BIODIESEL IN ARGENTINA

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AABH

Argentine Association of Biofuels & Hydrogen

National Biodiesel Board Conference

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Asociación Argentina de Biocombustibles e Hidrógeno

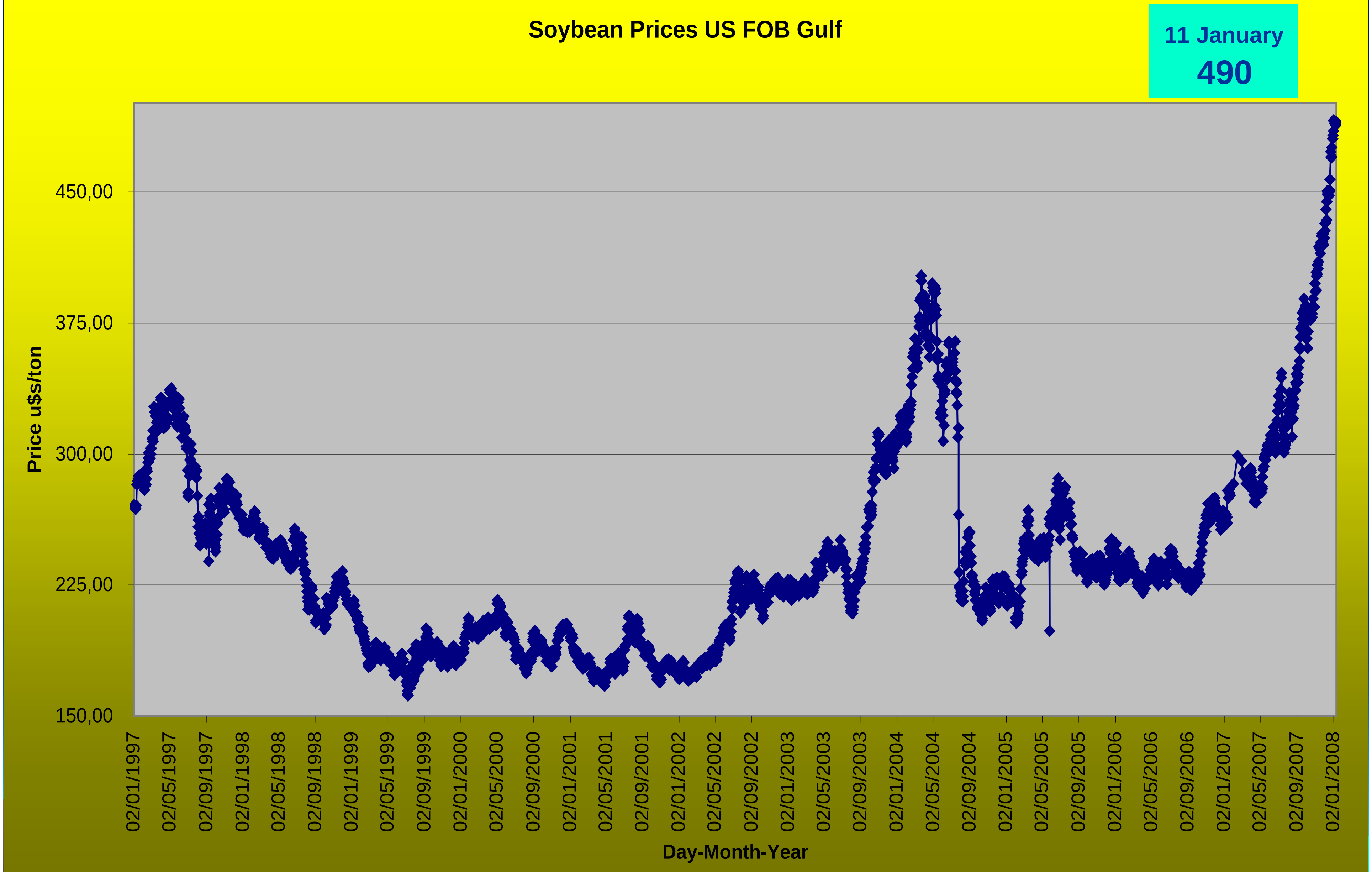
THE FUTURE FOOD DEMAND WILL BE VERY DIFICULT TO SUPPLY BASIS ON ACTUAL GLOBAL GROWTH PRODUCTION PROYECTED

ARE YOU READY !!!

THE RACE HAS ALREADY BEGAN AND IS OF VERY LONG TERM

AT THE MOMENT THE WINNER`s ARE THE FOOD AND BIOFUELS GROWING DEMAND

US Soybean Prices FOB GULF- 1997-2008 (11th January)



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. 47 million tons in 2007 with 18% of oil, its potential 8,5 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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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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Crushing capacity
Oilseeds

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

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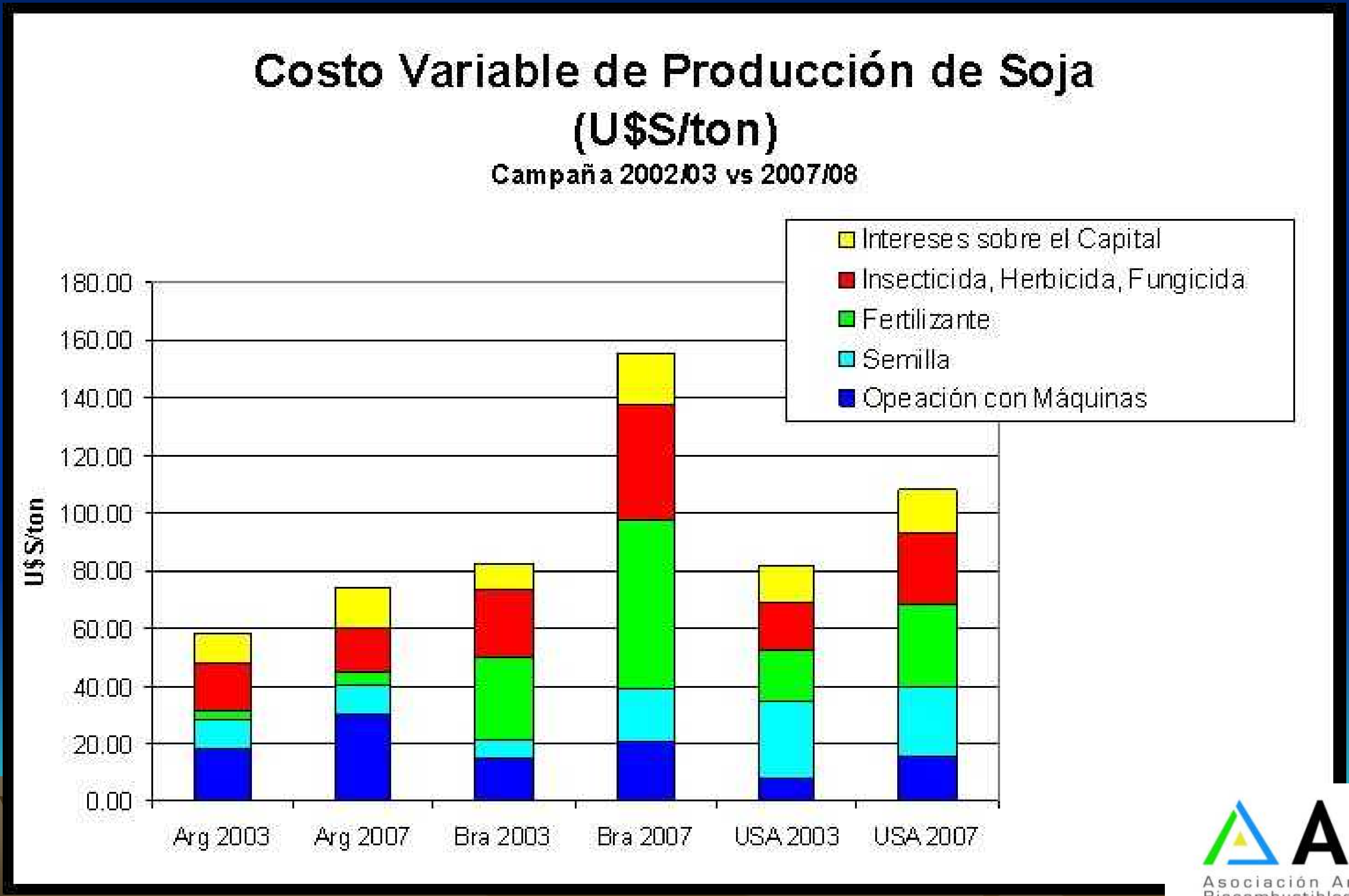
Argentina has the lowest production cost of soybean of the world



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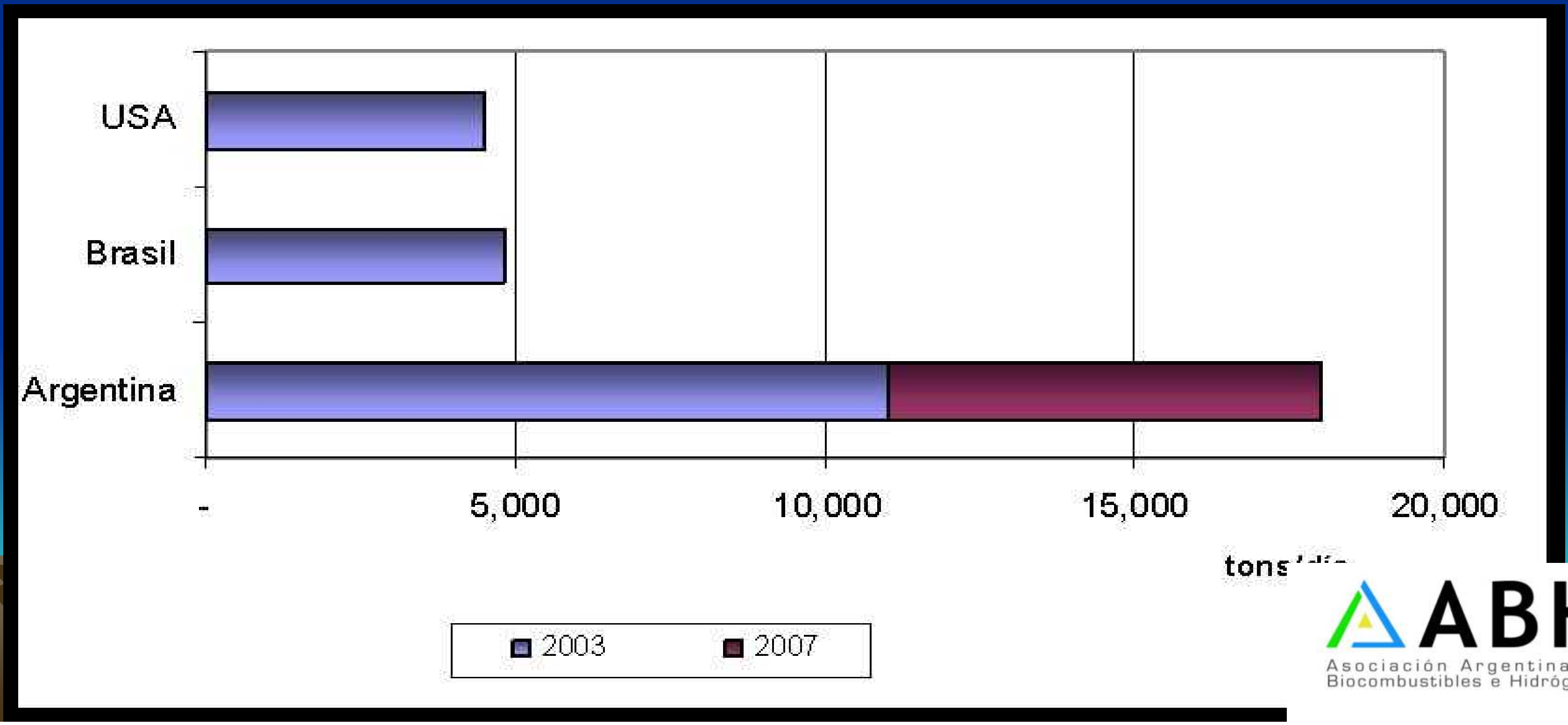
Why Argentina is the most competitive country in the soybean crushing industry.

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



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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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ARGENTINE ENERGETIC VIEW

- In 2007: Weakness in the energetic supply and a reduction of supply to industries while the compressed natural gas (CNG) receives financial assistance and the country has the chance to import natural gas and diesel.

- Increasing demands of quality regulations for fuels and consistent requests for investments by the refining companies. Very restrictive regulations will come into force in 2008 and 2009 as regards the content of sulfur in fuels.

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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).

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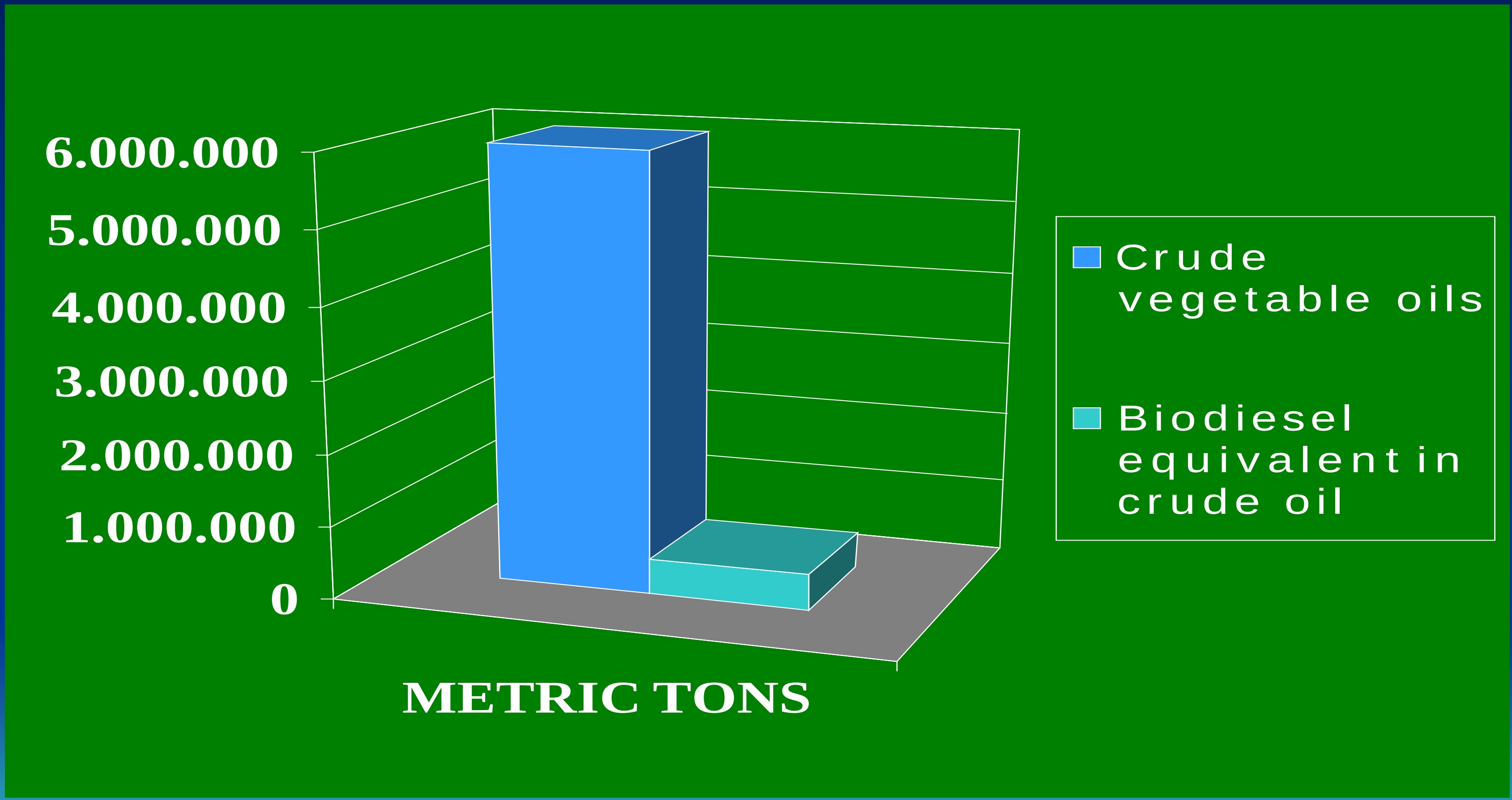
RELATIVE IMPORTANCE OF THE GAS OIL BLEND WITH 5% OF BIODIESEL DUE TO THE NATIONAL PRODUCTION OF VEGETABLE OILS



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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).

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CURRENT VIEW

- Strong export potential, with 10 million tons of soybean-oil by 2017.
- Actual Biodiesel policy in favor to export.
- Due to actual export tax favorable to biodiesel “exports”

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CURRENT VIEW
FOR DOMETIC MARKET

- Strong incentives for the participation of agriculture growers in biofuel companies.
- Law indicates that future companies that will supply the domestic market should have to be 51% owners by farmers.
- Groups of growers are very interested in participating in the business.
- BUT, there are few projects oriented to the domestic market up to now (quality issue)

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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

Projects

- **Repsol YPF, en San Lorenzo**: 100.000 toneladas anuales para exportar. La tecnología será de Lurgi. El proyecto está demorado.
- **Vicentín - Glencore, en San Lorenzo**: 200.000 toneladas anuales para exportar. La tecnología será de Lurgi. El proyecto está en marcha.
- **Grupo Eurnekián (todavía no está acordada la radicación):** 300.000 toneladas (son tres plantas, de 100.000 toneladas anuales cada una). Unas 200.000 se destinará al mercado externo, y las 100.000 restantes, al mercado interno. La tecnología será de Lurgi, podría instalarse en Santiago del Estero.
- **Cremer & Asociados, en Dock Sud**: 50.000 toneladas anuales, tecnología propia, para exportar. Avanzado. Posible acuerdo con la firma Coco-Oil. - Terminal Puerto de Rosario.
- **Oil M&S, a través de Combustibles del Rosario, en Rosario:** 200.000 toneladas anuales para exportar. La tecnología no está resuelta (pugnan Lurgi y De Smet-Ballestra).
- **Grupo San José, San Luis o Salta:** 100.000 toneladas anuales para el mercado interno. En etapa de estudio.
- **Molinos Río de la Plata, en Rosario o San Lorenzo**: 100.000 toneladas anuales para exportar. En etapa de estudio.
- **Bunge:** 100.000 toneladas anuales para exportar. En etapa muy preliminar.
- **Dreyfus:** 100.000 toneladas anuales para exportar. En etapa muy preliminar.
- **Entaban - Nmás1 (alianza española):** 60.000 toneladas anuales para exportar. En etapa muy preliminar.
- **Cil Global Corporation, en Goya, Corrientes:** 100.000 toneladass anuales para exportar. En etapa de estudio.
- **FT Holding (desprendimiento del Grupo Soros) más Estudio Cazenave más ICI, con el respaldo de Deutsche Bank, en San Lorenzo:** 100.000 toneladas anuales para exportar. En etapa de estudio.
- **Capital Group Comunications, Zona Franca Cnel. Rosales (área Bahía Blanca):** 100.000 toneladas anuales para exportar. En etapa de estudio.
- **Villuco (Grupo Citrusvil), Pinto, en Santiago del Estero:** 60.000 toneladas anuales para mercado interno. En etapa de estudio.
- **Goldaracena, en Gualeguaychú, Entre Ríos:** 40.000 toneladas anuales para el mercado interno. En etapa de estudio.
- **Agricultores Federados Argentinos, en Los Cardos, Santa Fe:** 40.000 toneladas anuales para el mercado interno. En etapa de estudio.
- **Ceon Group, Sancti Spiritu, en Santa Fe:** 24.000 toneladas anuales para el mercado interno. En construcción.
- **Proyecto no identificado a la fecha en Parque Industrial Pilar.**
  De concretarse todos estos proyectos, la capacidad ascenderá a más de 2,65 millones de toneladas de capacidad anual. Y a éstos se le suman otros **23 establecimientos pequeños, que elaboran aproximadamente 400 litros por día de biodiesel. Hasta ahora se computan 464.000 toneladas de capacidad para el mercado interno.**

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Opportunities 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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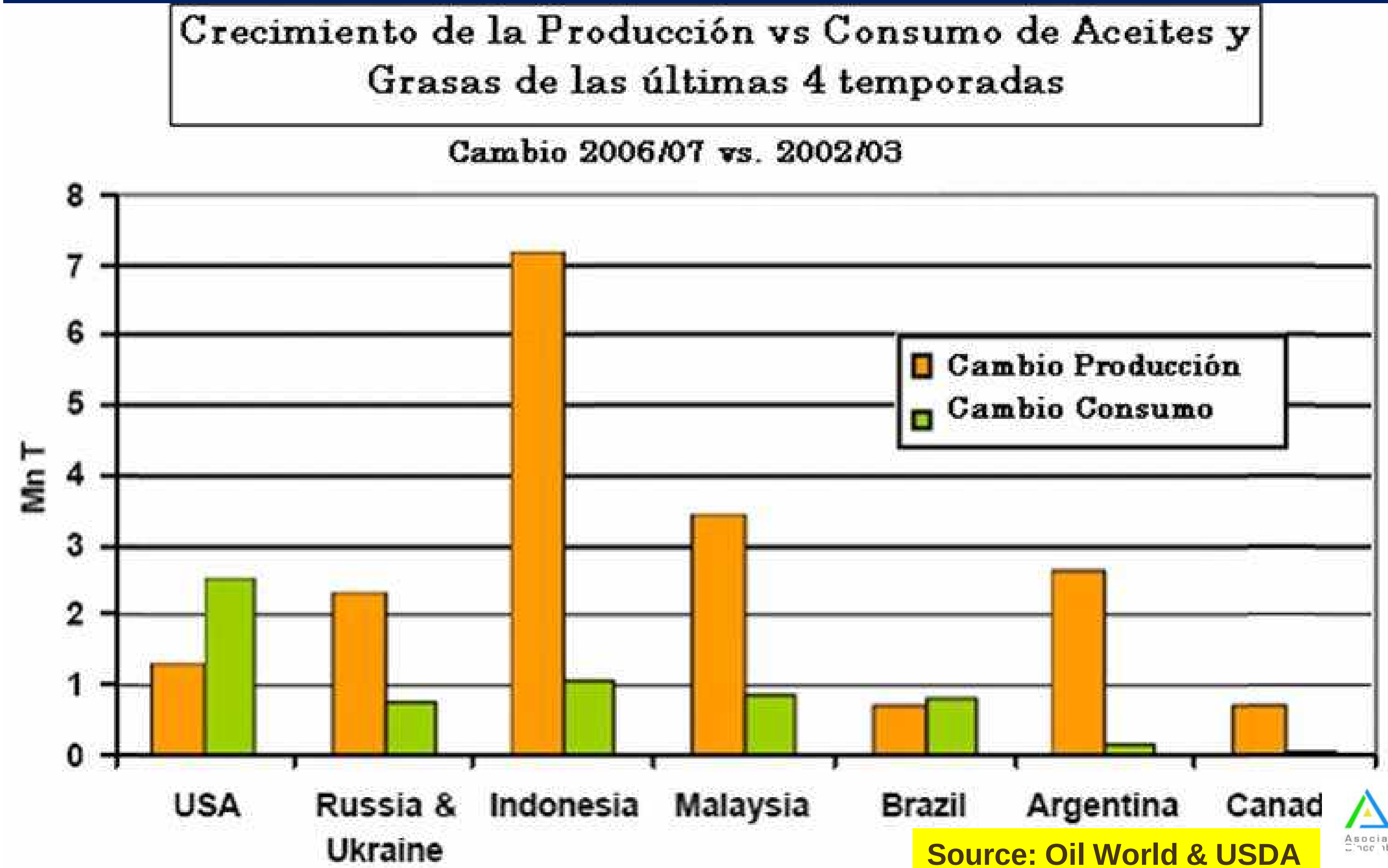
Which are the countries that could supply the increases on biodiesel world demand. (leading by the UE) Malasia , Indonesia, Argentina and Canada



Source: Oil World & USDA


THANK YOU !!!!!!
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