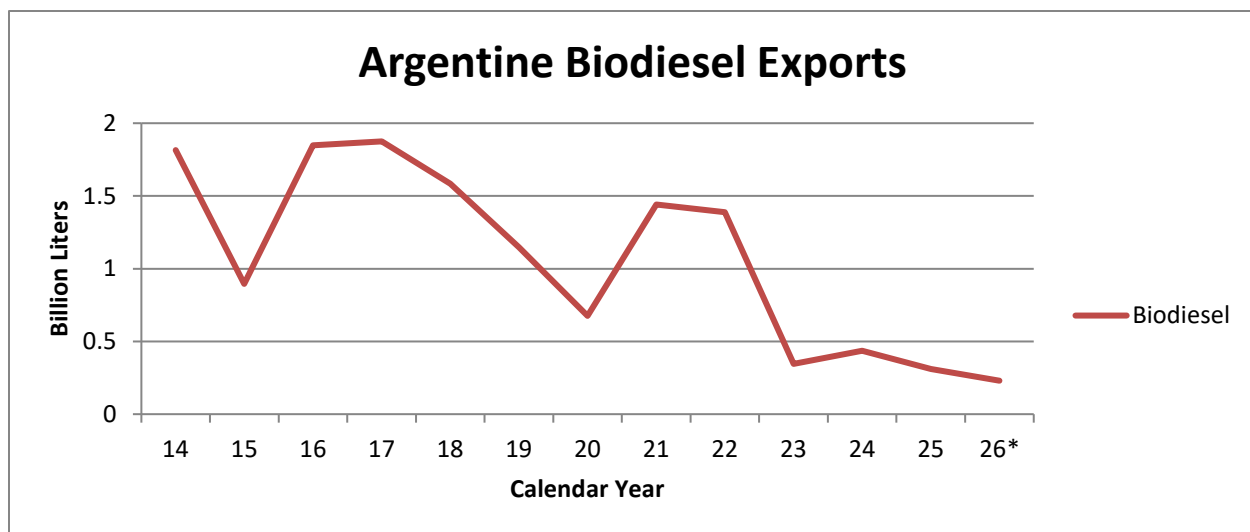
Argentine biodiesel production totaled 1.1 billion liters in 2025. Large export-oriented plants accounted for approximately 30 percent of total output, while small and medium sized producers supplied the remaining 70 percent to meet domestic blending mandate requirements.

Soybean oil remains the principal feedstock for biodiesel production in Argentina. It is supplied primarily by the country's large integrated exporters, which operate soybean crushing facilities that produce meal, oil, and, when market conditions are favorable, biodiesel. Medium and small biodiesel producers generally purchase soybean oil from these large crushers. Feedstock availability is abundant, reflecting Argentina's position as one of the world's largest soybean producers and a leading exporter of soybean meal and oil. The 2025/26 soybean harvest has recently concluded at 50 million tons. In 2026, the biodiesel industry is expected to consume approximately 1.06 million tons of soybean oil for domestic consumption and export production.

## Trade

Argentine biodiesel exports in 2026 are forecast at 230 million liters, although the final volume will depend largely on demand and price conditions in the European Union. Continued volatility in global energy markets persists, which adds considerable uncertainty to the outlook. Export shipments slowed during the first half of 2026 but Post expects them to strengthen in the second half of the year following a significant reduction in short-term regulatory uncertainty in the European Union.

**Figure 7: Argentine Biodiesel Exports**



Source:

*FAS Buenos Aires with Secretariat of Energy database*

*\* Post's forecast*

Biodiesel exports during the first half of 2026 totaled 86 million liters (source: Nabsa Shipping Agency, January-June 2026). Of this volume, 78 percent was shipped to the Netherlands, with the remainder exported to Spain. Exports in July are expected to reach approximately 11 million liters, followed by a forecast of 130 million liters during the last five months of the year.

Under the current agreement with the European Union, Argentina has an annual duty-free export quota equivalent to approximately 1.36 billion liters, allocated on a quarterly basis. Although the agreement remains confidential, industry contacts indicate that unused quarterly allocations may be carried forward and exported later within the same calendar year.

The European Union remains Argentina's sole export market, accounting for nearly all biodiesel shipments over the past four years. The Netherlands is consistently the largest destination, as biodiesel imported through the Port of Rotterdam is redistributed across Europe. Belgium serves a similar role through the Port of Antwerp, although on a smaller scale. Shipments to Malta are also generally re-exported within Europe, while exports to Spain are primarily blended for domestic consumption. Occasional cargoes are shipped to Canada or the United Kingdom when market conditions are favorable. These discretionary markets are highly volatile, with export opportunities generally limited to periods when Argentine soybean-based biodiesel is competitively priced relative to petroleum diesel.

Under the 2019 agreement with the European Union, Argentine biodiesel benefits from a minimum import price and an annual duty-free quota of up to 1.2 million metric tons (approximately 1.36 billion liters), exempting these volumes from the countervailing duties of 25-33 percent that otherwise apply. On July 8, 2026, the European Parliament rejected a proposal that would have gradually phased out soybean oil as a biofuel feedstock through 2030. Had the measure been approved, soybean oil would have been classified as a high indirect land-use change (ILUC) risk feedstock under the revised RED II, preventing soybean-based biodiesel from contributing toward the EU's renewable energy targets. The vote represented a significant positive development for Argentina's biodiesel industry by reducing short-term regulatory uncertainty. Nevertheless, some uncertainty remains because the European Commission could still introduce a revised proposal or pursue alternative regulatory measures. Meanwhile, the EU-Mercosur Trade Agreement, which entered into provisional application in May 2026, excludes biodiesel from tariff liberalization while granting bioethanol limited preferential market access through tariff-rate quotas.

The United States, once Argentina's largest biodiesel export market with shipments valued at approximately \$1.2 billion in 2016, has remained effectively closed since mid-2017. After U.S. anti-subsidy and anti-dumping duties were applied for a combined rate of 130-160 percent in 2018, Argentine biodiesel exports have no longer been uncompetitive. The next mandatory five-year sunset review of these trade measures is scheduled for 2028.

Peru was another important export market, importing an average of 215 million liters annually from Argentina during 2014-2016. However, in December 2016, Peru imposed company-specific anti-dumping and countervailing duties that effectively halted imports. The country is currently conducting a sunset review to determine whether these countervailing measures should remain in force.

Given Argentina's position as one of the world's largest biodiesel producers and the industry's projected 70-75 percent idle production capacity, biodiesel imports are considered highly unlikely. The current Biofuels Law stipulates that only domestically produced biofuels made from locally sourced feedstocks qualify to meet the mandatory blending requirement. However, the law authorizes the Secretariat of Energy to permit imports if domestic supplies become insufficient or under other exceptional circumstances. Imports intended for uses outside the mandatory blending program are not prohibited.

## ***V. Advanced Biofuels***

Argentina is taking its first steps toward advanced biofuels production but relatively little is produced today. The state-owned oil company, which supplies more than half of the domestic fuel market, together with a private Argentine company that operates two medium-sized biodiesel plants, has announced a \$400 million investment to convert an idle oil refinery near Rosario into a biorefinery producing drop-in fuels, including SAF and HDRD. The project could create a significant new market for Argentina's oilseed crush industry, which currently operates with substantial unused capacity. While few details have been released regarding the plant's production capacity, start-up date, or feedstock mix, industry sources expect that most of its output will be destined for export markets.

Several companies are also promoting production of canola, carinata (or Ethiopian mustard), and camelina as feedstocks for advanced biofuels in Argentina. These oilseed crops offer sustainability advantages because they are grown primarily for fuel rather than food production and can be

incorporated into existing crop rotations. Although planted area has been expanding rapidly, these crops remain small relative to Argentina's oilseed sector. During marketing year 2025/26, approximately 200,000 hectares were planted, with canola accounting for the largest share. Industry sources anticipate that acreage could expand rapidly in the coming years, as these winter crops complement the country's dominant summer soybean and corn crops without competing for land.

**Attachments:**

No Attachments