

## GRAINS, OILS AND BY-PRODUCTS

The local development of cereals and oleaginous grains encompass the farmed sector as well as downstream processing into a number of foodstuff and other related products.



The main cereal crops grown in Argentina are maize (2004-05 volume of production was 19.5 million tons), wheat (15.9 million tons), and sorghum (2.9 million tons). The main oleaginous crops grown in Argentina are soya (38.3 million tons) and sunflower (3.6 million tons). In



the downstream process Argentina has an annual capability of production of 7 million tons of oilseed oils and more than 22 million tons of related products. The cereal milling capacity is 7 million tons per year, some 30% of corn production is processed locally in damp milling (for starch, gluten and germ) and dry milling (corn flour for human consumption) and the manufacture of balance animal food.

The record numbers in production that the Argentine farming sector has been achieving in the last years have come from different origins. Not only as a result of the expansion of the agricultural areas under no-tillage systems but also because the increased use of fertilizers and higher investment in harvest and crop mechanical equipment. Fostered by the improvement of international prices of cereals and oleaginous, producers not only significantly increased the sowing area but also invested in essential technology so as to increase the yields. The important growth in the use of fertilizers should be remarked... an evidence of this is that at present 70% of wheat is fertilized.

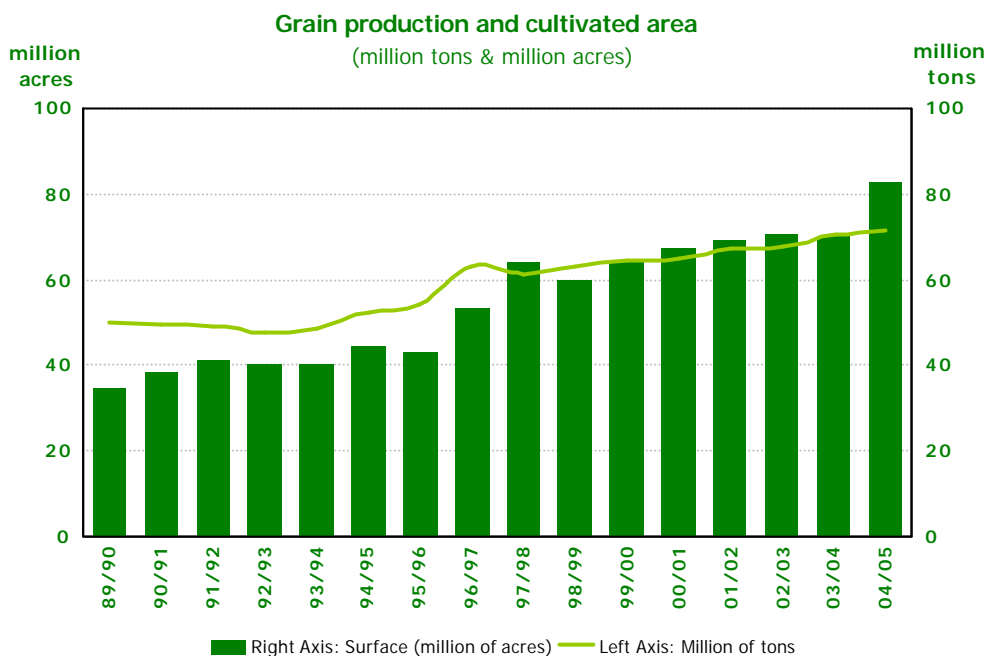
*The world needs grains in great quantities, but it also demands quality, Argentina has already undertaken that path.*

During the same period, the processed grains sector has seen rapid advances in manufacturing technology that has resulted in greater efficiencies in processing. The Argentine oilseed and oil sector competes internationally with the US producers, using similar technologies.

The first records must be looked for in the sowed surface. Until the 2004/05 campaign, Argentina had never been capable of cultivating an overall area of 28.9

million hectares (70.7 million acres), a fourth of more sown lands than a few years ago. At the same time, Argentina achieved a 82.5 million tons harvest, thus exceeding the 70 million tons of the previous agricultural cycle. It is estimated that by 2010 the local grain production will reach the 100 million tons.

*The vigorous technological upgrading of the Argentine farming system has led to spectacular growth in agricultural productivity.*



Source: ADI based on SAGPyA data.

We can clearly observe significant progress in terms of yields in the last 15 years, since agricultural production increased 139% in the period 1990-2005 and cultivated surface area increased approximately 41% over the same period.

### Advantages

Argentina has many advantages in growing cereal and oleaginous crops, and value added processing...

- In comparison with the major grain-producing countries, Argentine yields are highly competitive at international level. Operational costs are also lower resulting in more profitable operations when comparing with other locations.
- We are counter seasonal to the

Soybean yields among main World producers	
COUNTRY	TONS/HECTARE
Argentina	2,9
Brazil	2,8
USA	2,2
Australia	1,9
China	1,7
Russia	1,4
India	1,1

northern hemisphere, have an advanced manufacturing base, and importantly, Argentina has a reputation of supplying clean, pest and disease free products.

- Potential for growth in the sector is still high, much better than that for most of the countries with which Argentina competes.

**Opportunities** in this sector will accumulate to those companies that can differentiate their products on quality, and develop niche markets which can command a price premium. Export markets will provide increased growth opportunities as well as niche products that can be supplied from Argentina. Using grains and other crops to produce biofuels is an emerging sector showing significant potential.

The processed sector will provide opportunities to those companies that can produce unique and innovative products. Products that are perceived as healthy alternatives offer excellent opportunities because they can charge a premium price. The same can be said for 'meal solutions' or 'ready-to-eat' products that provide a high level of convenience for the consumer.

### **Technical assistance and government R&D support**

*Instituto Nacional de Tecnología Agropecuaria (INTA)* was established in 1956, based on a network of experimental stations, covering the whole of the country. At present there are 15 regional centers, 42 experimental stations and 116 extension agencies. The investigations concern the different categories of crops or specific activities (cereals, fruit and horticultural crops, meat, etc.). Twenty-eight national universities provide agronomic education in the different regions of the country. There is cooperation between INTA, the university faculties of agriculture and certain institutes of the *Consejo Nacional de Investigaciones Científicas y Técnicas (CONICET)*.