



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.07

Voluntary Report – public distribution

Date: 11/19/2003

GAIN Report Number: AR3041

Argentina

Oilseeds and Products

Update

2003

Approved by:

Bob Hoff
U.S. Embassy

Prepared by:

Kari Rojas

Report Highlights:

Due to technological advances, an increase in prices, and a decline in corn acreage, planted area to soybeans is forecast to increase from 13.2 million to 13.6 million hectares. Planted area to sunflowerseed, however, is expected to decrease 9 percent from 2.35 million to 2.1 million hectares due to lower returns and higher risk relative to soybeans.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1]
[AR]

Table of Contents

Production **3**
 Soybean Production 3
 Sunflower Seed Production 3
Consumption **3**
 Soybean Consumption 3
 Sunflowerseed Consumption 3
Trade **3**
 Soybean Subproduct Trade 3
 Sunflowerseed Subproduct Trade 4
Policy **4**

Production

Soybean Production

Many producers, feeling the pressure of the high costs associated with corn compared to soybeans, are switching out of corn and into soybeans. With the optimal planting date for corn planting in northern Argentina (end of October) fast approaching, many producers still have not planted all of their corn due to insufficient moisture and/or low returns compared to soybeans. Instead, many are turning to soybeans, which require less moisture and fewer inputs (and result in lower costs) compared to corn.

Another factor that producers consider when deciding to plant soybeans or corn is whether they own or rent the land. Producers who rent land are less likely to produce corn due to higher input costs than those who own the land and use corn in their rotations to restore soil nutrients. Up to 60 percent of the land in the major corn producing area is rented.

Post is increasing its marketing year (MY) 2003/04 (April – February) production forecast to reflect these changes. Soybean acreage is forecast to increase from 12.6 million hectares in 2002/03 to 13.6 million for MY 2003/04. Production is expected to increase from 35.5 million to 38 million metric tons (MT).

Sunflowerseed Production

Sunflowerseed production is forecast to fall from 4.3 million MT (post's previous forecast) to 3.7 million MT due to high risks compared to soybean production and marketing irregularities. Post forecasts MY 2003/04 acreage at 2.1 million hectares, down from 2.35 million hectares last year.

Consumption

Soybean Consumption

The general feeling of industry sources is that the majority of the increase in production will go to meal and oil processing. Post is revising its forecast for the MY 2003/2004 soybean crush to 26 million MT, up 5 percent from last year.

Meal and oil production are forecast to rise correspondingly. Post forecasts soybean oil production at 4.95 million MT, up 9 percent from last year. Post is also increasing meal production for MY 2003/2004 to 20.9 million MT, up 7 percent from last year.

Sunflowerseed Consumption

The bulk of the production decrease is forecast to result in a reduction in the MY 2003/2004 crush. The sunflowerseed area reduction is occurring in areas of marginal productivity, which are located a significant distance from sunflowerseed crushing facilities. Post is decreasing its MY 2003/2004 crush forecast from its previous forecast of 4.16 million to 3.4 million MT.

Trade

Soybean Subproduct Trade

The entirety of soy oil and meal production increases is expected to be exported, due to stable domestic demand. Post is increasing its MY 2003/2004 export forecast for oil and meal to 4.8 and 20.5 million MT, respectively.

Sunflowerseed Subproduct Trade

The forecast reduction in sunflower oil and meal production is directly reflected in a forecast reduction in oil and meal exports. Post has decreased its MY 2003/2004 export forecast for oil and meal to 964,000 and 1.22 million MT, respectively.

Policy

The Government of Argentina enacted a reform to the revenue tax law for grain and oilseed exporters. The law states that revenue tax will be calculated using the price of the commodity on the date of contract or date of shipment, whichever is higher. Producers are feeling the brunt of this new regulation as exporters, uncertain how prices will change from the date of purchase to the date of export, are beginning to pass this risk along in terms of a reduction of offering price.

Many traders feel the transparency of the futures market is threatened by this reform and the market may react negatively as the implications of the reform become more apparent. Already the market has begun to reflect the uncertainty of this reform as the gap between the local price of soybeans and the Chicago price for July/04 soybean has increased compared to prices before the reform.

PSD Table							
Country	Argentina						
Commodity	Oilseed, Soybean (Local)					(1000 HA)(1000 MT)	
	2001	Revised Post	2002	Estimate Post	2003	Forecast	UOM
	USDA Official [Old]	Estimate [New]	USDA Official [Old]	Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		04/2002		04/2003		04/2004	MM/YYYY
Area Planted	11400	11400	12600	12900	13200	13600	(1000 HA)
Area Harvested	11400	11400	12600	12600	13200	13600	(1000 HA)
Beginning Stocks	142	142	896	896	781	781	(1000 MT)
Production	30000	30000	35500	35500	37000	38000	(1000 MT)
MY Imports	675	675	400	400	400	100	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	30817	30817	36796	36796	38181	38881	(1000 MT)
MY Exports	6243	6243	9943	9943	11007	11000	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumptio	22390	22390	24658	24658	25016	26000	(1000 MT)
Food Use Dom. Consum	10	10	10	10	10	10	(1000 MT)
Feed,Seed,Waste Dm.C	1278	1278	1404	1404	1477	1400	(1000 MT)
TOTAL Dom. Consumptio	23678	23678	26072	26072	26503	27410	(1000 MT)
Ending Stocks	896	896	781	781	671	471	(1000 MT)
TOTAL DISTRIBUTION	30817	30817	36796	36796	38181	38881	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Argentina						
Commodity	Oil, Soybean (Local)				(1000 MT)(PERCENT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate [New]	NA Official	Estimate [New]	NA Official	Estimate [New]	
Market Year Begin		04/2002		04/2003		04/2004	MM/YYYY
Crush	22390	22390	24658	24658	25016	26000	(1000 MT)
Extr. Rate, 999.9999	0.184234	0.184234	0.18493	0.1849298	0.184882	0.1903846	(PERCENT)
Beginning Stocks	80	80	105	105	110	110	(1000 MT)
Production	4125	4125	4560	4560	4625	4950	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	4205	4205	4665	4665	4735	5060	(1000 MT)
MY Exports	3975	3975	4425	4425	4495	4800	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	5	5	5	5	5	5	(1000 MT)
Food Use Dom. Consum	120	120	125	125	130	125	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	125	125	130	130	135	130	(1000 MT)
Ending Stocks	105	105	110	110	105	130	(1000 MT)
TOTAL DISTRIBUTION	4205	4205	4665	4665	4735	5060	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Argentina						
Commodity	Meal, Soybean (Local)				(1000 MT)(PERCENT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		04/2002		04/2003		04/2004	MM/YYYY
Crush	22390	22390	24658	24658	25016	26000	(1000 MT)
Extr. Rate, 999.9999	0.788298	0.7882983	0.794996	0.794996	0.795011	0.803846	(PERCENT)
Beginning Stocks	250	250	330	330	333	333	(1000 MT)
Production	17650	17650	19603	19603	19888	20900	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	17900	17900	19933	19933	20221	21233	(1000 MT)
MY Exports	17350	17350	19350	19350	19500	20500	(1000 MT)
MY Exp. to the EC	6870	6870	7000	7000	7500	7500	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	220	220	250	250	280	250	(1000 MT)
TOTAL Dom. Consumption	220	220	250	250	280	250	(1000 MT)
Ending Stocks	330	330	333	333	441	483	(1000 MT)
TOTAL DISTRIBUTION	17900	17900	19933	19933	20221	21233	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Argentina						
Commodity	Oilseed, Sunflowerseed						
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate [	A Official	Estimate [	A Official	Estimate [	New]
Market Year Begin		03/2002		03/2003		03/2004	MM/YYYY
Area Planted	2021	2021	2365	2365	2300	2100	(1000 HA)
Area Harvested	2015	2015	2350	2350	2300	2100	(1000 HA)
Beginning Stocks	61	61	104	104	57	57	(1000 MT)
Production	3844	3844	3700	3700	4200	3700	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	3905	3905	3804	3804	4257	3757	(1000 MT)
MY Exports	356	356	300	300	200	200	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumptio	3400	3400	3400	3400	3900	3400	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed,Seed,Waste Dm.C	45	45	47	47	50	50	(1000 MT)
TOTAL Dom. Consumpti	3445	3445	3447	3447	3950	3450	(1000 MT)
Ending Stocks	104	104	57	57	107	107	(1000 MT)
TOTAL DISTRIBUTION	3905	3905	3804	3804	4257	3757	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Argentina						
Commodity	Meal, Sunflowerseed					(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate	IA Official	Estimate	IA Official	Estimate	[New]
Market Year Begin		03/2002		03/2003		03/2004	MM/YYYY
Crush	3400	3400	3400	3400	3900	3400	(1000 MT)
Extr. Rate, 999.9999	0.419706	0.419706	0.419118	0.419118	0.419231	0.419118	(PERCENT)
Beginning Stocks	94	94	99	99	109	109	(1000 MT)
Production	1427	1427	1425	1425	1635	1425	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1521	1521	1524	1524	1744	1534	(1000 MT)
MY Exports	1220	1220	1220	1220	1435	1220	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Const	202	202	195	195	185	185	(1000 MT)
TOTAL Dom. Consumpti	202	202	195	195	185	185	(1000 MT)
Ending Stocks	99	99	109	109	124	129	(1000 MT)
TOTAL DISTRIBUTION	1521	1521	1524	1524	1744	1534	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

PSD Table							
Country	Argentina						
Commodity	Oilseed, Sunflowerseed						(1000 HA)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official	Estimate [	A Official	Estimate [	A Official	Estimate [	New]
Market Year Begin		03/2002		03/2003		03/2004	MM/YYYY
Area Planted	2021	2021	2365	2365	2300	2100	(1000 HA)
Area Harvested	2015	2015	2350	2350	2300	2100	(1000 HA)
Beginning Stocks	61	61	104	104	57	57	(1000 MT)
Production	3844	3844	3700	3700	4200	3700	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	3905	3905	3804	3804	4257	3757	(1000 MT)
MY Exports	356	356	300	300	200	200	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	3400	3400	3400	3400	3900	3400	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed,Seed,Waste Dm.C	45	45	47	47	50	50	(1000 MT)
TOTAL Dom. Consumpti	3445	3445	3447	3447	3950	3450	(1000 MT)
Ending Stocks	104	104	57	57	107	107	(1000 MT)
TOTAL DISTRIBUTION	3905	3905	3804	3804	4257	3757	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)