



Consejería Agrícola
Ministerio de Agricultura, Ganadería, Pesca
Embajada Argentina ante la Unión Europea



II Expert Ad-Hoc Group: Trade remedy measures in Renewable Energy

UNCTAD, Geneva 03-04 April

GASTON FUNES
Minister Counselor Agricultural Affairs
Embassy of Argentina to the EU



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ARGENTINA

Efficiency and competitiveness of Argentina's biodiesel industry

Assets of developing countries:

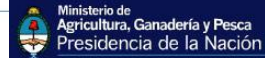
- regions with strong renewable natural resources;
- profile of lower costs for the production of raw materials, intermediate products and bio-fuels
- Integration (agri-industrial-port cluster), scale (size), technology, & sustainability (GAPs)



High competitiveness and efficiency on biodiesel industry



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Some figures of biodiesel sector in Argentina:

- Installed capacity: 33 biodiesel plants ; 4 millions TNs/year; (average capacity of larger plants 263.000 Tns/year)
- 1.200 US\$ MM; Foreign (Europe & US) and National investments and technology (since 2007);
- Employment creation: +5.000 jobs (direct & indirect);
- Export/year US\$1.800 MM (until EU investigations);



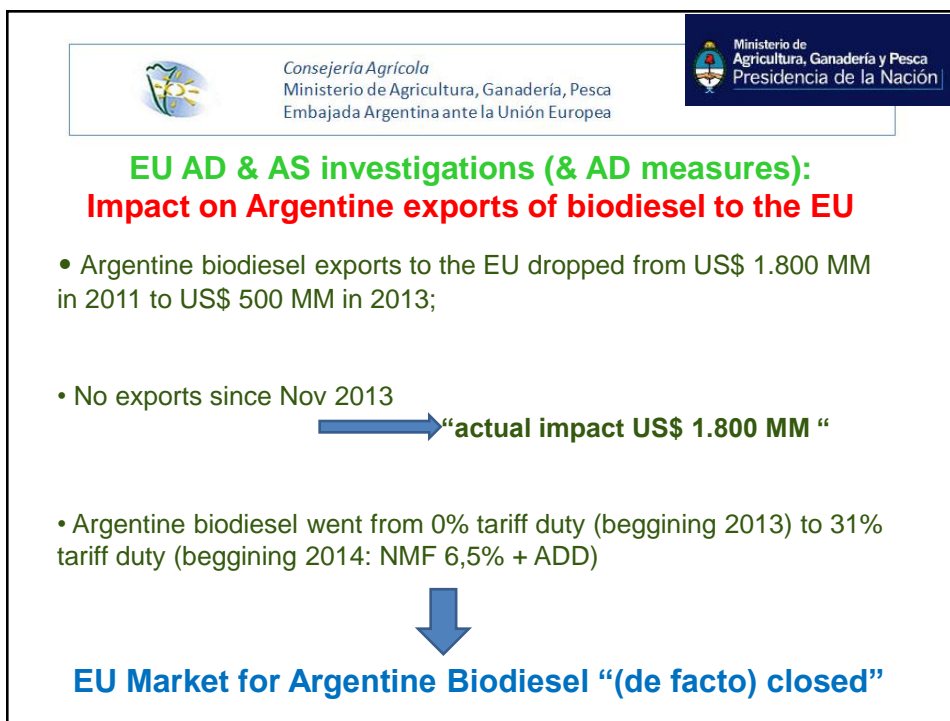
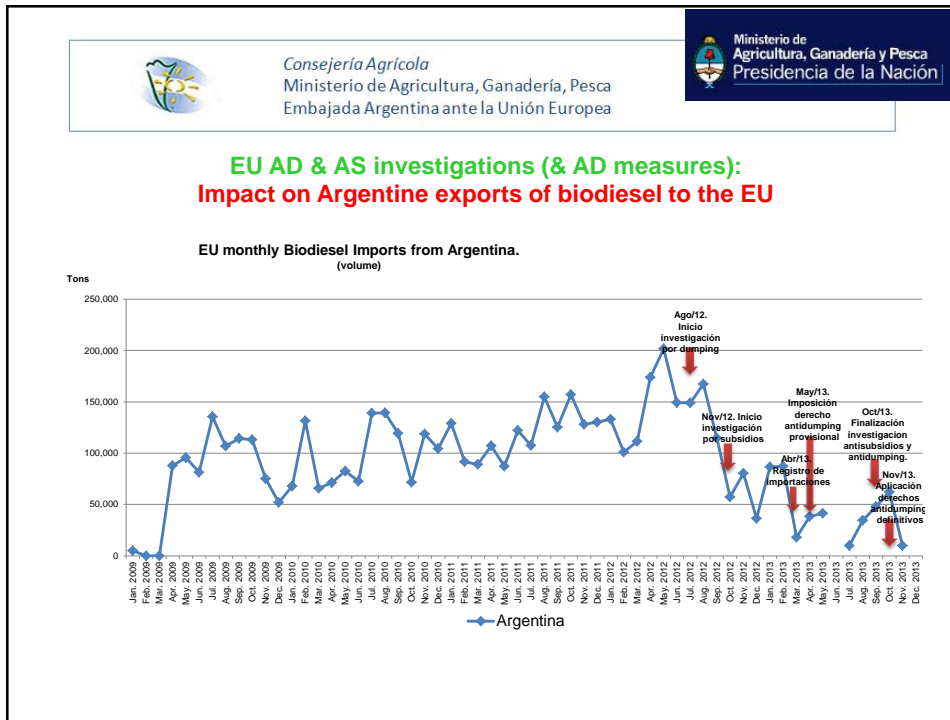
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Incentives for developing Argentine Biodiesel sector:

- Policies implemented by some countries/markets (EU-RED);
- Biodiesel cut share obligation in diesel in domestic market (initially 5% in 2010, currently 10%);
- Environmental, Economic, Social, Productive (added value), Energy supply, and Trade objectives;

“Developing countries need such kind of industries to add value to the primary production, create jobs, and promote social, productive & economic development”;





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Protectionism on biofuels (combination of tariff & non-tariff measures):

- Some **trade remedy measures** go beyond counteracting “unfair” trade practices, but protecting less competitive and less efficient biofuel industry;
- Other “**non-tariff**” **protectionist measures**:
 - Quality standards for iodine and CFPP (cloud point) values, (discrimination of some biodiesel feedstock).
 - Environmental standards: non-scientific and arbitrary criteria: GHG saving values; ILUC; etc (discrimination of some biodiesel feedstock).
 - Criteria for allocation of biodiesel quotas for national targets (discrimination of biodiesel depending on its origin);



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Worries & Consequences of “trade remedies” (& other protectionist non-tariff) measures:

- Increasing trend of regulatory framework as result of or influenced by lobbying and politic groups or sectors, rather than scientific-basis;
- Uncertainty, lack of predictability and sudden changes on regulatory framework (Modification of RED; Modernization of EU trade remedies rules)
- Contradictory economic-policy positions Vs. commitments at multilateral fora (G20 : non-proteccionism);
- Contradictory trade measures Vs. environmental policies;
- More expensive (and less environmental friendly?) bio-fuels;
- Greater reliance (of EU) on imported fossil fuels;
- Higher costs of fuels for (EU) consumers;



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Consequences of “trade remedies” (& other protectionist non-tariff) measures:

- Trade: EU AD measures caused a drop of 15% of total Argentine exports to the EU, worsening the current negative bilateral trade balance.
- Inactive production capacity (Argentine current production: 40% of its capacity as result of EU AD measure); Uncertainty on the future of the sector.
- **Uncertainty for investors (foreign and national) and traders;**
- **Jeopardizing research and innovation;**
- **Threatening industrialization of agricultural commodities in Developing countries, which prevents escalating positions in the value chain (protectionist measures compensate relative low NMF duties).**
- **Threatening job creation, social, regional, productive & economic development of Developing Countries (with great potential on clean energies);**



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Thank you for your attention

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