

# Medium-term prospects for major agricultural commodities 2017-2026

## Argentina

### Highlights

- The removal of export taxes is expected to stimulate production and export of soybeans and (especially) cereals
- Strong growth is expected in the demand for biodiesel and ethanol. Higher domestic demand will lead to a decrease in biodiesel exports.
- The Argentine diet is characterised by high meat consumption. In the coming decade, sugar will be the fastest growing source of calories.
- Exceptionally strong growth is expected in exports of beef and veal as strong production growth combines with relatively flat domestic consumption.

### Overview

The *OECD-FAO Agricultural Outlook* foresees that overall production growth in Argentina will lead to higher exports of agricultural commodities. Food demand will continue to grow, particularly for sugar and protein from animal origins, with beef continuing to be a significant element of the national diet. Argentina will remain an important exporter of grain and protein meal, with trade expected to increase the most for beef and veal over the outlook period. The *Outlook* assumes that the current policy framework will change over the next decade. A significant policy change is the removal of export taxes for beef and veal and grains in 2016 and the reduction of export taxes to zero by 2022 for soybeans. Those policy changes are expected to lead to strong growth in the production of these commodities

#### Macroeconomic assumptions

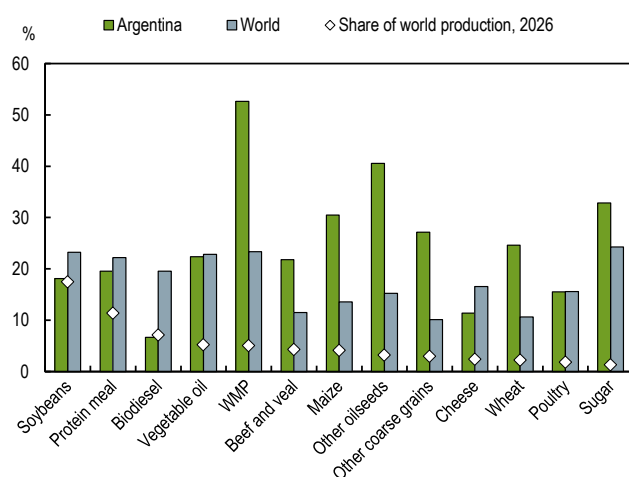
- Population is projected to grow at 0.9% per year, from 44 million in 2016 to 48 million in 2026.
- Annual inflation is expected to average around 13% in the coming decade.
- The Argentine peso is projected to depreciate by 62% in nominal terms compared to the USD to ARS/USD 23.9 in 2026.
- GDP is projected to grow by 3% per year.

#### Policy assumptions

- Export taxes for crops and beef assumed to be zero as of 2017.
- Export taxes for soybeans and soybean products expected to be phased out to be zero by 2022.
- Export taxes for biodiesel expected to remain at their 2017 levels.
- Tariffs are assumed to remain at their 2016 levels until 2026.

### Production

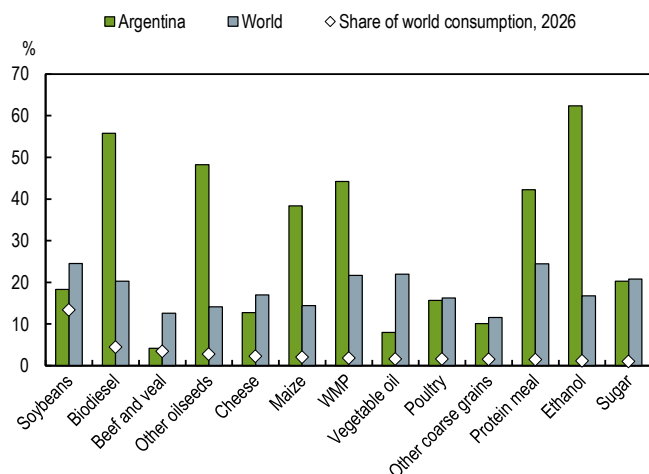
Production: Percentage change 2026 compared to 2014-16 average



- Argentina is an important producer of **soybeans** and **protein meal**, with production of both projected to grow by more than 18% over the coming decade. This is slightly lower than the average global growth. Nevertheless, Argentina's share of world production will remain high in 2026, at 18% for soybeans and 11% for protein meal. **Vegetable oil** production is projected to increase by 22%, in line with global trends. Stronger production growth is expected for **other oilseeds**, mostly **sunflower seeds**, at 41% over the decade.
- Growth in **biodiesel** production is projected to be low at 7% over the coming decade, far below the projected global growth rate of 20%.
- **Whole milk powder** production is projected to grow by 53% over the coming decade. Production of other dairy products remains modest, e.g. **cheese** production is expected to increase by 11%.
- Strong growth is expected in Argentina's cereal production, with high growth rates for **maize** (+31%), **other coarse grains** (+27%), and **wheat** (+25%).
- Production of **beef and veal** is projected to increase by 22% and production of **poultry** increase by 16%.
- With a projected growth of 33%, **sugar** production in Argentina will outpace the global production growth rate.

## Consumption

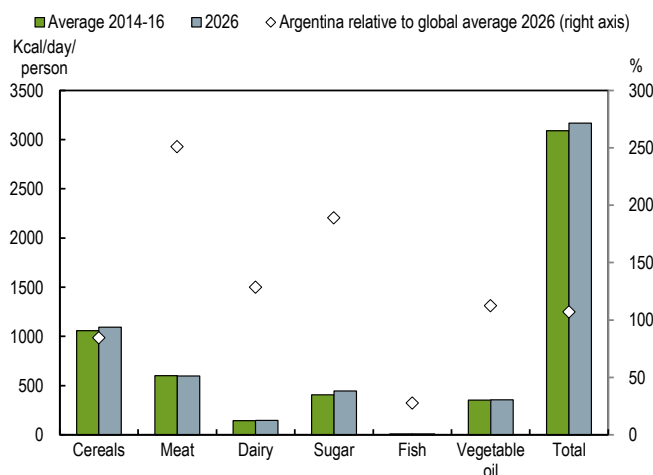
**Consumption: Percentage change 2026 compared to 2014-16 average**



- In line with the growing domestic production, the consumption of **soybeans** is projected to increase by 18% over the decade. Argentina will continue to account for a large share (+13%) of the global consumption of soybeans. Growth will be higher (+56%) for **other oilseeds**, where Argentina's share of global consumption is much smaller (+3%). Demand for protein meals is also expected to increase strongly (+42%).
- Strong growth is expected for **biodiesel** (+56%) and **ethanol** (+62%). The share of biodiesel in diesel fuel use is projected to increase from 8.4% to 12%, with a similar increase in growth expected in the ethanol share of gasoline fuel use (from +8.7% to +12.1%).
- Consumption growth remains limited for **beef and veal** (+4%). Stronger growth is expected for **poultry** consumption (+16%).
- The growth of **vegetable oil** consumption will be modest at an expected 8%. However, stronger growth is expected for **sugar** consumption, which is projected to increase in line with the global growth rate of 20%.

## Caloric and protein intake

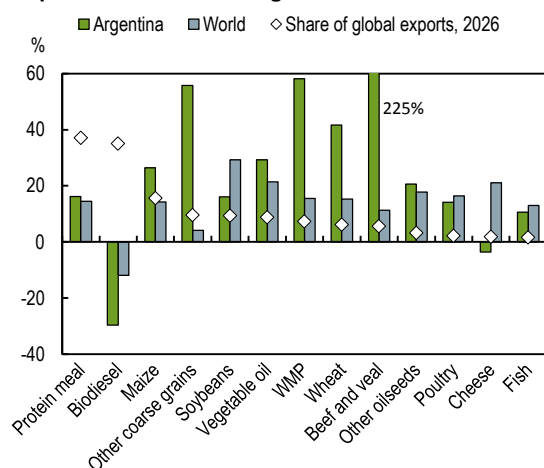
**Projections of caloric intake per capita by commodity, 2026 compared to 2014-16 average**



- Overall **calorie intake** in Argentina is projected to increase by 3% to 3 170 kcal/day/person in 2026, a level slightly above the expected global average.
- **Cereals** dominate as a source of calories, with an expected contribution of 1 100 kcal in 2026, 4% higher than the current level.
- Calorie intake through **meat** consumption is expected to remain flat at a high level of about 2.5 times the global average in 2026. The contribution of **fish**, however, is low at less than one-third the global average.
- The fastest-growing main source of calories is **sugar**, which is projected to increase by 9% over the outlook period. In 2026, Argentinian calorie intake from sugar is projected to be 89% above the global average.
- Protein intake (not shown) is expected to remain constant at 113 grams/day/person, 17% above the expected global average in 2026. As for calories, protein intake in Argentina will continue to be characterised by a high contribution from **meat** and a low contribution from **fish**.

## Trade

### Exports: Percentage change 2026 compared to 2014-16 average



- Agricultural imports are relatively minor. Argentina, however, is a major player on international export markets for **protein meal**, with exports projected to increase by 16% over the outlook period. A strong decline is projected for **biodiesel** exports (-30%) as domestic demand increases combined with a slower international demand. Nevertheless, Argentina is expected to account for 35% of global exports in 2026.
- Export growth will outpace global trade growth for cereals (**maize, other coarse grains, and wheat**), spurred by the removal of export taxes. Exports of other coarse grains are projected to increase by 56%, while exports of wheat increase by 42%.
- By far, the highest growth rate is expected for exports of **beef and veal**, with exports projected to grow 226% as a result of strong production growth and a relatively flat consumption growth. Argentina's share of global beef and veal exports is expected to grow from 2% at present to around 6% in 2026.

## Policy and market uncertainties

- Argentina has experienced considerable macroeconomic uncertainty in recent years, with high inflation and an economic contraction. However, reforms to macroeconomic and other policies have begun to stimulate agricultural production. In 2015, the government started to reform the system of export taxes on agricultural commodities, a major barrier to agricultural exports of beef and veal, grains (maize and wheat) and soybeans. The reduction, and in some cases the elimination, of these export taxes has boosted the production and exports of these key agricultural commodities. Any reversal or delay in the implementation of these reforms would constrain this development over the outlook period.

## Further reading

OECD/FAO (2017), *OECD-FAO Agricultural Outlook 2017-2026*, OECD Publishing, Paris.

[http://dx.doi.org/10.1787/agr\\_outlook-2017-en](http://dx.doi.org/10.1787/agr_outlook-2017-en).

OECD-FAO Agricultural Outlook: [www.agri-outlook.org](http://www.agri-outlook.org)

Methodology of the Aglink-Cosimo Model: [www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf](http://www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf)

Policy information for these country notes is drawn from the *OECD Agricultural Policy Monitoring and Evaluation*: <http://oe.cd/pse>

For more information about the Agricultural Outlook, contact us at [TAD.contact@oecd.org](mailto:TAD.contact@oecd.org).

## Argentina: Selected commodity projections

			Average	Growth <sup>2</sup>			
			2014-16est.	2021	2026	2007-16	2017-26
<b>Wheat</b>	Area harvested	kha	5 063	5 463	5 947	0.75	1.81
	Production	kt	14 530	15 830	18 107	1.89	2.83
	Consumption	kt	5 833	6 163	6 464	2.13	0.99
	Per capita consumption <sup>1</sup>	kg/cap	117.5	118.6	119.8	0.24	0.21
	Exports	kt	8 208	9 636	11 626	-1.40	3.61
	Imports	kt	3	3	3	0.00	0.00
<b>Maize</b>	Area harvested	kha	4 935	5 627	5 898	8.16	1.10
	Production	kt	36 267	42 971	47 317	9.16	2.13
	Consumption	kt	16 767	20 487	23 204	12.26	2.71
	Per capita consumption <sup>1</sup>	kg/cap	32.9	35.9	36.2	2.51	0.19
	Exports	kt	19 004	22 309	24 015	7.06	1.49
	Imports	kt	4	4	4	0.00	0.00
<b>Protein meals</b>	Production	kt	36 438	39 297	43 554	3.50	2.07
	Consumption	kt	3 803	4 949	5 409	4.86	2.98
	Exports	kt	32 836	34 551	38 151	3.97	2.12
	Imports	kt	0	0	0	0.00	0.00
<b>Vegetable oils</b>	Production	kt	9 341	10 244	11 433	2.61	2.15
	Consumption	kt	3 204	3 924	3 459	12.17	-2.27
	Per capita consumption <sup>1</sup>	kg/cap	18.7	18.8	18.9	-0.04	0.14
	Exports	kt	6 183	6 337	7 990	-0.11	4.80
	Imports	kt	17	17	17	4.50	0.00
<b>Sugar</b>	Production	kt	1 976	2 369	2 626	-1.21	3.01
	Consumption	kt	1 699	1 883	2 043	0.59	1.72
	Per capita consumption <sup>1</sup>	kg	39.1	41.0	42.7	-0.44	0.84
	Exports	kt	277	483	574	-5.22	9.78
	Imports	kt	0	0	0	..	..
<b>Beef and veal</b>	Cow inventory	000 hd	20 140	23 014	24 433	-0.39	1.72
	Production	kt (cwe)	2 680	3 040	3 264	-2.21	1.46
	Consumption	kt (cwe)	2 474	2 587	2 578	-0.88	-0.26
	Per capita consumption <sup>1</sup>	kg/cap	39.9	39.4	37.7	-1.90	-1.12
	Exports	kt (cwe)	213	460	693	-11.60	11.84
	Imports	kt (cwe)	7	7	7	6.96	0.00
<b>Poultry</b>	Production	kt (rtc)	2 038	2 230	2 355	4.41	1.31
	Consumption	kt (rtc)	1 786	1 979	2 065	4.08	1.05
	Per capita consumption <sup>1</sup>	kg/cap	36.2	37.9	38.0	3.00	0.17
	Exports	kt (rtc)	263	261	300	5.67	3.23
	Imports	kt (rtc)	10	10	10	-5.20	0.00
<b>Milk</b>	Cow inventory	000 hd	2 343	2 322	2 394	0.03	0.62
	Production	kt	10 796	10 791	11 298	1.16	1.33
<b>Cheese</b>	Production	kt	560	572	624	1.74	1.88
	Consumption	kt	510	528	575	1.73	1.83
	Per capita consumption <sup>1</sup>	kg/cap	11.7	11.5	12.0	0.69	0.95
	Exports	kt	52	45	50	2.43	2.38
	Imports	kt	2	1	1	-10.75	0.00
<b>Fish and seafood</b>	Production	kt	821	862	900	-1.92	1.07
	Food consumption	kt	271	296	286	0.06	-0.79
	Per capita consumption <sup>1</sup>	kg/cap	6.2	6.4	6.0	-0.97	-1.65
	Exports	kt	64	631	679	-2.26	1.84
	Imports	kt	64	65	65	3.36	0.00
<b>Ethanol</b>	Production	mln L	932	1 401	1 518	21.74	3.06
	Domestic use	mln L	919	1 381	1 491	30.01	3.02
	Fuel use	mln L	769	1 216	1 296	..	2.96
	Share in gasoline fuel use	%	8.7	12.1	12.1	..	..
	Exports	mln L	17	21	28	-19.78	5.46
	Imports	mln L	1	2	2	-1.49	-0.53
<b>Biodiesel</b>	Production	mln L	2 698	3 454	2 879	23.26	-3.24
	Fuel use	mln L	1 153	1 759	1 797	69.56	3.10
	Share in diesel fuel use	%	8.4	12.0	12.0	..	..
	Exports	mln L	1 538	1 695	1 082	14.96	-9.28
	Imports	mln L	0	0	0	..	..

1 Per capita consumption expressed in retail weight. Carcass weight to retail weight conversion factor of 0.7 for beef and veal, 0.78 for pigmeat and 0.88 for both sheep meat and poultry meat.

2. Least squares growth rate.