

**Required Report:** Required - Public Distribution

**Date:** February 28,2020

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## **Report Name:** Oilseeds and Products Update

**Country:** Argentina

**Post:** Buenos Aires

**Report Category:** Oilseeds and Products

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### **Report Highlights:**

2019/20 Soybean production forecast is raised to 54.1 Million Metric Tons (MMT), up 1.1 MMT from December, on positive growing conditions for first crop soybeans across Argentina. Sunflowerseed and peanut production is unchanged. Argentine farmers are concerned that the Argentine government will soon raise export taxes on grains and oilseeds using authority from an emergency economic law passed in December 2019.

As reported in Oilseed and Products of Update GAIN AR2019-0047, published January 01, 2020, in December 2019 the new government of President Alberto Fernandez raised export taxes on grains and oilseeds using pre-existing legal authority. Later in December, Fernandez gained the authority to raise export taxes another 3% as part of an emergency economic law, the “Social Solidarity and Production Reactivation” act, but has not yet exercised this new power. The new Fernandez government intends to stimulate the Argentine economy through increased social expenditures and needs additional revenue to finance this new spending, the existing fiscal deficit, and outstanding debt obligations.

**Argentine Agricultural Export Taxes**

The chart displays the export tax rates for six agricultural products in Argentina from January 2015 to January 2020. The y-axis represents the tax rate as a percentage, ranging from 0 to 40. The x-axis shows dates at two-month intervals. The chart is divided into three administrative periods: Cristina Fernandez de Kirchner (2015-2016), Macri Administration (2016-2019), and Alberto Fernandez Administration (2019-2020). A vertical line marks the end of the Macri Administration and the start of the Alberto Fernandez Administration. A horizontal line marks the end of the Cristina Fernandez de Kirchner Administration. A blue arrow points to the end of the Macri Administration, labeled 'Export Tax Caps from Emergency Economic Law'. A blue arrow points to the end of the Alberto Fernandez Administration, labeled '15%'. A blue arrow points to the end of the Alberto Fernandez Administration, labeled '33%'.

Date	Soybeans	Soy Meal & Oil	Corn	Wheat	Beef	Lemons
1/1/2015	35.5	32.5	20.5	23.5	15.5	3.0
11/1/2015	35.5	32.5	20.5	23.5	15.5	3.0
1/1/2016	30.5	27.5	0.5	0.5	0.5	0.5
1/1/2018	30.5	27.5	0.5	0.5	0.5	0.5
7/1/2018	26.5	23.5	0.5	0.5	0.5	0.5
9/1/2018	29.5	29.5	11.5	8.5	8.5	8.5
1/1/2019	29.5	29.5	11.5	8.5	8.5	8.5
1/1/2020	30.5	30.5	12.5	12.5	9.5	5.5

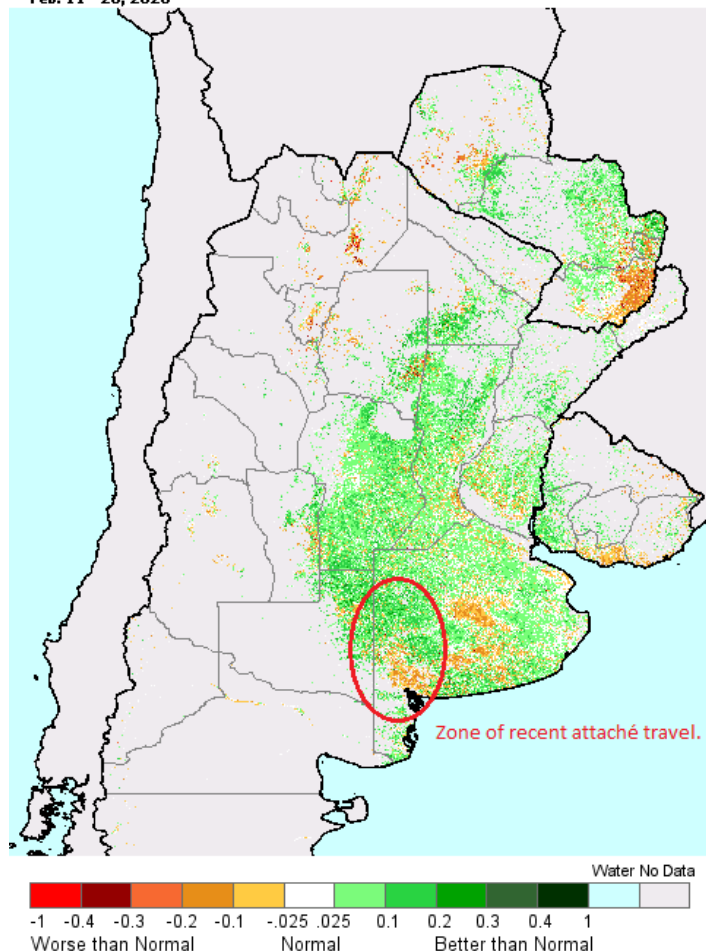
## Crop Conditions

Climatic conditions were positive across Argentina with rains in January and early February providing adequate soil moisture across practically the entire growing region. First crop soybeans in the northern portions of the core-region are filling pods and are approaching harvest while in the south floriation continues. Yields are projected to be above average. However, below average rainfall in parts of the core growing region since mid-February has raised concerns for second crop soybeans. Heavy rains in parts of the Provinces of Chaco and Tucuman in the north of Argentina have led to localized flooding which may slightly reduce harvested area for soybeans in this non-core region. Overall, improved growing conditions leading to slightly above average yield combined with average rates of abandonment lead Post to raise 2019/20 soybean production estimate 1.1 Million MT (MMT) to 54.1 MMT, up 2.1% from December, but still down 2.2% from 2018/19. Higher than average yields are being seen in sunflower harvested in the northern growing region, but these yields will not make up for reduced planted acreage. For sunflowerseed, Post maintains 2019/20 sunflowerseed production at 3.3 MMT. The Buenos Aires Grain Exchange estimates that 36.2% of the Argentine sunflowerseed crop was harvested by February 27, 2020. The dry spring in peanut producing regions of the Provinces of Cordoba, San Luis, and La Pampa delayed peanut planting somewhat but subsequent rains have improved crop conditions. For peanuts, Post maintains 2019/20 production at 1 MMT.

## Recent Attaché Crop Travel

The week of February 17-20, 2020 the FAS attaché visited eastern La Pampa Province and western Buenos Aires Province, the region most affected by drought during the period July-September 2019. Dry weather during this time period reduced wheat and barley yields (and caused some abandonment), and delayed planting of corn, soybeans, and sunflower in parts of the region. Early planted row crops, especially in the southern and western-most portions of the region will yield lower than average, but later planted soy and sunflower should yield at average or above average levels. Low prices, predation from doves, and lack of higher yielding new varieties contributed to reduced planted area of sunflower in this region, further reducing planted acreage of sunflower in Argentina compared to 2018/19. Acreage previously planted to sunflower is moving to soy where there is adequate moisture, and in more marginal ground, to low density corn (seeding rate of 25,000/ha) which has

NDVI Crop-masked Departure from Average (PROBA-V)  
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gained popularity in the region, because of low per acre cost.

Because of a new provincial tax law passed in January, shipments moving through ports in Buenos Aires province will now face increased taxes. The new law stipulates a tax of \$47 ARG pesos for each ton exported, \$139 ARG pesos for each ton imported (respectively \$0.79 and \$2.33 USD at official exchange rates). Ports facing these changes include important agricultural ports such as Bahia Blanca and Necochea/Quequén. According to the Bahia Blanca Grain Exchange, these increased taxes could have a negative effect on profitability for farmers in the region, both by reducing prices received by the farmer as well as increasing the cost of imported inputs. While much ultimately depends on trucking costs at harvest, farmers surveyed on this visit registered their intention to market their row crops through ports such as Rosario in the Province of Sante Fe to avoid the tax.

In La Pampa Province, growers faced a temporary period of two weeks at the beginning of February where the sale of most pesticides were banned by the provincial government following protest over the improper disposal of pesticides and their containers. There are anecdotal reports of crop loss and damage due to insect infestation, especially to sunflowerseed, that occurred during this time period. The provincial legislature is now debating the implementation of new pesticide-free buffer zones around communities in response to environmental activists who are demanding tighter control on the use of pesticides. Farm groups argue that the proposed buffer zones of 3,000 meters for aerial applications and 500 meters for ground applications would take too much land out of production and are not based on sound science.

**Attachments:**

No Attachments