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## **Report Name:** Oilseeds and Products Annual

**Country:** Argentina

**Post:** Buenos Aires

**Report Category:** Oilseeds and Products

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### **Report Highlights:**

Post forecasts Argentina soybean production at 51 million metric tons (MMT) in marketing year (MY) 2024/2025 as production returns to assuming good weather in the year ahead and increased soy planting at the expense of wheat and corn, particularly in late or second crop soy. Crush and exports are also expected to recover to 40 MMT and 7.3 MMT respectively, both up from the previous year. Soymeal exports are forecast at 27 MMT in both MY2024/25 and MY2023/24 as Argentina retakes its place as the largest soymeal exporter in the world. Soy oil exports are forecast to grow as well to 5.3 MMT. Sunflowerseed production is forecast down up slightly in MY2024/25 to 3.7 MMT as producers expect another dry La Niña weather pattern ahead, but still down significantly from the record year of MY2022/23 when sunflower was the only bright spot in a bleak crop landscape. Post forecasts a rebound in peanuts and products to a more normal year. Post maintains its previous estimate for soybean production in MY2023/24.

## SOYBEANS

*Marketing Year 2024/2025*

### Production

Post forecasts Argentina's soybean production at 51 million metric tons (MMT) in marketing year (MY) 2024/2025, an increase of 1.5 MMT from the previous harvest. Despite the looming threat of a La Niña year, prospects are good for Argentina's production to reach the levels initially hoped for this year. Even with a drier year expected ahead, production is forecast up on higher planted second soy crop.

The first or early soy crop is generally planted in mid-October to November. The second crop or late soy is planted after harvesting of wheat, barely, or oats by late generally by the last few days of December. Soybean planted acreage is forecast to increase to 17.8 million hectares (HA) with an increased second soy crop planting due to fears of a dry year and the potential threat of the chicharrita (leafhopper) in corn. Soy is considered by many producers to be a safer bet due to its average better returns despite higher production costs. Additionally, the chicharrita does not affect soy. The overall impact to corn production this year is yet to be determined, but there is increasing concern among producers as it was only discovered in corn in Argentina in the last few weeks of March. The fear that impact on next year's crop could be even worse will push more producers to favor planting soy over corn on their winter crop fields as the pest impacts second crop corn more substantially than first crop. A good portion of the wheat area next year will be planted directly with first crop soy. A La Niña year makes it difficult to have two crops in a year as there's only rain for one or the other, but not both crops. This will result in less acreage that normally would be planted with soy following wheat, but soy overall will grow at the expense of corn and wheat. While corn is easier to plant technically in many areas of the major growing areas, soy is more complicated, but farmers will grow more next year with hopes soy will provide better returns to their income and invest in inputs.

Increased soy acreage will come at the expense of wheat planting and first crop corn. Wheat planting is expected to decrease due to low prices and low returns. Corn planting is expected to decrease for similar reason but also fueled by fear of the impact of the chicharrita to yields. All crops are expected to be in the red this year, leading many to shift to the perceived safety of soy. Production costs for soy can be as much as half the costs for corn, as fertilizer and crop protection costs continue to rise, producers will prefer soy over corn. Corn seed costs are also higher as farmers much purchase new hybrid seed each season and remained higher this year. Conversely, many farmers save their own soybean seed or purchased those saved by other farmers at lower costs.

Margins are in the red for all crops in the current year, coming off three bad years after being in the negative was not what producers were hoping for this year and many are hurting financially. However, producers report they do not expect any issues accessing financing next year either from input supplier or banks even though some producers are wary to finance their operations. MY2024/25 is expected to be a good year, better than the current year and an expectation there will be easier access to dollars and good weather. Producers need dollars to operate and sell and a lack of access to dollars hurts their bottom lines.

Figures 1 and 2. Second Crop Soybeans Near Mercedes, Buenos Aires Province



*Source: FAS Buenos Aires*

Producers' planting decisions producers first factor is the subsoil moisture level and the second important factor is what level of technology/genetics will be used or is available to them. High quality

soy genetics are still an issue in Argentina and farmers do not have access to the latest varieties. But there is overall consensus that cover crops are not increasing as the adoption has reached its peak. For the most part producers report it much easier to get a good corn crop than a good soy crop due to problems with insects and disease but this paradigm is expected to flip next year with the threat of the chicharrita.

Figure 3. 3. First and Second Crop Soy Near Junin, Buenos Aires Province



*Source: FAS Buenos Aires*

The other unknown factor weighing on producers' decision is the Argentine economy. While there is less uncertainty than even just a few short months ago, runaway inflation continues and even after the December devaluation, the currency continues to lose value over the dollar. There are rumors of a second devaluation coming though none has materialized yet. The unofficial or "blue dollar" exchange rate, while still above the official rate, has cooled and slowed its upward climb. Despite President Milei's intentions to move the country to only one exchange rate, there have been rumors of a new soy dollar scheme to assist producers in exports at a time of low margins. Producers continue to be anxious over the economic situation, but generally feel cautiously optimistic the new administration will

eventually be able to right the ship and though they may not like or agree with the new president, at least believe he is doing the necessary things to bring change. While inflation still runs rampant, the monthly inflation rate decreased to 13 percent in February, down already from 20 percent in December. While this was welcome news, the 12-month inflation rate to February was still 276 percent.

While they are setting their planting intentions now, they are waiting to see how the situation evolves over the next six months and may adjust their planting intentions to mitigate risk. If uncertainty continues, producers may shift to plant more soybeans or sunflower. Soybeans are usually seen as the least risky crop as their growing costs are lower compared to competing crops, provide greater liquidity, generally higher prices (though not true in the current crop year) and are felt to offer protection against fluctuating economic circumstances.

Anticipated stability in land rental rates is expected next year, given the consistent demand for land. Rents often run counter to commodity prices, which are currently not sufficient to warrant an increase in rental costs, yet landowners often demand them. Rental rates are subject to variation based on land quality, with a benchmark ranging from 1.0 to 1.7 tons of soybeans per hectare. It is estimated that 70 percent of soybean production in Argentina is grown on leased land, while only the remaining 30 percent is grown on property owned by the farmers themselves. There has been a growing trend towards multi-year leasing arrangements, attributed to their adaptability and capability to accommodate fluctuations in agricultural and economic conditions. Furthermore, these contracts typically stipulate a crop rotation strategy to promote and maintain soil fertility.

Farmers anticipate sufficient funding for the upcoming season but plan to decrease their dependency on traditional bank financing in favor of direct transactions with suppliers, due to the prohibitively high interest rates of current loans. The past year's macroeconomic instability in the country has led to a sharp increase in interest rates for loans in the local currency, surpassing 60 percent. Although loans in U.S. dollars offer more favorable rates, ranging between 5-10 percent, the unstable economic environment has made farmers cautious about entering into such financial agreements. Instead, many are opting for trade-like deals, pledging a share of their future harvest in exchange for necessary farming inputs. Farmers are committed to acquiring essential resources—such as seeds, fertilizers, and herbicides—to ensure improved yields next season. However, the likelihood of investing in capital assets like machinery or land is minimal due to the exorbitant cost of borrowing. The current financial climate discourages such capital investments. Concurrently, farmers are actively seeking ways to streamline their operations and enhance efficiency as a strategy to manage expenses and boost productivity.

Figure 4. First Crop Soybeans Near Armstrong, Santa Fe Province



*Source: FAS Buenos Aires*

### Crush and Consumption

The crush industry is expected to recover to normal/increased used of crush capacity next year. Post forecasts soy crush at 40 MMT in MY2024/25, representing a growth of 500,000 tons from MY2023/24 with increased production expected and increased imports over the previous year as production returns to traditional levels in neighboring Paraguay.

Feed and domestic consumption is forecast up slightly to 6.3 MMT with a return to normal production levels and the modest increase expected in the poultry industry in the next years. Argentina's domestic soymeal consumption is forecast to remain flat in MY2024/25. Domestic soybean oil for biodiesel use is forecast up slightly to 2.1 MMT as increased crush creates more supply for domestic oil production and global edible oil supply constraints continue to ease, making biodiesel more competitive.

Stocks are expected to increase thanks to two years of recovery of production after the disastrous drought year with sufficient supply to carry stocks into the next year. Stocks in Argentina are held by processors and at the farm level. On farm storage is often stored on the ground in what are known as "silo bags" which allow for significant storage with little investment and can easily be moved once the product is marketed in or times of low production.

### Trade

Post forecasts whole soybean exports at 7.3 MMT in MY2024/25, an increase from the previous two years as production recovers with more supply on hand. Post forecasts whole soybean imports at 4.8 MMT, up from MY2023/24 but still below the five-year average and well below MY2022/23 when Argentina imported 10.3 MMT whole soybeans to keep crushers running and fill the gap in domestic supply after the small harvest. Crushers will continue to import whole soybeans to use more of their full crush capacity.

China was once again the top destination for Argentine whole soybeans with over 85 percent of exports to date in MY2022/23. This is expected to continue in the next two years barring any political issues in the bilateral relationship.

Argentina is the largest exporter in the world of both soy meal and oil with huge crush capacity and well-developed industry and export infrastructure, particularly along the Paraná River. Argentina's soy oil and soymeal exports are more diversified. The EU is once again expected to be the top market for Argentina's soymeal exports followed by strong buyers in Vietnam and Malaysia. Egypt became a large buyer last year and industry sources expected these purchases to continue into the next year. Post forecasts Argentina's soymeal exports up at 27 MMT in both MY2023/24 and MY2024/25 with increase production and crush.

India will once again be the largest importer of Argentine soy oil though it has been buying less than in previous years. Post forecasts soy oil exports at 5.3 MMT in MY2024/25, up 200,000 from MY2023/24. Soy and soy product exports are currently taxed at the legislative maximum of 33 percent. These export taxes are unexpected to come down or be waived in the near future as the Argentine government looks to soy exports as a top source of revenue as it resolves to pay debts and balance the budget. Post increases MY2022/23 whole soybean imports to 10.3 MMT on record import from Paraguay and Brazil in February with one month remaining in the marketing year.

### *Marketing Year 2023/2024*

#### Production

Post maintains MY2023/24 production at 49.5 MMT, still 500,000 below USDA official estimate but the same as Post's March update. While it is overall looking to be a good crop this year, the initial potential for great year was stunted by the hot and dry spell in mid-January to the major production areas. After initial rains at prime periods following planting, a hot and dry spell hit the region in mid-January of several weeks into mid-February, which stressed the crop in a crucial growth stage. Rains eventually came in February in force and continued since but not enough to erase the previous lower-than-normal moisture conditions. The impact was most pronounced to first crop soy as the drought hit at a crucial time in the crop's development. Second crop soy was only slightly or unaffected by the drought as it was not as far along in development. It is really difficult for crop potential development without rain in February in Argentina. Heavy rains hit all the major growing areas between March 15-22, several producers remarked they haven't seen rains like that in five years but it still was insufficient to rebound from the damage done to the crop in February.

While second crop soy normally results lower yields, yields this year are reported as similar in first and second crop soy due to the drought effect on the first crop. Yields overall are estimated at a nationwide average of 3.0 tons per hectare, above the five-year average. Yields are reported at a range of 3-3.2 tons per HA for first soy and 1.2-2 tons for second soy in the area surrounding Nueve de Julio, Buenos Aires Province but up to 4-5 tons in first soy and 2.5-3 tons in second soy in the areas surrounding Junin, Buenos Aires Province. Farmers in the area think they have generally reached the peak of yield potential with current genetics available in Argentina. The gap between first and second soy yields will continue to narrow with an increase of 10-15 percent in second soy yields in northern Buenos Aires province. Despite the decreased estimates from the start of the season, this year's crop will still be nearly double last year's disastrous drought crop with production expected to recover.

#### Crush

Crush is estimated at 39.6 MMT in MY2023/24, up 500,000 MT from both Post’s last update and USDA official estimates, a 45 percent increase from MY2022/23 on expectations of increased crush capacity use based on increased exports of whole soybeans and increased expectations for soy meal exports.

While imports are expected to decrease from MY2022/23, which was an outlier, they will return to traditional levels with decreased exports from Paraguay as more beans are crushed there domestically now that Argentine soy production has recovered. Argentine soybeans have generally lower protein levels which crushers will turn to Paraguayan imports to meet the needs of higher protein users. Argentina’s total crush fell to 27 MMT in 2023 which was the lowest level since 2004 according to the Rosario Bolsa de Cereales resulting in an annual crush use capacity of just 45 percent. More than 36 percent of this crush was achieved using imported soybeans, helped in part by a temporary import scheme which reduced the import taxes on soybeans brought in for further processing and then reexport of the final products.

Argentina’s soy oil consumption is estimated to increase slightly to 2.6 MMT in MY2023/24 with biodiesel demand increases as Argentina has more supply on hand and edible oil increases to use more soy oil with Argentina’s increased supply and switch back to more soy oil over sunflower seed oil.

Figures 5-7 Soybean, Meal, and Oil Statistical Tables

<b>Oilseed, Soybean (Local)</b>	<b><u>2022/2023</u></b>		<b><u>2023/2024</u></b>		<b><u>2024/2025</u></b>	
	<b><u>Apr 2023</u></b>		<b><u>Apr 2024</u></b>		<b><u>Apr 2025</u></b>	
	<b><u>USDA Official</u></b>	<b><u>New Post</u></b>	<b><u>USDA Official</u></b>	<b><u>New Post</u></b>	<b><u>USDA Official</u></b>	<b><u>New Post</u></b>
<b>Market Year Begins</b>						
<b>Argentina</b>						
<b>Area Planted</b> (1000 HA)	<u>17000</u>	<u>17000</u>	<u>16500</u>	<u>17200</u>	<u>0</u>	<u>17800</u>
<b>Area Harvested</b> (1000 HA)	<u>15000</u>	<u>15000</u>	<u>16500</u>	<u>17200</u>	<u>0</u>	<u>17050</u>
<b>Beginning Stocks</b> (1000 MT)	<u>8506</u>	<u>8506</u>	<u>6606</u>	<u>6606</u>	<u>0</u>	<u>8406</u>
<b>Production</b> (1000 MT)	<u>25000</u>	<u>25000</u>	<u>50000</u>	<u>49500</u>	<u>0</u>	<u>51000</u>
<b>MY Imports</b> (1000 MT)	<u>10500</u>	<u>10500</u>	<u>5100</u>	<u>4300</u>	<u>0</u>	<u>4800</u>
<b>Total Supply</b> (1000 MT)	<u>44006</u>	<u>44006</u>	<u>61706</u>	<u>60406</u>	<u>0</u>	<u>64206</u>
<b>MY Exports</b> (1000 MT)	<u>1900</u>	<u>1900</u>	<u>5100</u>	<u>6500</u>	<u>0</u>	<u>7300</u>
<b>Crush</b> (1000 MT)	<u>28500</u>	<u>28500</u>	<u>39000</u>	<u>39500</u>	<u>0</u>	<u>40000</u>
<b>Food Use Dom. Cons.</b> (1000 MT)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Feed Waste Dom. Cons.</b> (1000 MT)	<u>7000</u>	<u>7000</u>	<u>7250</u>	<u>6000</u>	<u>0</u>	<u>6300</u>
<b>Total Dom. Cons.</b> (1000 MT)	<u>35500</u>	<u>35500</u>	<u>46250</u>	<u>45500</u>	<u>0</u>	<u>46300</u>
<b>Ending Stocks</b> (1000 MT)	<u>6606</u>	<u>6606</u>	<u>10356</u>	<u>8406</u>	<u>0</u>	<u>10606</u>
<b>Total Distribution</b> (1000 MT)	<u>44006</u>	<u>44006</u>	<u>61706</u>	<u>60406</u>	<u>0</u>	<u>64206</u>
<b>Yield</b> (MT/HA)	<u>1.6667</u>	<u>1.6667</u>	<u>3.0303</u>	<u>2.8779</u>	<u>0</u>	<u>2.9912</u>
<b><u>(1000 HA) ,(1000 MT) ,(MT/HA)</u></b>						



OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

<b>Meal, Soybean (Local)</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>	
	<b>Apr 2023</b>		<b>Apr 2024</b>		<b>Apr 2025</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Market Year Begins</b>						
<b>Argentina</b>						
<b>Crush (1000 MT)</b>	28500	28500	39000	39500	0	40000
<b>Extr. Rate, 999.9999 (PERCENT)</b>	0.78	0.78	0.78	0.78	0	0.78
<b>Beginning Stocks (1000 MT)</b>	2697	2697	2937	2420	0	2582
<b>Production (1000 MT)</b>	22230	22230	30420	30810	0	31200
<b>MY Imports (1000 MT)</b>	10	8	1	2	0	2
<b>Total Supply (1000 MT)</b>	24937	24935	33358	33232	0	33784
<b>MY Exports (1000 MT)</b>	18600	19115	26800	27000	0	27000
<b>Industrial Dom. Cons. (1000 MT)</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons. (1000 MT)</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons. (1000 MT)</b>	3400	3400	3550	3650	0	3700
<b>Total Dom. Cons. (1000 MT)</b>	3400	3400	3550	3650	0	3700
<b>Ending Stocks (1000 MT)</b>	2937	2420	3008	2582	0	3084
<b>Total Distribution (1000 MT)</b>	24937	24935	33358	33232	0	33784

(1000 MT) ,(PERCENT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

<b>Oil, Soybean (Local)</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>	
	<b>Apr 2023</b>		<b>Apr 2024</b>		<b>Apr 2025</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Market Year Begins</b>						
<b>Argentina</b>						
<b>Crush (1000 MT)</b>	28500	28500	39000	39500	0	40000
<b>Extr. Rate, 999.9999 (PERCENT)</b>	0.1975	0.1975	0.1975	0.1975	0	0.1975
<b>Beginning Stocks (1000 MT)</b>	423	423	312	125	0	225
<b>Production (1000 MT)</b>	5629	5629	7703	7800	0	7900
<b>MY Imports (1000 MT)</b>	10	1	10	0	0	0
<b>Total Supply (1000 MT)</b>	6062	6053	8025	7925	0	8125
<b>MY Exports (1000 MT)</b>	4000	4178	5150	5100	0	5300
<b>Industrial Dom. Cons. (1000 MT)</b>	1300	1300	2075	2100	0	2100

<b>Food Use Dom. Cons.</b> (1000 MT)	450	450	450	500	0	500
<b>Feed Waste Dom. Cons.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Cons.</b> (1000 MT)	1750	1750	2525	2600	0	2600
<b>Ending Stocks</b> (1000 MT)	312	125	350	225	0	225
<b>Total Distribution</b> (1000 MT)	6062	6053	8025	7925	0	8125
(1000 MT) ,(PERCENT)						

## SUNFLOWER

*Marketing Year 2024/2025*

### Production

Post forecasts Argentine sunflower production at 3.7 MMT in MY2024/25, a slight increase from Post's production estimate the previous year. Post forecasts total sunflower acreage to be planted up at 1.85 million HA, down from the record high year just two years prior. Sunflower is expected to once again take acreage from area previously planted with wheat as more farmers choose to plant less wheat due to low prices and hedge with sunflower with expectations of a drier than normal La Niña year to come. Despite growing over 2 million HA per year of sunflower in the past, Argentina has grown less and less sunflower over the last 20 years. This trend however began to reverse in the last two years with the drought and sunflower the only bright spots in an otherwise bleak crop landscape. As a drought tolerant crop with low costs more farmers are slowly beginning to look to sunflower as an alternative. At the same time, Russia's invasion of Ukraine pushed up global sunflower oil prices higher, increasing sunflower's appeal. These gains are slow as Argentina continues to have poor genetics which have not improved over recent years. Additionally, there are few buyers which give processors outsized power on prices.

Sunflower prices continue to remain slightly higher than other crops with better returns due to lower costs which will influence planting decisions in the coming year. In MY2023/24 the best margins among crops are with sunflower, with a higher than average yield expected next year. Sunflower was good business last year and will remain so this year and the next.

Sunflower acreage is slowly beginning to gain ground outside its traditional production areas with more acres planted in the soy/corn strong regions of southern Cordoba province and northern Buenos Aires province. Sunflower acreage is also expected to gain ground from some corn acreage in MY2024/25. Additional acres will be planted next year in the far western area of Buenos Aires province next year. However, potential for a large increase in sunflower acreage is also limited by farmers' familiarity and therefore preference for soy.

Sunflower production will continue to be centered in the far southern portions of Buenos Aires, San Luis, and Cordoba provinces. Additional acreage is expected to be planted in the north as well in Chaco and the north of Santa Fe province, but total production is expected to be limited with another hot and dry La Niña year expected. Future growth in this area would require a year of exceptional precipitation. But farmers often plant more sunflower in drier years in case of drought where they will be more insulated from its negative effects than with corn or soy.

From the 1980s to 2000s, Argentina was a leading sunflower seed producer, peaking at over 4 million hectares in MY1997/98. However, increased production in Russia and Ukraine, along with competition from soybeans and corn, led to a reduction in sunflower cultivation. The sector also suffered from underinvestment in genetics and limited market competition from buyers. The 2022 Russian invasion of Ukraine, caused sunflower oil prices to soar, has renewed interest among Argentine farmers, thanks to high returns and better disease and pest resistance in the crop. Though declining global prices have cooled enthusiasm, the crop's drought resilience continues to earn newfound appreciation across Argentina.

Farmers in the northwest of Buenos Aires province see sunflower replacing some of the wheat/soy rotation or only soy this year and next. But sunflower is generally a low-yield crop so does not replace corn as a crop entirely. If margins are good most farmers always prefer to plant wheat/soy/corn because they are generally always good crops and many are unsure what will happen with sunflower (or the country) in the future.

The industry is also looking to development winter oilseeds such as carinata and there are hopes for future growth in Argentina.

Figure 8. Sunflowers Ready for Harvest Near General Viamonte, Buenos Aires Province



*Source: FAS Buenos Aires*

## Consumption

Post forecasts crush up by only 50,000 tons in MY2024/25 with increased production. Nearly all sunflower in Argentina is crushed for oil and meal. Only a small portion, forecast at 150,000 tons next year, is exported for use in the confectionary industry. The domestic demand for feed of sunflower meal is expected to remain stagnant. Argentina's domestic consumption of sunflower oil is forecast level at 675,000 tons with expected steady consumer demand.

## *Marketing Year 2023/2024*

## Production

Post increases sunflower production slightly for MY2023/24 to 1.78 MMT due to less loss of planted acres than previously estimated and expected improved yields again this year seen during harvest to date. Yields are expected to be an average of 2.02 tons per hectare this year, near the five-year average. As of April 7, the sunflower harvest was 91 percent complete. The remaining nine percent of acreage is in southern Buenos Aires and La Pampa provinces, generally higher yield areas, where the final harvest will be completed by the end of April, assuming rain holds out to allow for harvest.

According to the Argentine Sunflower Association (ASAGIR) production in the northeastern provinces fell by nearly 50 percent from MY2022/23, acreage in the central growing region of southern and eastern Buenos Aires and Cordoba provinces maintained stable area or even grew in places which offset the decreased acreage to maintain only a slight overall drop. Acres increased in the southwestern area of Buenos Aires Province and are expected to once again next year as it's the natural and historic growing area for sunflower.

Returns for sunflower this year will not be great for sunflower producers this year either but still expected better than for either corn or soy. Costs were high this year with prices lower at harvest than hoped.

Post revises MY2022/23 production up to 4.6 million metric tons, still below USDA official estimates due to improved yields reported after harvest.

## Crush and Consumption

Crush is estimated slightly in line with expected increased production to 3.55 MMT but still below USDA official estimates based on industry expectations for the current crush.

Post's crush estimate for MY2022/23 is revised up to 3.92 MMT on reported increased crush the last two months making it the highest year for sunflower crush in the last decade. Despite the year being a disaster for other crops, sunflower came out on top weathering the drought year better than others.

Higher carry out stocks are expected after increased production this year and next.

Sunflower oil consumption is expected to grow as crush levels out next year to more average rates. The high carry in of stocks is expected to offset the decreased production this year over the previous and allow crushers to still crush 3.6 MMT in MY2023/24 resulting in production of 1.54 MMT sunflower meal.

## Trade

Post forecasts sunflower oil exports down at 850,000 in both MY2023/24 and MY2024/25, a return to average, as Argentina's sunflower production declines from the peak of the previous year. Despite additional demand from export markets which Argentina could sell to if the supply existed, Argentina keeps relatively little stocks on hand and domestic demand will not soften in the coming years.

Sunflower oil exports are currently taxed at 15 percent which is not expected to decrease in the next several years as the government seeks more revenue to pay debts and balance the budget.

India will remain Argentina's top sunflower oil export market in both MY2023/24 and MY2024/25 with neighbors both Chile and Brazil continuing to be top buyers as well.

In the last two years the EU has increased its purchases of Argentina's sunflower meal and continues to be the top customer. While South Africa was once a major buyer of Argentine sunflower meal, its imports have dropped off the last two years as its imports have decreased and turned to source more from African neighbors. Only 2 percent of Argentina's whole sunflower seed production is exported. The top destination for these exports are United States, Mexico, Brazil, European Union, Turkey, and Libya for confectionary and food processing.

Argentina is the world's third largest sunflower oil exporter of sunflower oil with top destinations to neighbors in Latin America and India. Sunflower oil exports are expected to decline by 350,000 tons in MY2023/24 but then remain steady at 850,000 tons again in MY2024/24 as lower production and diminished stocks lower exportable supply. Exports are expected to continue to Chile, India, which is the world's largest importer, and Mexico, continuing demand for Argentina's sunflower oil.

Just over a decade ago, Argentina dominated the world market as the largest exporter. However increased production in Ukraine and Turkey overtook Argentina's top rank in the global market due to their proximity to the EU which is the second largest consumer in the world.

Post forecasts MY2024/25 sunflower meal exports steady from the previous year at 875,000 tons. The top markets are expected to continue to be the EU and Uruguay. While Saudi Arabia and South Africa were once top markets, Argentina did not export any sunflower meal to either in calendar year 2023.

Figures 9-11. Sunflowerseed, Meal, and Oil Statistical Tables

Oilseed, Sunflowerseed Market Year Begins	<u>2022/2023</u>		<u>2023/2024</u>		<u>2024/2025</u>	
	<u>Mar 2023</u>		<u>Mar 2024</u>		<u>Mar 2025</u>	
	<u>USDA Official</u>	<u>New Post</u>	<u>USDA Official</u>	<u>New Post</u>	<u>USDA Official</u>	<u>New Post</u>
<b>Argentina</b>						
<b>Area Planted</b> (1000 HA)	2460	2460	2300	1800	0	1850
<b>Area Harvested</b> (1000 HA)	2453	2453	2000	1780	0	1810
<b>Beginning Stocks</b> (1000 MT)	710	710	1084	888	0	583
<b>Production</b> (1000 MT)	5019	5019	4100	3600	0	3700
<b>MY Imports</b> (1000 MT)	1	1	0	0	0	0
<b>Total Supply</b> (1000 MT)	5730	5730	5184	4488	0	4283
<b>MY Exports</b> (1000 MT)	96	92	180	150	0	150
<b>Crush</b> (1000 MT)	4000	4200	3850	3550	0	3600
<b>Food Use Dom. Cons.</b> (1000 MT)	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b> (1000 MT)	550	550	375	205	0	205
<b>Total Dom. Cons.</b> (1000 MT)	4550	4750	4225	3755	0	3805
<b>Ending Stocks</b> (1000 MT)	1084	888	779	583	0	328
<b>Total Distribution</b> (1000 MT)	5730	5730	5184	4488	0	4283
<b>Yield</b> (MT/HA)	2.0461	2.0461	2.05	2.0225	0	2.0442
-	-	-	-	-	-	-
<u>(1000 HA) ,(1000 MT) ,(MT/HA)</u>						
OFFICIAL DATA CAN BE ACCESSED AT: <a href="#">PSD Online Advanced Query</a>						

Meal, Sunflowerseed Market Year Begins	2022/2023		2023/2024		2024/2025	
	Mar 2023		Mar 2024		Mar 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Crush (1000 MT)	4000	4200	3850	3550	0	3600
Extr. Rate, 999.9999 (PERCENT)	0.4263	0.43	0.4268	0.4301	0	0.43
Beginning Stocks (1000 MT)	126	126	121	232	0	324
Production (1000 MT)	1705	1806	1643	1527	0	1548
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1831	1932	1764	1759	0	1872
MY Exports (1000 MT)	1075	1065	1100	875	0	875
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	635	635	540	560	0	600
Total Dom. Cons. (1000 MT)	635	635	540	560	0	600
Ending Stocks (1000 MT)	121	232	124	324	0	397

(1000 MT) ,(PERCENT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Oil, Sunflowerseed Market Year Begins	2022/2023		2023/2024		2024/2025	
	Mar 2023		Mar 2024		Mar 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Crush (1000 MT)	4000	4200	3850	3550	0	3600
Extr. Rate, 999.9999 (PERCENT)	0.4238	0.42	0.4234	0.42	0	0.42
Beginning Stocks (1000 MT)	282	282	265	258	0	224
Production (1000 MT)	1695	1764	1630	1491	0	1512
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1977	2046	1895	1749	0	1736
MY Exports (1000 MT)	1050	1126	1000	850	0	850
Industrial Dom. Cons. (1000 MT)	2	2	2	0	0	0
Food Use Dom. Cons. (1000 MT)	650	650	670	675	0	675
Feed Waste Dom. Cons. (1000 MT)	10	10	10	0	0	0
Total Dom. Cons. (1000 MT)	662	662	682	675	0	675
Ending Stocks (1000 MT)	265	258	213	224	0	211
Total Distribution (1000 MT)	1977	2046	1895	1749	0	1736

(1000 MT) ,(PERCENT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

## PEANUT

### Production

Argentina's peanut production is forecast at 1.35 MMT tons in MY2024/25 the same as MY2023/24. Argentina's peanut production is static as it's limited by processing capacity which has reached full potential. Any additional acreage growth would need to be precipitated by construction of new processing facilities. As the industry has shrunk over the years there is little prospect or discussion of construction of new facilities any time soon, if ever.

Processors are always looking for additional ground to grow peanuts as production is very disruptive to the soil and many producers are reluctant to grow them. Due to disease and virus issues, peanuts cannot be grown in the same field for two to three years in the case of fields planted with peanuts for the first time but ideally even longer, between crop cycles, only every four to seven years on fields that have previously been planted with peanuts. Additionally, peanuts require special equipment used only for growing peanuts. In the past there were committed peanut growers but over time producers have chosen less and less to grow peanuts themselves resulting in most producers also selling the specialty equipment to grow them and instead investing in corn, soybeans, or sunflower. Because of this over half the cost of peanut production is land rent. Furthermore, the harvest process for peanuts comes with increased time commitment and cost as they must be dug up, left in the field to dry and return fifteen to twenty days later to harvest. This has become increasingly unattractive as most growers have moved to no or low till production. While short growth cycle peanut varieties have been growing in popularity in recent years, they only account for 20 percent of peanuts grown in Argentina. Aflatoxin continues to be an issue in production in the north which makes them ineligible to export to the EU. These peanuts are then redirected to crush for livestock feed.

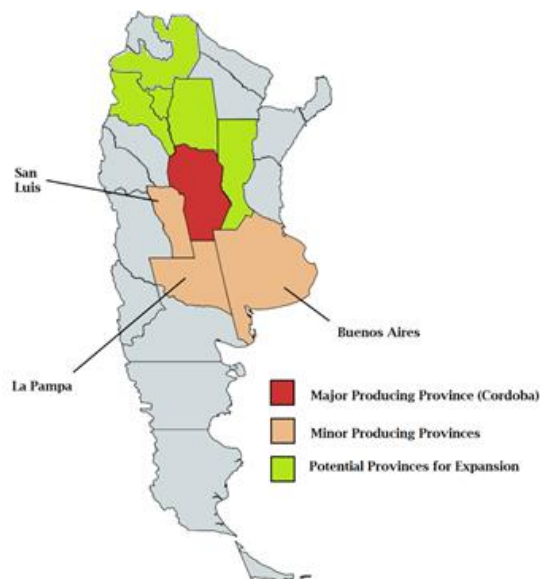
Cordoba dominates peanut production with over 75 percent of Argentina's peanuts grown in the province. Only 25 companies handle all of Argentina's peanut planting and processing. Acres have grown in recent years to the portions of neighboring provinces bordering Cordoba as processors are continually searching for growers willing to plant peanuts in their rotation. Some acres have been planted in provinces further north, however these are unlikely to maintain the growth as they are farther from processing plants increasing costs in years with already tight margins.

The current crop looks good and post forecasts production at 1.35 MMT in both MY2023/24 and MY2024/25 on 400,000 acres planted. Yields this year are expected to be average in the range of 3.4 to 3.5 tons per HA.



Figure 12. Peanut Production Map.

### **Peanut Production in Argentina**



*Source: FAS Buenos Aires*

### Consumption and Crush

Post forecasts peanut crush to increase slightly to 280,000 tons in MY2024/25 up only slightly from MY2023/24 where crush is forecast at 775,000 tons and higher production across both years and a return to average production levels.

Peanut businesses are expanding their range of products within the local market, introducing new locally made peanut butter brands in health food outlets and gaining traction with peanut flour products designed for protein shakes. Previously considered a niche item, imported peanut butter has lost market share over the last few years. Moreover, peanuts are now vying with other nuts in the increasingly popular trail mix products. Despite high inflation and unemployment dampening growth in domestic food consumption, ongoing innovation and marketing are expected to slightly boost peanut product consumption in the future.

Producers do not keep stocks of peanuts but stocks are held by processors to keep their operations running consistently throughout the year.

Figure 13. Peanuts Growing Near Juarez Celman, Cordoba Province



*Source: FAS Buenos Aires*

### Trade

Peanuts are almost exclusively grown for the export market. Post forecasts an increase in exports of whole peanuts as well as peanut meal and oil. Argentina's peanut exports are forecast at 825,000 tons in MY2024/25, down by 25,000 tons in MY2023/24. The majority of exports will go to the EU but China will continue to be the top market for Argentine peanut oil.

The top format of exported peanuts are in blanched form. Peanuts cannot be exported raw or unprocessed. The customers mostly prefer blanched peanuts as they can be exported and used for further processing into a variety of products whether for confectionary or meal.

While peanuts and their products are primarily produced for the export market, peanut meal is consumed as feed in the domestic market. Post forecasts peanut meal exports up in MY2024/25 at 33,000 tons in line with increased production expected. All of Argentina's peanut meal exports are sent to Chile as feed for farmed salmon there due to the high price it receives for this high value product production. This is anticipated to remain true in the new marketing year.

Argentina's peanut oil exports are forecast at 72,000 tons in MY2024/25 with China continuing to be the top market with well over half of Argentina's peanut oil destined sold there.

Figures 14-16. Peanut, Meal, and Oil Statistical Tables

Oilseed, Peanut Market Year Begins Argentina	2022/2023		2023/2024		2024/2025	
	Mar 2023		Mar 2023		Mar 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	400	360	395	400	0	400
Area Harvested (1000 HA)	372	355	395	380	0	380
Beginning Stocks (1000 MT)	382	382	337	315	0	370
Production (1000 MT)	963	960	1375	1350	0	1350
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1345	1342	1712	1665	0	1720
MY Exports (1000 MT)	750	617	950	850	0	825
Crush (1000 MT)	150	240	250	275	0	280
Food Use Dom. Cons. (1000 MT)	73	85	80	85	0	85
Feed Waste Dom. Cons. (1000 MT)	35	85	50	85	0	85
Total Dom. Cons. (1000 MT)	258	410	380	445	0	450
Ending Stocks (1000 MT)	337	315	382	370	0	445
Total Distribution (1000 MT)	1345	1342	1712	1665	0	1720
Yield (MT/HA)	2.5887	2.7042	3.481	3.5526	0	3.5526
(1000 HA) ,(1000 MT) ,(MT/HA)						

Meal, Peanut Market Year Begins Argentina	2022/2023		2023/2024		2024/2025	
	Mar 2023		Mar 2024		Mar 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	150	240	250	275	0	280
Extr. Rate, 999.9999 (PERCENT)	0.5133	0.4333	0.468	0.4255	0	0.425
Beginning Stocks (1000 MT)	7	1	4	1	0	5
Production (1000 MT)	77	104	117	117	0	119
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	84	111	121	118	0	124
MY Exports (1000 MT)	40	29	30	31	0	33
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	40	75	85	82	0	86
Total Dom. Cons. (1000 MT)	40	75	85	82	0	86
Ending Stocks (1000 MT)	4	1	6	5	0	5
Total Distribution (1000 MT)	84	105	121	118	0	124
(1000 MT) ,(PERCENT)						

Oil, Peanut Market Year Begins Argentina	2022/2023		2023/2024		2024/2025	
	Mar 2023		Mar 2024		Mar 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	150	240	250	275	0	280
Extr. Rate, 999.9999 (PERCENT)	0.3533	0.2	0.32	0.2691	0	0.2679
Beginning Stocks (1000 MT)	23	7	18	7	0	7
Production (1000 MT)	53	48	80	74	0	75
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	76	71	98	81	0	82
MY Exports (1000 MT)	55	45	80	71	0	72
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	3	3	3	3	0	4
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	3	3	3	3	0	4
Ending Stocks (1000 MT)	18	7	15	7	0	6
Total Distribution (1000 MT)	76	55	98	81	0	82
(1000 MT) ,(PERCENT)						

## **POLICY**

On December 10, 2023 Javier Milei was sworn in as the new Argentine president promising to bring drastic economic and social reforms to the country to tackle inflation and economic woes. The self-described libertarian told Argentines in his inaugural address that “due to the failure of the previous model and government of decadence and decline” he would introduce “economic shock therapy” to solve the nation’s economic ills. At the same time he warned the country that in the short term the economic situation will worsen.

President Milei said Argentina would embark on a new path with fundamental institutions of private property, markets free of state intervention, free competition, the division of labor, and social cooperation.

Just two days after taking office the new government devalued the official currency exchange rate by 118 percent from 366 to 800 pesos per dollar overnight bringing it closer to with the unofficial “blue dollar” rate (1065 pesos at the time). Several other exchange rates remain despite promises to eliminate them and bring the country to a single exchange rate. The devaluation was expected at some point after the inauguration, but immediately sparked even faster and higher price inflation across the country.

While the currency devaluation will favor exporters who stand more to gain than even under the previous “soy-dollar” schemes, it is unclear if increased gains will be enough to offset higher costs expected costs for farmers such as fuel.

To cut expenses and raise taxes to curb the government deficit the administration plans to cut transportation, electricity, and gas subsidies, public employees, and public contracts. To grow government revenue, it promised to increase both import and export taxes while supposedly reducing restrictions and bureaucracy on imports at the same time.

On December 20, 2023, the new administration then introduced a sweeping executive decree with over 300 articles affecting nearly every sector of the Argentine economy, including a number of changes specific to agriculture. Most importantly, despite promises to lower or eliminate export taxes, the bill presented to congress raises soybean export taxes by 2 percent to 33 percent. It also would raise export taxes on most other agricultural exports to 15 percent though there are notable and conflicting exceptions including 8 percent on wine and essential oils for food processing, in contrast 0 percent on dairy and others. Contacts report there are still ongoing negotiations between industry and parts of the government as to which export taxes will rise and to what levels. However, the bill grants the Executive Power the authority to discretionarily adjust export duties until December 9, 2027.

At the same time, portions of the decree stand to benefit imports and exports. One decree prohibits the government from imposing export or import restrictions for economic reasons. The decree also establishes a more favorable exchange rate for exporters included in the “Programa Incremento Exportador” established in Decree 28/2023. In detail, for each dollar given to the Central Bank, these exporters will receive 80 percent of their dollar in pesos determined by the official exchange rate, while the remaining 20 percent will be set by the "contado con liquidación". This formula has the potential for exporters to receive an exchange rate of more pesos per dollar, slightly surpassing the official exchange rate. The new decree also allows parties to sign contracts in any currency though the details are still

unclear but has positive potential for the Argentina agricultural sector and outside exporters looking to export to Argentina.

Simultaneously, the decree brings higher taxes but other benefits for imports. The decree increases portions of import taxes of the "PAIS" tax from 8% to 17.5% on imports, which sets the exchange rate for importers at 940 pesos per dollar. But the decree also establishes a new imports system, "SEDI" (Sistema Estadístico de Importaciones, in Spanish) replacing the restrictive "SIRA" (Sistema de importaciones de la República Argentina, in Spanish). According to contacts, SEDI is now functioning relatively well with faster processing times than its predecessor as import license approvals are not required. The central bank will also now collect imports in four equal payments over 120 days from importation. Private sector contacts are still evaluating the effectiveness of this measure.

The costs increase of several inputs crucial to agricultural production, notably fuel are significant concerns to the industry. Markedly, fuel prices increased by 40 percent in just weeks, occurring during the planting season. Prices of other inputs, including agrochemicals, are expected to increase in line with the official exchange rate devaluation. Finally, likely increases labor wages remain up in the air and undetermined at this point.

While the agricultural sector overall has come out staunchly against the export and import tax hikes, a group of the major agricultural organizations state the government "is in the right direction" with most measures and that it "will help to promote investment and growth in the agricultural sector." However, there is a concern in the industry that a lack of a clear government plan or timeline to reduce or eliminate export taxes to the sector could undermine the promised boost in production, efficiency, and cost reduction in the sector.

The administration claims the mega-decree aims to promote investment, reduce costs, and improve productivity. Other key provisions that will impact the oilseeds and broader agricultural sector include:

- Removal of all limitations on foreign ownership of rural land in Argentina. This change could potentially attract increased foreign investment in the agricultural sector. Previously, restrictions included a maximum holding of 1,000 hectares, among others.
- Prohibits the government from imposing export or import restrictions for economic reasons. Potential to increase Argentina's agricultural exports and reduce production costs on imported inputs.
- Removes the government's ability to control prices, markets, and production of essential goods with the hope to increase domestic competition towards a freer economy to lower prices for consumers and boost freedom of operation for businesses.
- Reforms customs codes to remove several bureaucratic processes that have long created problems with the flow of goods across borders.
- Eliminates the registration requirement for exports and imports.

All these measures will take time to understand their real impact and if they will be fully enacted. Some measures must work through congress where the president's party only has a small minority while others already face legal challenges.

**Attachments:**

No Attachments