ArgenTrigo

Argentine Wheat Value Chain

ArgenTrigo
Asociación Argentina de Trigo

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represents the wheat agroindustrial production in Argentine, with the contribution of all the links that compose its various value chain: research, genetics, agrochemicals, production, industry -manufacturing, storage, transport, export, and marketing services,

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We believe there is a need to agree on policies for sustained growth for all sectors involved in the value chain. This implies an assured supply for all argentines and a commitment to be reliable producers for the region.

Our Mission

Promotion and development of wheat and its derivatives, in collaboration with government, private and mixes entities, through research, production, processing, commercialization and marketing of such products, to enhance the profitability of Argentinean wheat value chain.

Our Objetives

- Growth and market diversification
- Improve positioning of Argentine wheat in the world
- Promote the development of scientific and technological innovation
- Incorporate cereal crop rotation towards the sustainability of the production system
- Aiming to increase the productivity, health, quality and product safety.

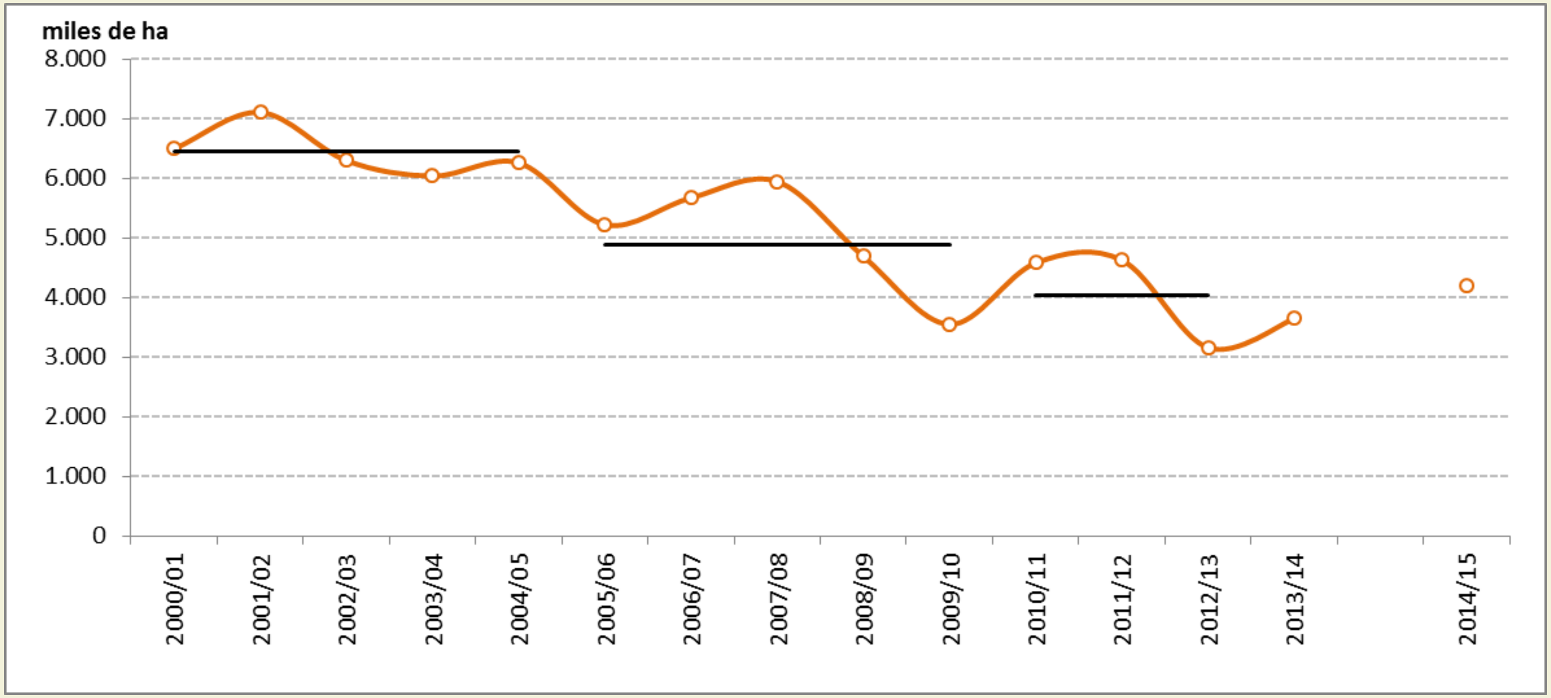
Today priorities:

- free markets & elimination export quota (ROEs)
- reducing excessive tax pressure (Including export taxes)
- Futures Exchange Market with higher trading volume
- New laws regarding seeds (intellectual property), chemicals and use of soil.

Current Situation

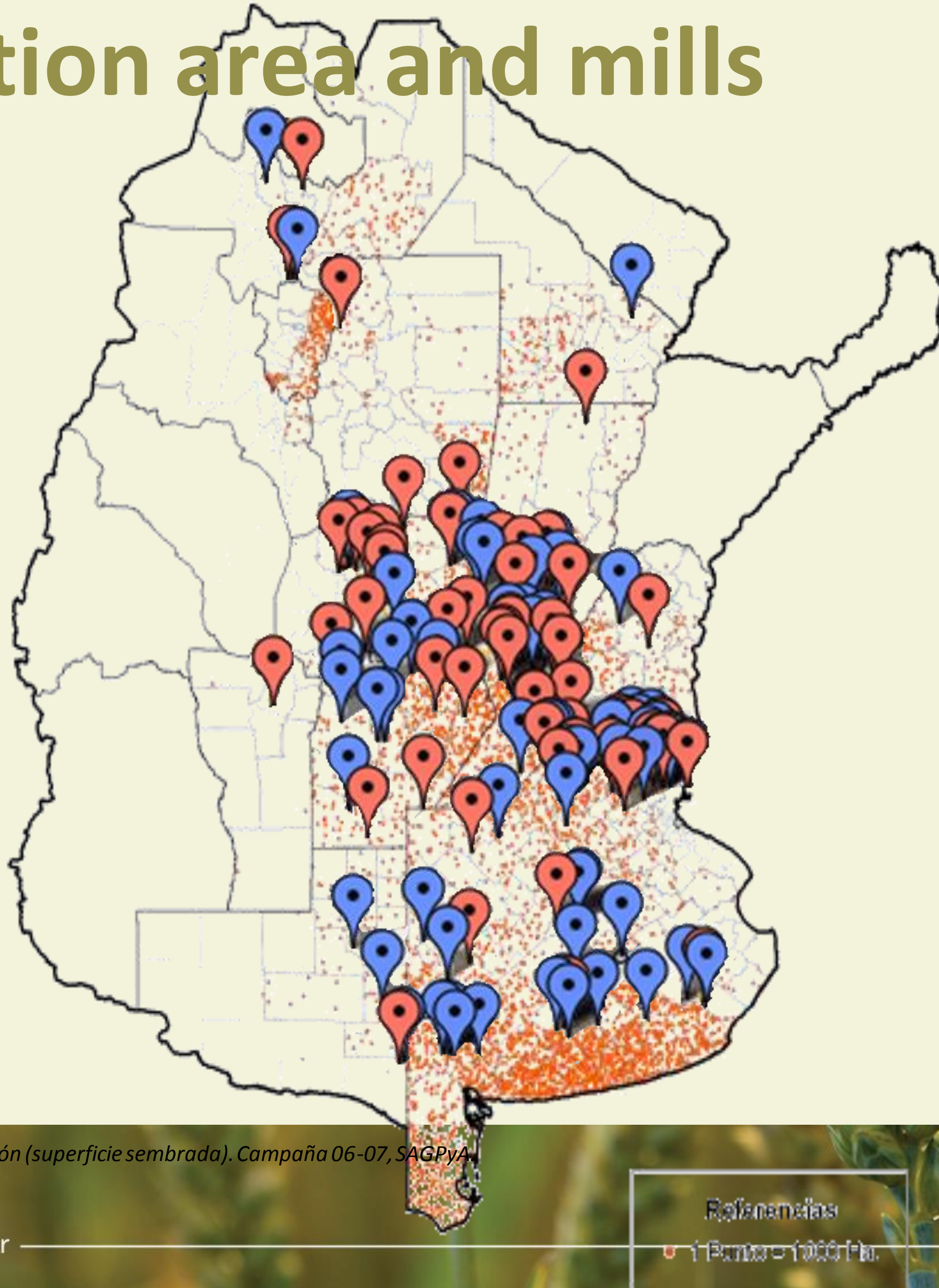
- *Where are we?*
- *Challenges*
- *Conclusions*

Planted Area (hectares)



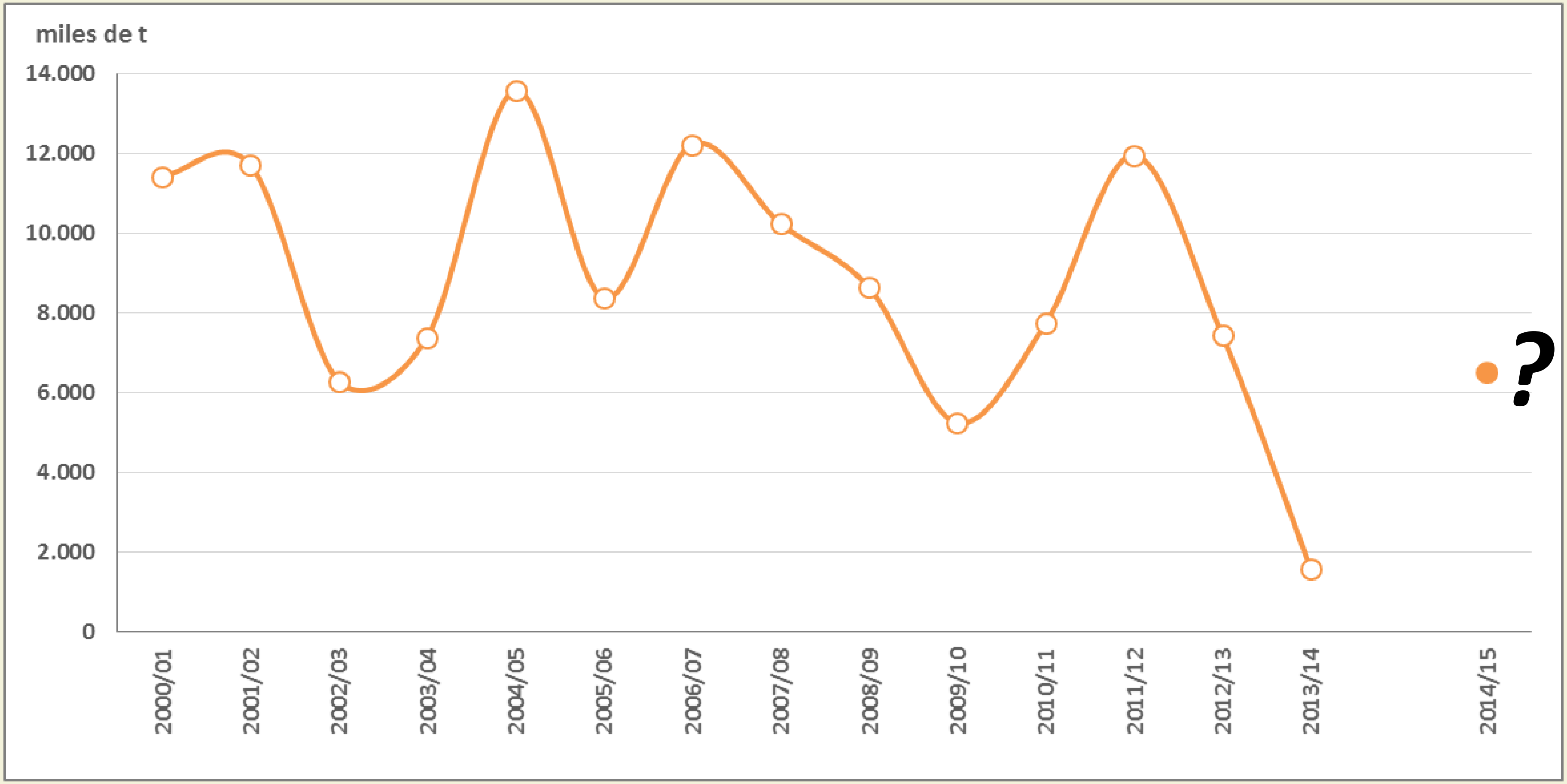
Fuente: elaboración propia en base a datos de MinAgri y BC

Production area and mills



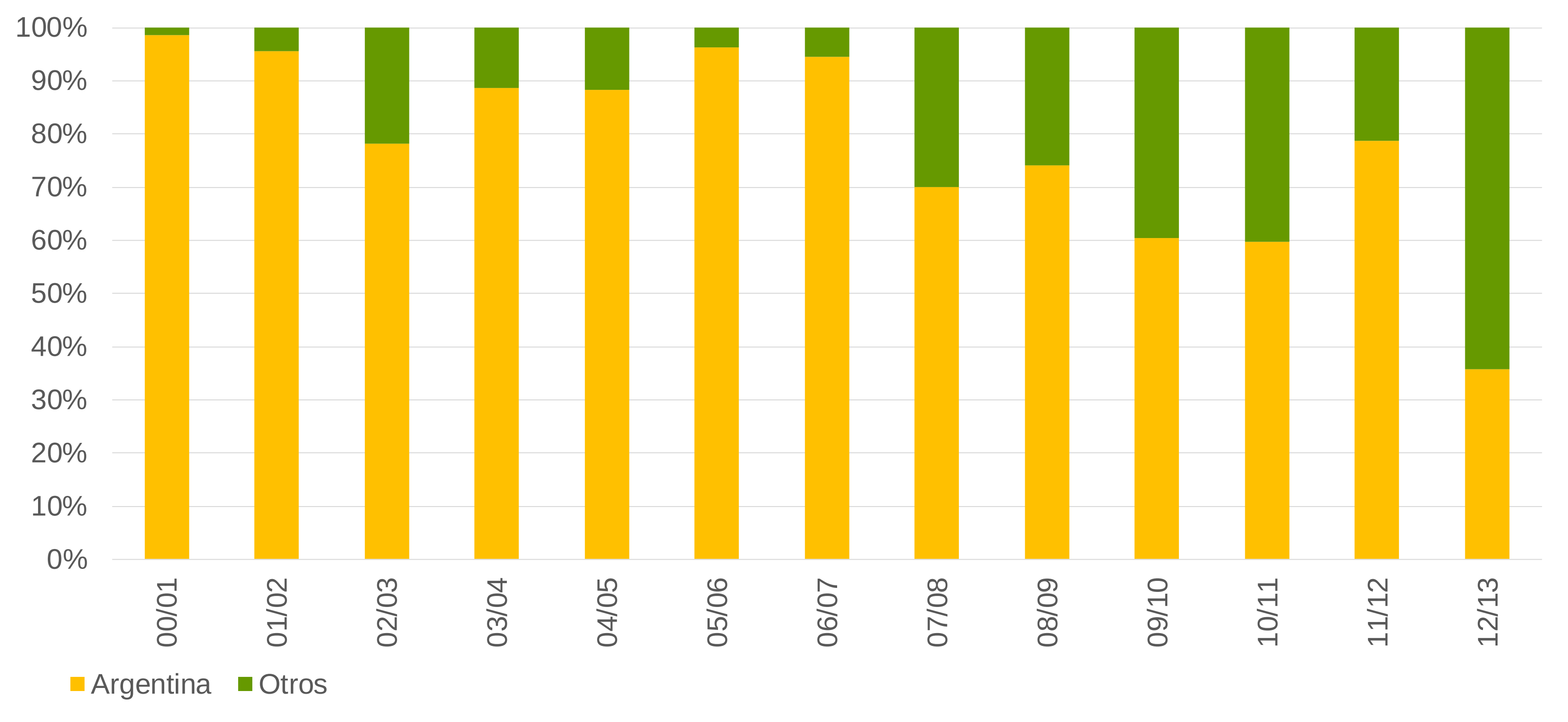
Fuente: AACREA Mapas de producción (superficie sembrada). Campaña 06-07, SAGPyA.

Wheat Exports



Fuente: elaboración propia en base a datos de USDA

Participation in Brazilian Market

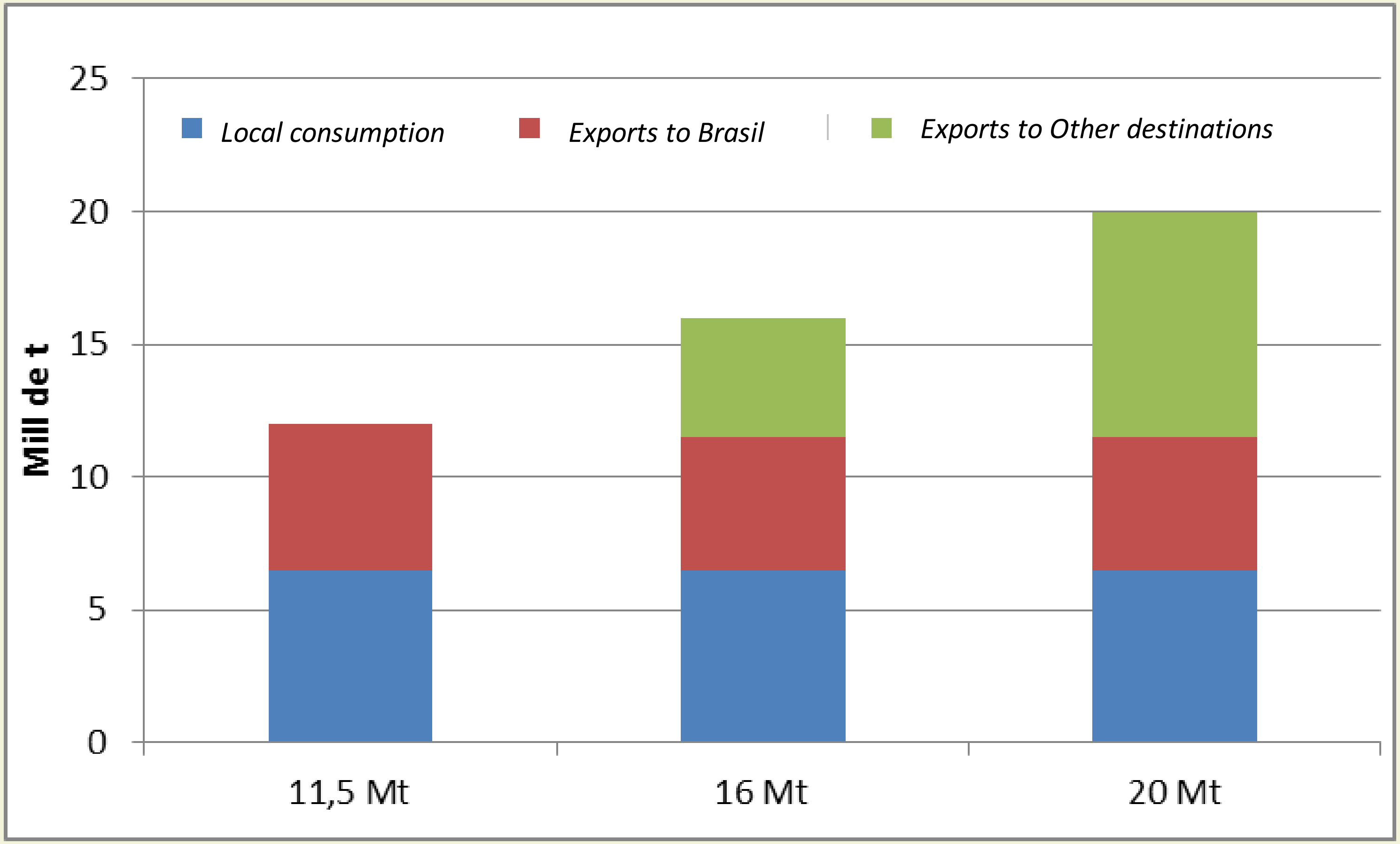


- *On 2022/23, Brasil will import 7 Mt of wheat*
- *Recovering from pre-intervention (90%) market, Argentina could place 6.3 Mt of wheat*
- *Elimination of AEC?. Parity with the HRW? Origins Europe?*

Fuente: Federación de Acopiadores a partir de GIC, Comex, USDA, FEC

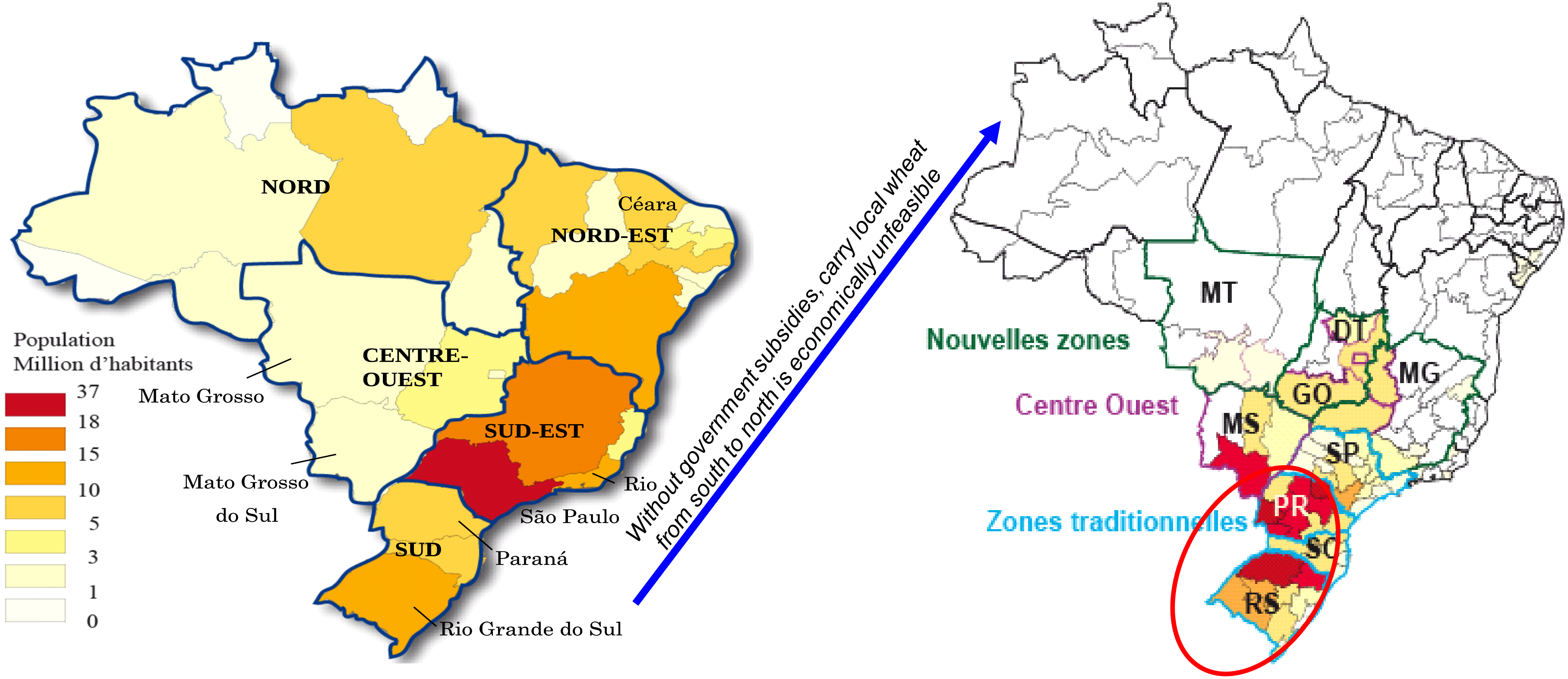
Our Challenge

Challenge, reaching 20 Mt



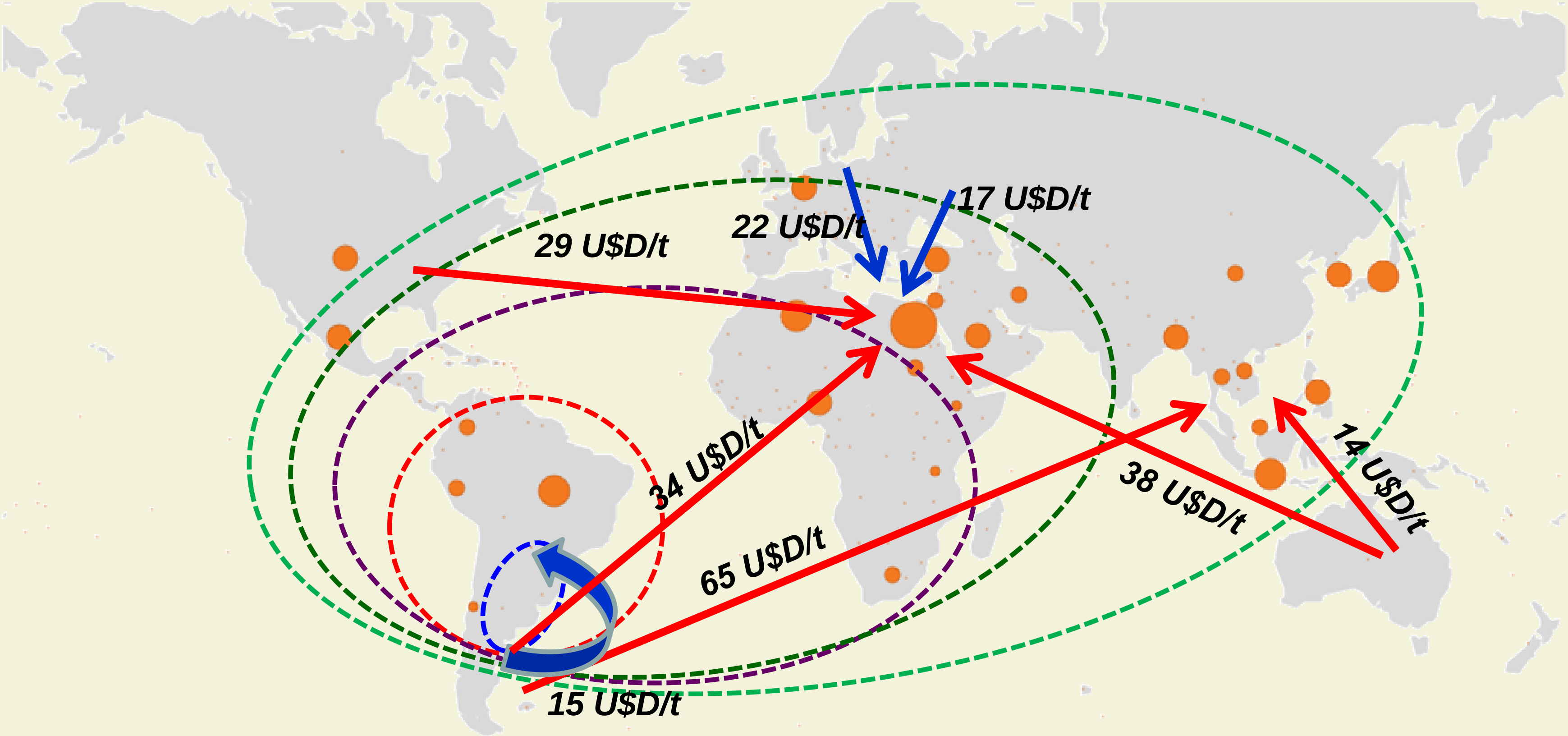
Fuente: elaboración propia

Brazilian Market



- *Four mills represent 60% of the flour market in Brazil.*
- *Rich regions (S and SE) use 50% of the local average wheat (can drop to 20% if the quality of local wheat is bad) and 50% of imported wheat.*
- *The Northeast consumes 80% of imported wheat.*
- *The S-SE consume 70kg of wheat / inhab. / Year, against 20kg / inhab. / Year in the NE.*

Fright Costs



Fuente: Jornada Argentrigo 2012 - L. Pierbattisti y mapa de países importadores OECD-FAO Agricultural Outlook

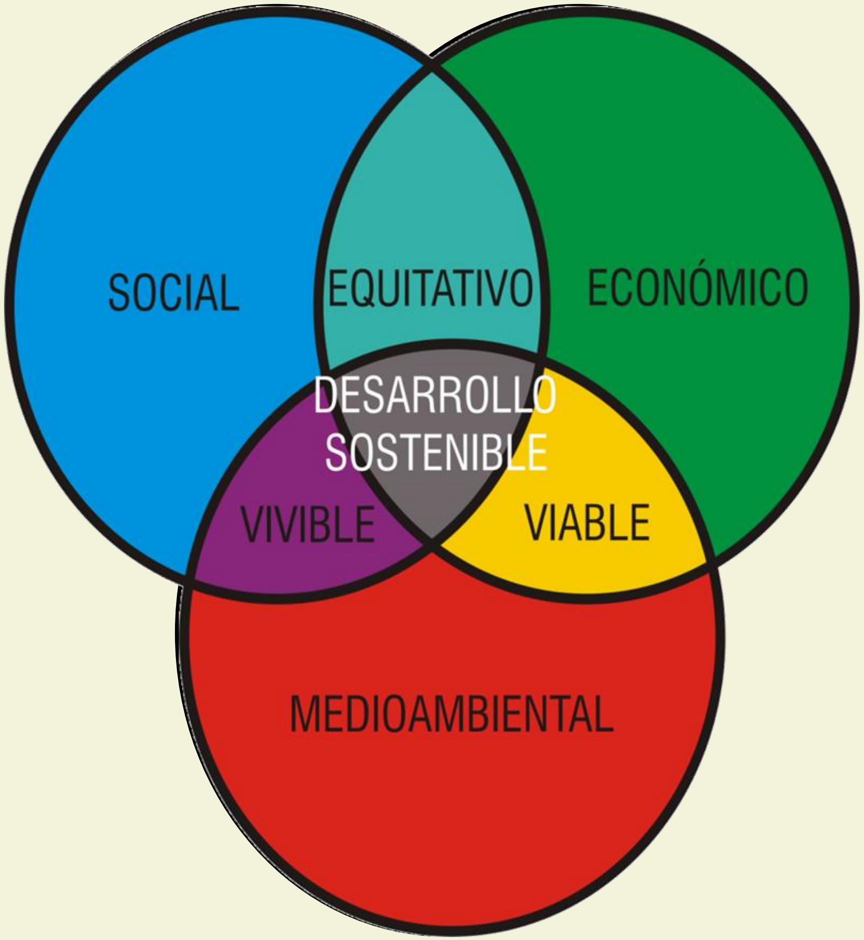
Sum up - markets

Destino	% PDM Arg.	Vol. (Mt)	Comentarios
Brasil	90%	6,3	PDM promedio 00/01-06/07= 91%. 07/08-11/12 = 69%. 12/13 = 35%
Resto Sudamérica	23%	1,5	Se tomó como base 03/04 y 07/07
África Austral	27%	0,8	En 04/05 se llegó a 50% de PDM
África Oeste	10%	0,75	Se tomó como base 06/07 y 08/09
África Oriental	10%	0,5	En 04/05 se llegó a 38% de PDM
Argelia	10%	0,7	Se tomó como base 07/08 (caída fuerte de Francia)
Marruecos	10%	0,5	Se llegó a 14% de PDM en 11/12
Egipto	4%	0,5	Se llegó al 18% en 04/05
Middle East (SinEgipto)	2%	0,7	Se llegó al 9% en 04/05
Total		**12,25**	

- *13 Mt Export of wheat is reasonably possible.*
- *Argentina exported in 2004-05 and 12.5 Mt, but with 50% of PM in Southern Africa (South Africa), 38% in East Africa (Kenya and Tanzania) and 18% in Egypt.*
- *Maintain a 90% market share in Brazil (which is not easy), is paramount.*
- Then we will have to deal with Russia

Fuente: Jornada Argentrigo 2012 - L. Pierbattisti

Sustainable Development



Current technology:

- + 90% of the agricultural area uses NON TILL:
  Lower consumption of fossil energy
  More efficient use of water
  Reduced risk of erosion
- + 90% of the pesticides used are Class IV, less toxicological concern (in '85 it was only 10%).
  and the amounts used are 75 times lower than those used 20 years ago.

Wheat Campaing 2014/15

- Production: 10,4 M de t.
- Area: 4,2 M de ha.
- Yield: 2.500 kg/ha
- Mills consumption: 6,2 M de t.
- Exports: Wheat 3,8 Mt, Flour 0,8 mil t.
- FOB Prices: Wheat: 310 u$s/t, Flour: 485 u$s/t
- **Added Value: u$s 2,8 mil millons.**

Fuente: Elypsis

Current Result

- Industry added value: 830 M u$s.
- Distances: 260 kms to expo, 170 kms to mills
- Export Taxes: 320 M u$s.
- Others taxes: 540 M u$s.
- Tons Fertilizers: 650 mil t.
- Agrochemicals: 176 M u$s
- Tons seeds: 480 mil t.

Fuente: Elypsis

The chain is only as strong as its weakest link

The chain is as competitive as the least competitive link

“no player is as good as all of us together”

Alfredo Di Stéfano

Thanks

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