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Argentina

Grain and Feed

Lock-Up Report

2009

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Report Highlights:

Post lowers its overall wheat production forecast to 9.5 million metric tons (MT) in 2008/09 due to dry conditions that severely impacted yields. Wheat exports are expected to fall to 4.2 million tons as a result of the lower production. Post lowers its corn production forecast to 16.5 million MT for 2008/09 due to drought conditions that severely impacted yields. Post lowers the 2008/09 export forecast to 9 million MT to compensate for lower expected production. A plan to reduce the export tax on wheat and corn by five percentage points was published in Argentina's "Boletín Oficial" on December 22, (Joint Resolution 26/2008 and 28/2008) -- for wheat, the new export tax is 23 percent; and for corn the new export tax is 20 percent. The GOA also published a plan to stimulate wheat and corn production, called "Plus-Programs." The programs stipulate that when historical production averages are exceeded -- 13 million tons for wheat and 15 million tons for corn -- export taxes will decrease by one percentage point for large producers, two percentage points for medium-size producers, and five percentage points for small producers, per each additional million tons produced. On December 30, 2008, the GOA published a measure to increase its control on agricultural exports (Resolution 8590/2008). The measure is called the "Single International Sales Register" for all ROEs (export registrations).

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
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[AR]

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Wheat

Post lowers its overall wheat production forecast for Argentina to 9.5 million metric tons (MT) in 2008/09 due to severe drought and export policy factors that impacted negatively on this year's crop. A reduced harvested area and expected lower yields are the cause of this significant drop in production from the previous year. Wheat exports are expected to fall to 4.2 million tons as a result of the lower production.

Post maintains USDA's wheat harvested area forecast at 4.2 million hectares. Earlier estimated planting intentions fell because of lack of moisture and farmers' uncertainties about domestic prices. The Buenos Aires Grains Exchange reports that as of December 30, 2008, 92.4 percent of its estimated 4.2 million hectares had been harvested. Post forecasts a decrease in the overall wheat yields to 2.3 MT per hectare.

Although previously announced at the beginning of December, a plan to reduce the export tax on wheat and corn by five percentage points was published in Argentina's "Boletín Oficial" on December 22, (Joint Resolution 26/2008 and 28/2008) -- for wheat, the new export tax is 23 percent. The export tax on wheat flour and wheat sub-products was also reduced by 5 percentage points on the same day (Joint Resolution 27/2008 and 29/2008). The new export tax for wheat flour is 15 percent.

The GOA published on December 31, 2008, an incentive program for wheat production (Decree 2315) that stipulates when historical production averages are exceeded -- 13 million tons -- export taxes will decrease by one percentage point for large producers (those producing over 2,500 tons of wheat), two percentage points for medium-size producers (between 500-2,500 tons), and five percentage points for small producers (up to 500 tons), per each additional million tons produced. This plan has been called the "Wheat-Plus" program.

On December 30, 2008, the GOA published a measure to increase its control on agricultural exports (Resolution 8590/2008). The "Single International Sales Register" for all ROEs (export registrations), created by this resolution, will enable ONCCA to freely share information related to export sales with Argentina's tax office (AFIP), Customs and other relevant government agencies for the purposes of auditing and contract compliance. The measure will also purportedly increase the speed at which ROEs are approved or denied (within 5 working days of the request), although it stipulates that modifications to contracts or any declared information requires an evaluation period of up to 30 working days before approval or denial.

Corn

Post lowers its corn production forecast to 16.5 million MT for 2008/09. Post maintains its corn harvested area forecast at 2.5 million hectares, but lowers the 2008/09 export forecast to 9 million MT to compensate for lower expected production.

The extremely dry conditions and very hot days during the growing season severely impacted corn fields in most of the corn planting area. Post lowers its yield forecast to 6.6 MT per hectare due to drought.

As previously mentioned, Joint Resolution 26/2008 and 28/2008 lowered export taxes on corn by 5 percentage points. The new export tax on corn is 20 percent. Joint Resolution 27/2008 and 29/2008 lowered the export tax for corn sub-products by 5 percentage points. The new export tax on corn oil is 15 percent.

On December 31, 2008, the GOA published an incentive plan for future corn production (Decree 2315). The measure stipulates that when historical production averages are exceeded -- 15 million tons -- export taxes will decrease by one percentage point for large producers (those producing over 5,000 tons of corn), two percentage points for medium-size producers (between 1,000 and 5,000 tons), and five percentage points for small producers (up to 1,000 tons of corn), per each additional million tons produced. This plan has been called the "Corn-Plus" program.

Relevant Reports

AR8050: Argentina Grain and Feed Lock-Up Report

<http://www.fas.usda.gov/gainfiles/200812/146306733.pdf>

PSD Table: Argentina Wheat

Wheat Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Dec 2006			Market Year Begin: Dec 2007			Market Year Begin: Dec 2008			
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan		
	Data			Data			Data			
Area Harvested	5,285	5,285	5,285	5,756	5,680	5,756	4,200	4,300	4,200	(1000 HA)
Beginning Stocks	500	500	500	305	305	305	679	879	679	(1000 MT)
Production	15,200	15,200	15,200	16,300	16,000	16,300	10,500	12,000	9,500	(1000 MT)
MY Imports	5	5	5	4	4	4	5	5	5	(1000 MT)
TY Imports	5	5	5	4	4	4	5	5	5	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	15,705	15,705	15,705	16,609	16,309	16,609	11,184	12,884	10,184	(1000 MT)
MY Exports	10,500	10,500	10,500	10,500	10,000	10,500	5,300	7,000	4,240	(1000 MT)
TY Exports	12,210	12,210	12,210	10,218	10,218	10,218	5,800	7,500	7,500	(1000 MT)
Feed Consumption	80	80	80	80	80	80	80	80	80	(1000 MT)
FSI Consumption	4,820	4,820	4,820	5,350	5,350	5,350	5,400	5,400	5,620	(1000 MT)
Total Consumption	4,900	4,900	4,900	5,430	5,430	5,430	5,480	5,480	5,700	(1000 MT)
Ending Stocks	305	305	305	679	879	679	404	404	244	(1000 MT)
Total Distribution	15,705	15,705	15,705	16,609	16,309	16,609	11,184	12,884	10,184	(1000 MT)
Yield	3.	3.	2.8761	3.	3.	2.8318	2.	3.	2.2619	(MT/HA)
TS=TD			0			0			0	

PSD Table: Argentina Corn

Corn Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Mar 2007			Market Year Begin: Mar 2008			Market Year Begin: Mar 2009			
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan		
	Data			Data			Data			
Area Harvested	2,800	2,800	2,800	3,260	3,210	3,260	2,570	2,500	2,500	(1000 HA)
Beginning Stocks	1,156	1,156	1,156	1,657	1,657	1,657	557	157	557	(1000 MT)
Production	22,500	22,500	22,500	20,850	20,500	20,850	18,000	18,000	16,500	(1000 MT)
MY Imports	10	10	10	50	0	50	0	0	0	(1000 MT)
TY Imports	8	8	8	51	0	51	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	2	0	2	0	0	0	(1000 MT)
Total Supply	23,666	23,666	23,666	22,557	22,157	22,557	18,557	18,157	17,057	(1000 MT)
MY Exports	15,309	15,309	15,309	15,000	15,000	15,000	10,500	10,500	9,000	(1000 MT)
TY Exports	15,693	15,693	15,693	15,644	15,500	15,644	10,000	10,500	9,000	(1000 MT)
Feed Consumption	4,800	4,800	4,800	5,100	5,100	5,100	5,600	5,600	5,600	(1000 MT)
FSI Consumption	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	(1000 MT)
Total Consumption	6,700	6,700	6,700	7,000	7,000	7,000	7,500	7,500	7,500	(1000 MT)
Ending Stocks	1,657	1,657	1,657	557	157	557	557	157	557	(1000 MT)
Total Distribution	23,666	23,666	23,666	22,557	22,157	22,557	18,557	18,157	17,057	(1000 MT)
Yield	8.	8.	8.0357	6.	6.	6.3957	7.	7.	6.6	(MT/HA)
TS=TD			0			0			0	