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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
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; Foreing (Europe & US) and National investments and technology (since 2007);
• Employment creation: +5,000 jobs (direct & indirect);
• Export/year US$1.800 MM (untill EU investigations);

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”;
EU AD & AS investigations (& AD measures):
Impact on Argentine exports of biodiesel to the EU

- Argentine biodiesel exports to the EU dropped from US$ 1.800 MM in 2011 to US$ 500 MM in 2013;
- No exports since Nov 2013 “actual impact US$ 1.800 MM “
- Argentine biodiesel went from 0% tariff duty (beginning 2013) to 31% tariff duty (beginning 2014: NMF 6,5% + ADD)

EU Market for Argentine Biodiesel “(de facto) closed”
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);

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-protectionism);

- 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;
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 (foreing 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);

Thank you for your attention

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