BIOFUELS IN ARGENTINA

Ing. Héctor A. Huergo - AABH
Argentine Association of Biofuels & Hydrogen
Ing. Sebastian Senesi - FAUBA

Asociación Argentina de Biocombustibles e Hidrógeno

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BIOFUELS OPPORTUNITIES

- Biodiesel
- Ethanol
- Biogas
- Others

COMPARATIVE ADVANTAGES FOR THE DEVELOPMENT OF BIOFUELS IN ARGENTINA

- Plenty of **raw materials** and **strong suppliers**
- Argentina is an **Export Oriented Country**. Domestic consumption is 5% of total Oilseed production. So, **95%** of total oilseed production goes to the export market. In 2007 it will produce 6,5 mill ton of soybean oil, **6,2 mill ton exports** and the remainder 0,3 mill tons for domestic market
- The new Biofuels Law promote the investment in new projects. The same plant that crush soybean and export the SBO, now produce biodiesel, and export it.

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COMPARATIVE ADVANTAGES FOR THE DEVELOPMENT OF BIODIESEL IN ARGENTINA

- Large soybean supply, with a 3 million-ton-growth per year since 1996. **50 million tons** in 2008 with 18% of oil, 9 million tons of soybean oil

- Large sunflower supply: **4 million tons** with 50% of oil

- **Highly competitive agroindustrial complex**. The main international parties of the business have new, large scale plants installed in the ports of the soybean region. Potential idle capacity.

- Possibility to import soybean from Paraguay, Brazil, Bolivia, and Uruguay.

- Export Oriented Country as a Strong Culture

- The possibility of extending the agricultural border and developing alternative energetic crops that can grow in different climates

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HIDROVIA
PARAGUAY-PARANA
PUERTO CACERES
BOLIVIA
PUERTO QUIJARRO
PUERTO BUSH
PARAGUAY
RÍO PARAGUAY
PUERTO MURTINHO (km 2.232)
RÍO PARANÁ
CONCEPCIÓN (km 1.940)
SAN PABLO
SANTOS
BRASIL
ASUNCIÓN (km 1.630)
VILLETA (km 1.590)
CIUDAD DEL ESTE
PUERTO TORO-CUA
PUERTO PALOMA
ENCARNACIÓN
PUERTO DON JOAQUÍN
PARANAGUÁ
CORRIENTES (km 1.208)
ESCLUSA DE YACIRETA
ARGENTINA
RECONQUISTA (km 948)
PORTO ALEGRE
RÍO URUGUAY
SANTA FE
CONCEPCIÓN DEL URUGUAY
URUGUAY
RÍO GRANDE
CORONDA
DIAMANTE
PUERTO GRAL. SAN MARTIN
SAN LORENZO
ROSARIO
FRAY BENTOS
PUERTO NUEVA PALMIRA
ESCOBAR
BUENOS AIRES (Km 0)
MONTEVIDEO
www.diamante-coronda.com.ar

CRUSHING CAPACITY OILSEEDS

CRUSHING CAPACITY	**156700**	M.Tons / Day
Basis 330 Days/Year	**51711000**	M.Tons / Year

To Understand Soybean Oil Market of Argentina

	Production		Soybean Oil			
Crop Year	SBS Production	Crushing Industry	Total Production	Domestic Use	Export Surplus	Variation
1997	11700	11000	1980	50	1930	
2007	47000	34500	6210	200	6010	4080
2008	**50000**	**38000**	**6840**	**300**	**6540**	**530**
2017	60000	58000	10440	600	9840	3300

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Soybean Oil World Demand 2001/07

	Evolucion Producción-Comercio-Consumo ACEITE DE SOJA					
	2000/01-2006/07					
	Producción	%	Comercio	%	Consumo	%
2000/01	25,21		7,64		25,21	
2006/07	34,72		9,49		35,24	
Mundial	9,51	38%	1,85	24%	10,03	40%
2000/01	8,29		0,79		7,55	
2006/07	8,97		0,54		8,62	
United States	0,68	8%	-0,25	-32%	1,07	14%
Principales Exportadores						
2000/01	3,07		2,98		0,11	
2006/07	5,95		5,48		0,46	
Argentina	2,88	**94%**	2,5	**84%**	0,35	318%
2000/01	4,12		1,42		2,89	
2006/07	5,21		2,11		3,12	
Brazil	1,09	**26%**	0,69	**49%**	0,23	8%
Principales Importadores						
2000/01	2,37		0,9		3,27	
2006/07	6,76		2,1		8,76	
China	4,39	**185%**	1,2	**133%**	5,49	**168%**
2000/01	2,84		0,58		1,86	
2006/07	2,46		0,6		2,75	
EU-25	-0,38	-13%	0,02	3%	0,89	48%

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Soybean Oil Demand 2001/07

- In the last 7 years world soybean oil demand has been **increased in 1,85 mill tons**

- In the same period **Argentina has increased** its **soybean oil exports in 2,5 mill tons**

- CONCLUSION: Argentina has captured **100%** of the increasing in global demand.

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Soybean Meal World Demand 2001/07

Evolucion Producción-Comercio-Consumo HARINA DE SOJA
2000/01-2006/07

	Producción	%	Comercio	%	Consumo	%
2000/01	110,26		39,06		110,51	
2006/07	148,88		50,01		149,18	
Mundial	38,62	**35%**	10,95	28%	38,67	**35%**
2000/01	34,69		6,49		28,3	
2006/07	37,82		7,03		30,94	
United States	3,13	9%	0,54	8%	2,64	9%
Principales Exportadores						
2000/01	13,75		13,24		0,48	
2006/07	24,34		23,64		0,75	
Argentina	10,59	**77%**	10,4	**79%**	0,27	56%
2000/01	17,38		10,52		6,96	
2006/07	21,71		12,5		9,36	
Brazil	4,33	**25%**	1,98	**19%**	2,4	34%
Principales Importadores						
2000/01	11,49		1,5		12,98	
2006/07	29,95		0,7		30,25	
China	18,46	**161%**	-0,8	-53%	17,27	**133%**
2000/01	13,84		18,9		26,45	
2006/07	10,82		22,55		32,62	
EU-25	-3,02	**-22%**	3,65	**19%**	6,17	**23%**

Soybean Meal World Demand 2001/07

- In the last 6 years soybean meal world demand has been **increased in 10,95 mill tons**

- In the same period Argentina **has increased its soybean meal exports in 10,4 mill tons**

- CONCLUSION: Argentina has captured **95%** of the increasing in global demand.

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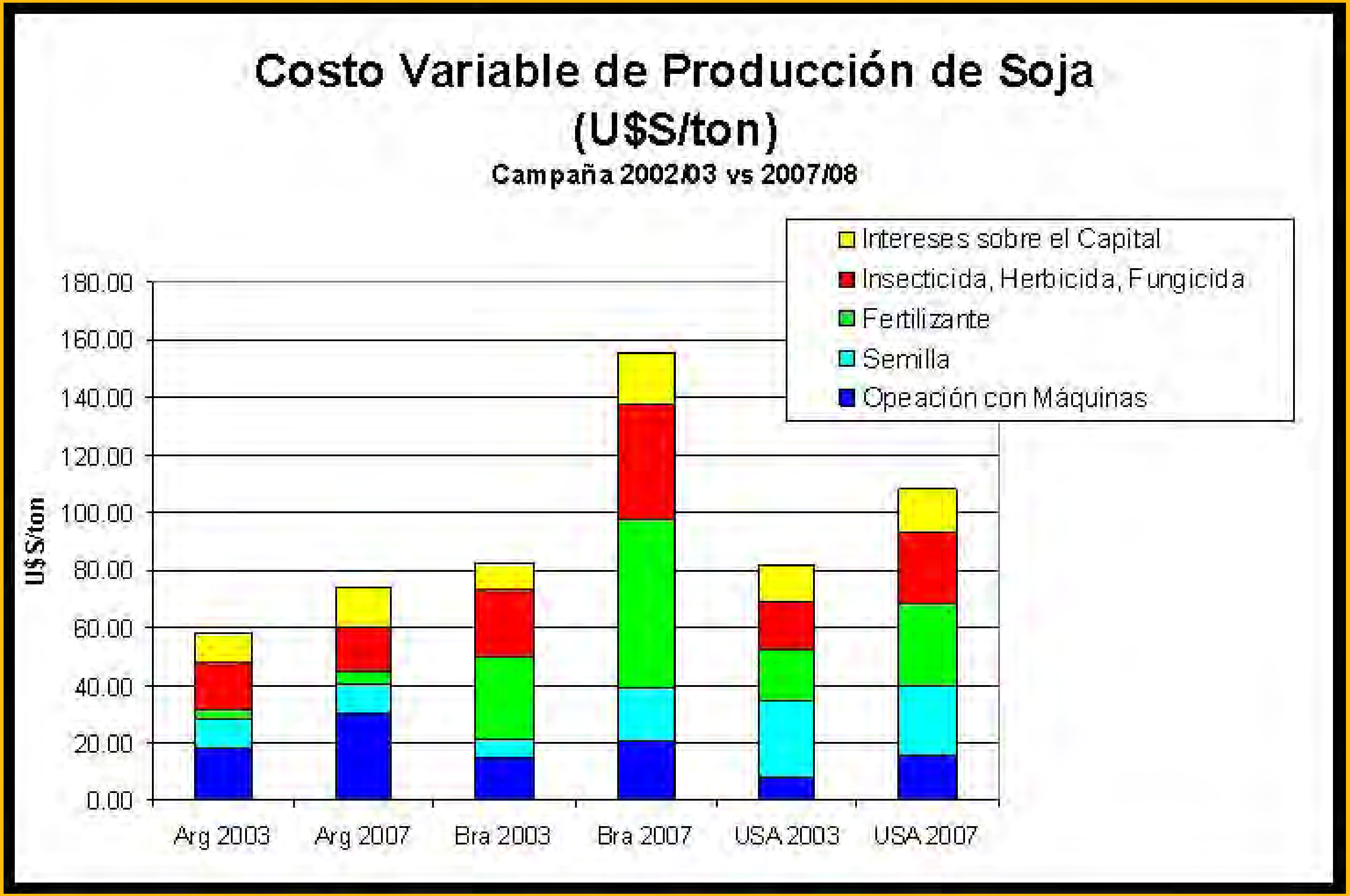
Argentina has the lowest production cost of soybean of the world



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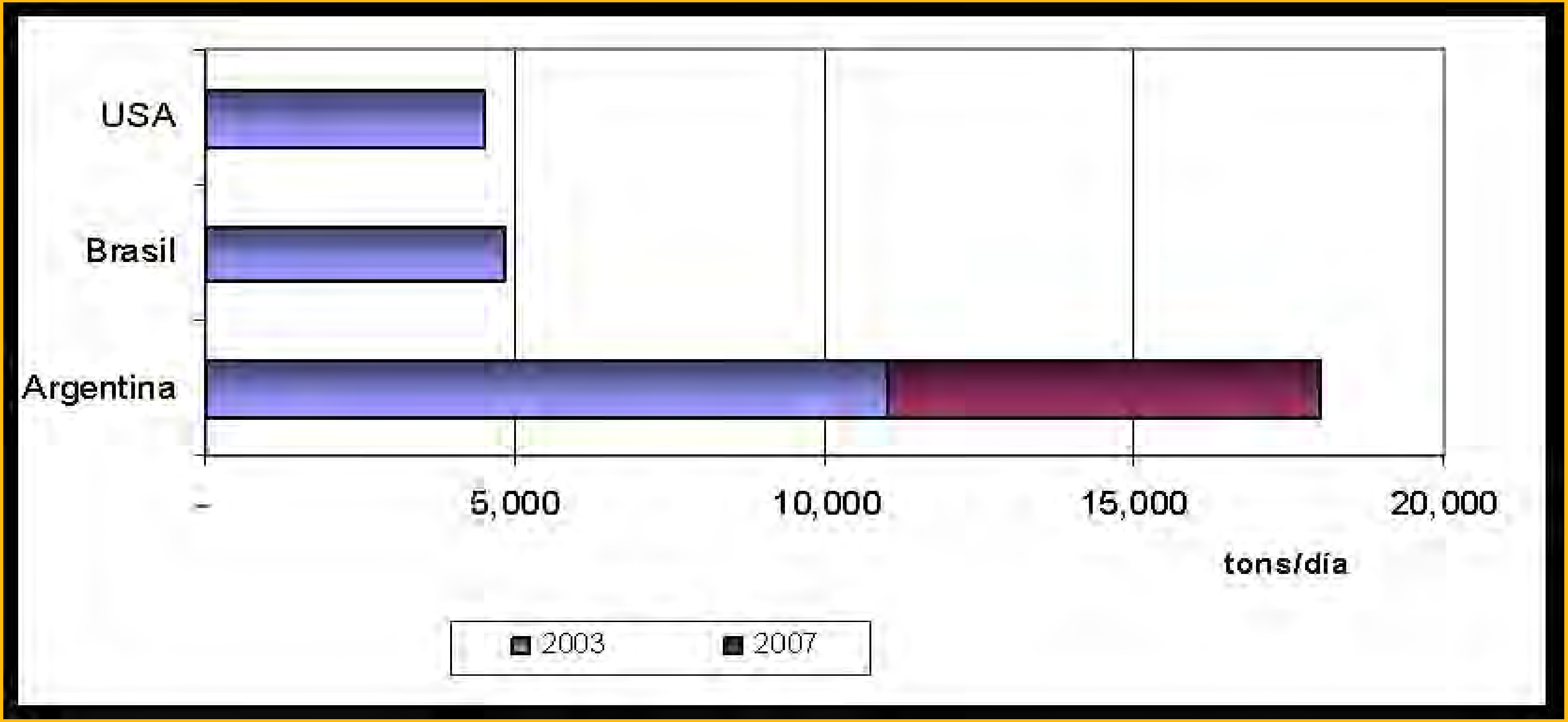
Why Argentina is the most competitive country in the soybean crushing industry

Because: It has the highest crushing daily capacity of the world.



OPPORTUNITIES

- The big opportunity is the international market of biodiesel
- **1.3 billion of m3 of diesel are consumed annually. (world)**
- The total production of vegetable oils amounts to 130 million tons, **only 10%**
- **Argentina is the world's largest exporter of vegetable oil** (from oilseeds) and has idle capacity

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GOOD SUPPLY OF GRAINS AND VEGETABLE OILS IN ARGENTINA

- Existence of the world's most efficient oil seed industrial complex with important exportable balances. **5%** of the current gas oil market (mandatory blend by 2010) **could be supply with less than 9%** of the national production of oils.

- Very low industrialization rate of corn and sorghum with important exportable balances of raw grains. **5% of the current gasoline market could be supply by industrializing 2,5% of the corn production** (23 million tons in 2007), or 14 % of the sorghum production (3,5 million tons in 2007).

Current View

- The **difference** of average prices between biofuels and fossil fuels **is still important**, and this is strengthened in Argentina due to the validity of politically managed prices for the latter

- The mandatory blend assures a market of 800,000 mt3 per year, equivalent to more than **824,000 tons of oil** (4,5 million tons of soybean)

- The development of biofuels, in general, and biodiesel, in particular, for the domestic Argentine market, is subject to the enforcement of the law. But **important additional tax incentives are required** (at least a figure equivalent to u$s 0,30 per liter of biofuels – at current values)

CURRENT VIEW

- Strong export potential, with **10 million tons of soybean-oil** by 2010/11
- Actual Biodiesel policy in favor to export
- Due to actual export tax favorable to biodiesel “exports”

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OPPORTUNITIES

Many of the most important oilseeds companies are in the Crushing business in Argentina and have projects of Biodisel at a large scale.

- Vicentin-Glencore
- AGD-T6 (Bunge)
- Louis Dreyfus
- Glencore
- Molinos Rio

Oportunities in biotech

- Special soybean varieties with vegetable oils carrying more energy output. Linked with high quality protein in the other fraction. This is to introduce the idea than **using biodiesel you can improve food and human nutrition**.

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¿Food or feed?

- **Who eats the grains?** People or pigs, chickens, poultries, steers, breweries, licours factories, etc

- For each MT extra of soybean oil, we shall bring to the market **4 MT** of soybean meal usede as food or feed

Adding value

- We still have **less poverty adding value**, **no destroying value added industries**

- **Biofuels** is an **opportunity** to introduce new ways to **add value** to the raw materials and local development

THANK YOU !