Session: South America Trade
Argentina’s Agribusiness Potential
Surface Logistic and Infrastructure

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Bolsa de Comercio de Rosario
Argentina as a food supplier

- 4<sup>th</sup> in Arable Land Per Capita ranking: 0.96 ha/cap
- 6<sup>th</sup> in Food Producing Countries ranking based on net food per capita production value
- 10<sup>th</sup> in Top Food Exporting Country ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Soybean oil, meal and biodiesel exporter</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>Soybean producer &amp; exporter</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>Corn exporter</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Sunflower oil and 3&lt;sup&gt;rd&lt;/sup&gt; sunflower meal exporter</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>Grain sorghum exporter</td>
</tr>
<tr>
<td>7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Wheat exporter</td>
</tr>
<tr>
<td>5&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Barley exporter</td>
</tr>
<tr>
<td>7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Poultry meat exporter</td>
</tr>
<tr>
<td>10&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Beef exporter</td>
</tr>
</tbody>
</table>

Source: PSD, USDA
Changes in Grain Production (ERAMA 2025)

Argentina

Year Groups
- 2014/15 to 2024/25 Baseline
- 2015/16 to 2025/26 Baseline

2025/26 Production (MMT) | Δ 10 years
--- | ---
TOTAL | 140.4 | 29%
CEREALS | 74.6 | 51%
Wheat | 15.2 | 48%
Corn | 49.3 | 64%
Grain Sorghum | 5.0 | 47%
OILSEEDS | 65.8 | 11%
Soybean | 60.6 | 8%
Sunflower | 3.8 | 50%

Source: INAI Foundation. ERAMA 2025 (Reference Scenario for World and Arg Agroindustry 2025.)
Changes in Grain Export (ERAMA 2025)

- **1.7%**
- **36.8%**

### Table: Changes in Grain Exports 2015/16 to 2025/26 Baseline

<table>
<thead>
<tr>
<th>Crops</th>
<th>2025/26 Exports (MMT)</th>
<th>Δ 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>48.0</td>
<td>48.9%</td>
</tr>
<tr>
<td>Wheat</td>
<td>8.3</td>
<td>3.7%</td>
</tr>
<tr>
<td>Corn</td>
<td>37.7</td>
<td><strong>81.8%</strong></td>
</tr>
<tr>
<td>Rice</td>
<td>1.1</td>
<td>78.1%</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>10.8</td>
<td>0.5%</td>
</tr>
<tr>
<td>TOTAL GRAINS</td>
<td>58.7</td>
<td>36.8%</td>
</tr>
<tr>
<td>PROTEIN MEALS</td>
<td>33.0</td>
<td>7.7%</td>
</tr>
<tr>
<td>VEGETABLE OILS</td>
<td>6.9</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Source: INAI Foundation. ERAMA 2025 (Reference Scenario for World and Arg Agroindustry 2025.)
Argentina’s Agribusiness

**STRENGTHS**
- Geographical concentration of main production area
- Proximity of the main production area to terminal ports and industrial area
- Highly flexible primary producers, growing in scale, of rapidly adopting high technology
- Highly efficient port infrastructure
- Large scale crushing industry

**WEAKNESSES**
- High tax pressure
- High labor cost
- Inadequate infrastructure for transportation (highways, rural roads, port access, equipment), and, therefore, logistics
- Inefficiencies in energy infrastructure
- Royalties seed issue hindering new technology acquisition
## Logistic and Transportation Infrastructure

### Surface Transportation Freight

<table>
<thead>
<tr>
<th>Sector</th>
<th>MMT equivalent by Truck</th>
<th>MMT equivalent by Rail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>40.3</td>
<td></td>
</tr>
<tr>
<td>Grains &amp; Other Agric. Prod.</td>
<td>183.7</td>
<td>12.8</td>
</tr>
<tr>
<td>Manuf. Goods</td>
<td>40.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Minerals &amp; Metals</td>
<td>119.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Fuels</td>
<td>25.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>408.9</strong></td>
<td><strong>22.1</strong></td>
</tr>
</tbody>
</table>

### Pie Chart

- **Grains & Agroind.**: 41%
- **Minerals**: 29%
- **Manuf. Goods**: 10%
- **Regional**: 5%
- **Fuels**: 9%
- **Meat**: 6%

**Source:** CNRT and National Cargo Study from Transportation Ministry (2012 data).
1. L&T Infrastructure: Road System

Critical points

- Freight cost\(^1\)
  - 40% taxes, 24% labor cost, 3.9% truck company profit.
- Conditions of 240,000 km of national and provincial road system:
  - 66% unpaved
- Plus 200,000 km of counties road system

4-Y Plan of Road Transportation Security

- Investment of aprox. USD 13 billions
  - Construction of 2,800 km of highways
  - Improvements and repairs of 4,000 km
  - Other repairs and constructions
  - Mixed management of 40,000 km of the national roads \(^2\)

\(^1\) IAPUCO/FADEAAC.

\(^2\) New law on public-private investment (PPP)
There is a symmetry between the priorities highlighted by the 4-Year Plan proposed by the new government (La Nacion Media Infography) and the Daily Average Flow of Grain Trucks during a year (2012).
There is a symmetry between the priorities highlighted by the 4-Year Plan proposed by the new government (La Nacion Infography) and the Daily Average Flow of Grain Trucks during 2012.
2. L&T Infrastructure: Rail System

Critical points

- 28,500 km of railroads network, but only 18,000 km are active /1
- Low active equipment (369 locomotives, 17,300 cars)
- No access to all of the export terminal ports

2016-2035 Investments Plan

- Volume projection: currently transported by railway + volume derived from truck transportation
- 20-y investment splitted in 4-y periods
- Dateline for the public-private partnership railway lines: 2021-2022
- Under PPP (public-private partnership)

/1 CRT, Ministry of Transportation and Ministry of Agroindustry
1° stage of the 20-Y Investment Plan for Cargo Railroads prioritize the NOA-NEA potential production.

**Railroad Investment Plan to-the-End-of 2019**

<table>
<thead>
<tr>
<th>Period</th>
<th>2016-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>USD 2.6 billion</td>
</tr>
<tr>
<td>Access to Rosario</td>
<td>Unfinished work</td>
</tr>
</tbody>
</table>

**RECOVERED TRACKS (IN KM)**

- Main Network: 1,711 km
- Secondary Network: 564 km
- Light Improvements: 1,385 km
- Total: 3,660 km

**Estimated rail cargo**

- Total: 27 MMT (19 in 2016)
- Agroind. Share: 16 MMT (12 in 2016)

Based on **Investment Plan for Cargo Railroads 2016-2023** of Transportation Ministry, Argentina.
3. L&T Infrastructure: Access to ports

- Improvement to access —for trucks and rails— to bulk grain terminals on Parana River: **Up River Complex + NE BA**

- Proximity of main production area
- Potential increase of crop area will be located in the North of Argentina
- 46% of grain production is 300 km around the terminal ports surrounding Rosario (Up River complex)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Soybean</td>
<td>57%</td>
</tr>
<tr>
<td>Corn</td>
<td>47%</td>
</tr>
<tr>
<td>Wheat</td>
<td>41%</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>40%</td>
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</tbody>
</table>
### 2016 Up River Shipments

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain</td>
<td>63%</td>
</tr>
<tr>
<td>Protein meals</td>
<td>96%</td>
</tr>
<tr>
<td>Vegetable oils</td>
<td>97%</td>
</tr>
<tr>
<td>Soybean</td>
<td>35%</td>
</tr>
<tr>
<td>Corn</td>
<td>83%</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>99%</td>
</tr>
<tr>
<td>Wheat</td>
<td>56%</td>
</tr>
</tbody>
</table>

**66 MMT OUT OF 83 MMT IN TOTAL**

Estimates based on Ministry of Agroindustry and private sources.
2016 Estimated Units
(only for grains)

- 2 Million for grains (4 M in and out) +23% y/y
- 173,000 grain railcars
- 2,900 barges
- 2,420 overseas vessels (all cargo) +11.6% y/y
3. L&T Infrastructure: Access to bulk ports

- Even with good road and railways connections, it is required to improve access for trucks and rails to bulk grain terminals in **Bahía Blanca, BA**

  - ✓ With a depth of 45 feet, is critical for the completion of Up River vessels
  - ✓ Key for the petrochemical industry

<table>
<thead>
<tr>
<th>Grain</th>
<th>2016 share on total shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>42%</td>
</tr>
<tr>
<td>Corn</td>
<td>14%</td>
</tr>
<tr>
<td>Soybean</td>
<td>49%</td>
</tr>
<tr>
<td>Barley</td>
<td>96%</td>
</tr>
</tbody>
</table>
4. L&T Infrastructure: Private strategies

- New port terminals for grain shipping
- Barges facilities
  - New for unloading grain from Py
  - Enlarging unloading capacities
- Present terminal ports
  - Enlarging truck yards capacity
  - More equipment to increase downloading speed on trucks
- Investments on fixed silo capacity along the Belgrano Cargas railway line on the North
Conclusions

- Free currency market and the removal of trade barriers, price controls and other regulatory restrictions allowed the noticeable expansion of production, mainly in grain and livestock sectors.

- **Surface Transportation and Logistic Infrastructure**
  - Inadequate roads and railroads from farms to terminal points and inadequate access to export terminals... meaning high pressure on logistics.
  - Highly efficient terminal ports, with capacity for shipping ≈ 220 MMT of grains, but enlarging unloading speed capacity; investing on capacity for terminals in NE Buenos Aires.
  - BUT, the new government has taken note and prioritized their plans according to those areas that will have a quicker response to stimuli.

- There is still a high Argentina’s cost (tax system), work in progress.

- Demand side: slower economic growth and increasing protectionism.
Thank you very much

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