



BTMU Focus Latin America

Argentina: Export Profile



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Argentine Exports – Profile Structure

- Four areas of focus to assess Argentina's export structure.



Argentine Exports – Growth Momentum (1)

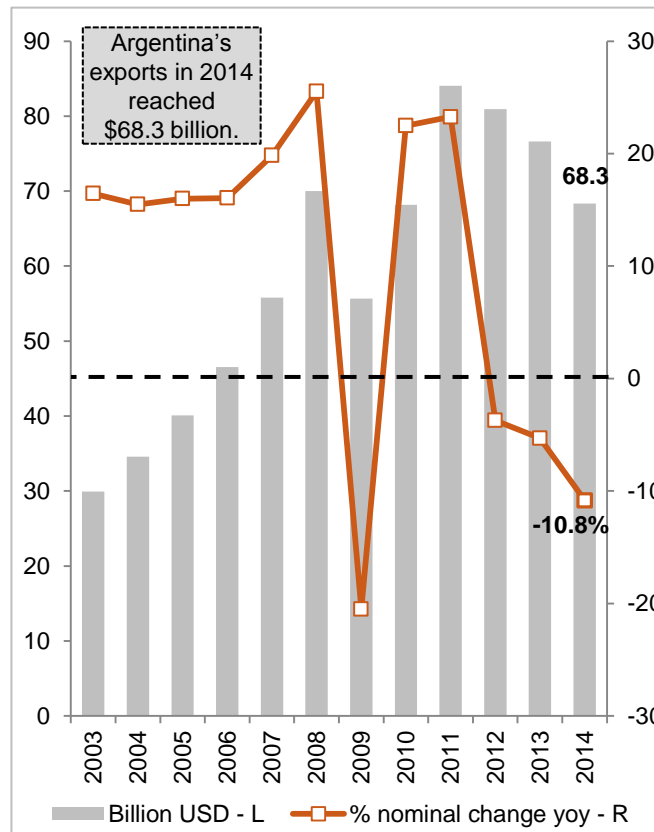
- Argentina's exports contracted for a third straight year in 2014.

Weak external demand and the steadily decline in commodity prices, in particular soybean prices, have put a big dent on Argentine exports. They shrank by more than 10% in 2014 in nominal terms, extending the fall for three years in a row.

Exports will probably sag further in 2015 as demand from main trading partners stays weak, and commodity prices continue to weaken in the wake of growing concerns over the Chinese economy. Yet the situation will likely get better in the medium term as the newly elected president, Mauricio Macri, seems keen to devalue the peso to boost exports.

Exports of Goods

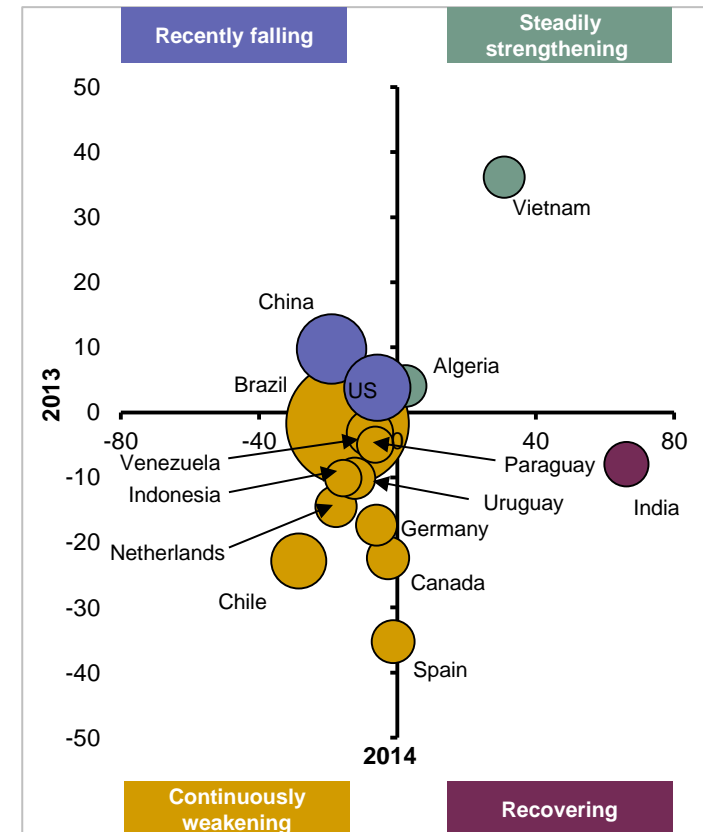
USD billion / % nominal change yoy



Source: UN Comtrade; BTMU

Argentina's Exports to Main Trading Partners

% nominal change yoy



*Size of bubbles indicates the share in Argentina's total exports
Source: UN Comtrade; BTMU

Argentine Exports – Growth Momentum (2)

- Exports to 23 of the top 30 trading partners weakened further in 2014.

Argentina's exports to 23 of the top 30 trading partners dipped in 2014, reflecting the widespread impact of falling commodity prices and weakening demand from top exports markets such as Brazil, Peru and Venezuela.

Exports to Brazil slipped by 14.4% in 2014, fueled by lower demand for cars and trucks. Exports to China and the US also declined in 2014, after posting positive results in 2013. Exports to Chile dropped to \$2.8 billion, largely explained by lower export revenue from oil and petroleum gases.

Argentina's Exports of Goods by Top Markets

% nominal change yoy / USD billion

Partners	2014 %	2013 %	2014 USD bn
Total	↓ -10.8	↓ -5.3	68.3
Top 5	↓ -15.3	↓ -2.6	27.2
Top 15	↓ -10.2	↓ -6.1	42.6
Brazil	↓ -14.4	↓ -1.7	13.9
China	↓ -19.0	↑ 9.7	4.5
USA	↓ -5.8	↑ 3.8	4.0
Chile	↓ -28.5	↓ -22.9	2.8
Venezuela	↓ -7.9	↓ -3.1	2.0
India	↑ 66.2	↓ -8.0	1.8
Spain	↓ -1.3	↓ -35.2	1.7
Canada	↓ -2.7	↓ -22.4	1.7
Algeria	↑ 2.4	↑ 4.1	1.6
Netherlands	↓ -17.7	↓ -14.5	1.6
Uruguay	↓ -12.3	↓ -10.1	1.6
Vietnam	↑ 30.9	↑ 36.2	1.6
Germany	↓ -6.0	↓ -17.3	1.5
Indonesia	↓ -15.7	↓ -10.1	1.2

Source: UN Comtrade; BTMU

Partners	2014 %	2013 %	2014 USD bn
Paraguay	↓ -6.4	↓ -5.0	1.2
Peru	↓ -23.1	↓ -24.5	1.1
Egypt	↓ -16.2	↑ 23.8	1.1
Italy	↓ -4.8	↓ -7.8	1.0
Malaysia	↓ -2.3	↓ -6.5	0.9
Iran	↓ -15.8	↑ 12.1	0.9
Mexico	↓ -14.7	↑ 19.6	0.9
UK	↑ 37.0	↓ -23.9	0.9
Colombia	↓ -43.8	↓ -26.0	0.9
Saudi Arabia	↓ -30.2	↑ 47.4	0.8
Bolivia	↓ -0.1	↓ -16.9	0.8
Japan	↓ -46.1	↑ 13.7	0.7
Poland	↑ 17.8	↑ 3.3	0.7
Russia	↑ 0.5	↑ 1.2	0.7
Australia	↓ -3.8	↑ 18.5	0.7
Philippines	↑ 58.3	↑ 27.8	0.7
Thailand	↓ -33.0	↑ 27.3	0.6

Argentine Exports – Growth Momentum (3)

- Sales of most major export products fell in 2014.

Argentina's Exports of Goods by Top Markets

% nominal change year-over-year / USD billion

Of the top 30 export goods, only 6 showed positive rates of growth in 2014, down from 15 in 2013. The widespread decline in agricultural exports reflected lower prices; while the plunge in car exports was caused by Brazil's weakening demand.

Exports of soybean oilcake rose by more than 11% in 2014 as an surge in export volume (mainly to Indonesia, Vietnam and Iran) was able to offset the plunge in prices.

Code*	Products	2014 %	2013 %	2014 USD bn
	Total	-10.8	-5.3	68.3
	Top 5	-8.1	7.7	26.5
	Top 15	-9.0	-1.5	39.7
2304	Soybean oilcake	11.1	1.1	11.8
8704	Trucks	-6.3	7.3	3.9
1201	Soybeans	-7.6	28.1	3.8
1005	Maize (corn)	-39.7	20.8	3.5
1507	Soybean oil	-15.2	-5.3	3.5
8703	Cars (incl. station wagon)	-25.2	4.2	3.1
7108	Gold unwrought	-1.0	-18.3	1.8
2709	Crude oils	-6.8	-33.4	1.6
3826	Biodiesel & mixtures	23.7	-40.5	1.3
8708	Parts of motor vehicles	-22.6	2.9	1.1
2603	Copper ores	-1.9	-37.8	0.9
2710	Oils (not crude)	-10.7	-21.9	0.9
7304	Articles of iron (tubes)	-3.6	-16.7	0.9
2204	Wine of fresh grapes	-5.2	-4.4	0.8

* Harmonized System codes

Source: UN Comtrade; BTMU

Code*	Products	2014 %	2013 %	2014 USD bn
0402	Milk & cream (concentrated)	-15.3	16.2	0.8
0306	Fish & crustaceans	22.2	28.2	0.8
4104	Bovine or equine leather	13.9	9.6	0.7
0201	Fresh meat of bovine	1.0	-4.7	0.7
3004	Medicament in dosage	-6.4	-1.9	0.7
1003	Barley	-31.2	8.2	0.6
1001	Wheat & meslin	-16.8	-75.4	0.6
2711	Petroleum gases	-15.3	-12.5	0.6
3808	Insecticides	-0.3	36.0	0.6
0207	Meat & edible offal	-15.8	22.5	0.5
0808	Apples, pears & quinces	-10.8	20.4	0.5
2309	Animal feed preparation	-35.3	46.5	0.5
7601	Aluminum unwrought	-12.6	4.1	0.5
2008	Preserved fruit	-16.2	-17.8	0.4
3307	Personal toilet	2.8	-4.0	0.4
1512	Sunflower seed	-29.5	-42.9	0.4
0202	Frozen meat of bovine	11.6	10.5	0.4

Argentine Exports – Diversification and Market Share (1)

- Argentina has one of the lowest exports-to-GDP ratios among Latin American economies.

Argentina was the world's largest exporter of soybean oilcake in 2014. It ranked third in soybeans, behind the US and Brazil.

Argentina was Brazil's largest supplier of cars and trucks in 2014. Exports of cars and trucks to Brazil totaled \$5.7 billion.

Argentina has one of the lowest export goods-to-GDP ratios among Latin American economies. Around 13% in 2014.

Argentina has a share of around 6.4% in Latin America and the Caribbean's exports, and about 0.4% in global exports.

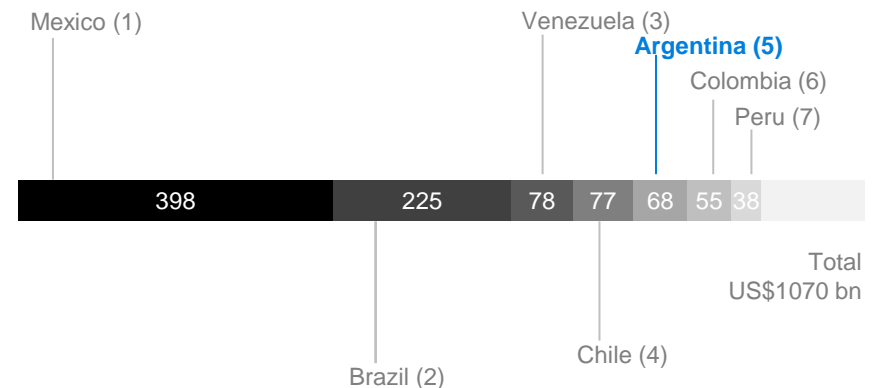
Argentina's exports are moderately concentrated in terms of products. It had a HHI* score of 0.1922 in 2014.

*HHI refers to the Herfindahl-Hirschman normalized concentration index, which ranges from 0 to 1. Classification: <0.15 (unconcentrated); 0.15-0.25 (moderately concentrated); >0.25 (highly concentrated)

Source: INTradeBID; World Bank; UN Comtrade; BTMU

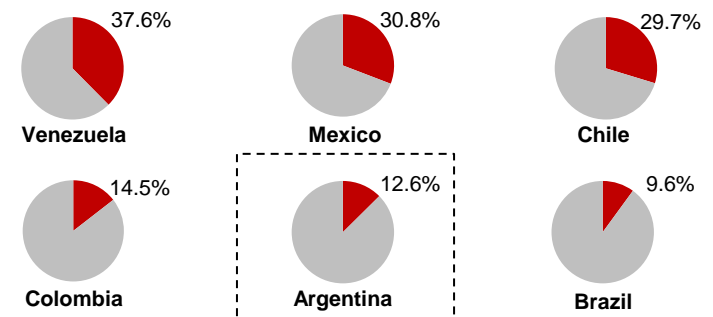
Latin America's main exporters in 2014*

FOB, USD billion



Export Goods-to-GDP ratios in 2014*

% of GDP



*Estimated for Venezuela.

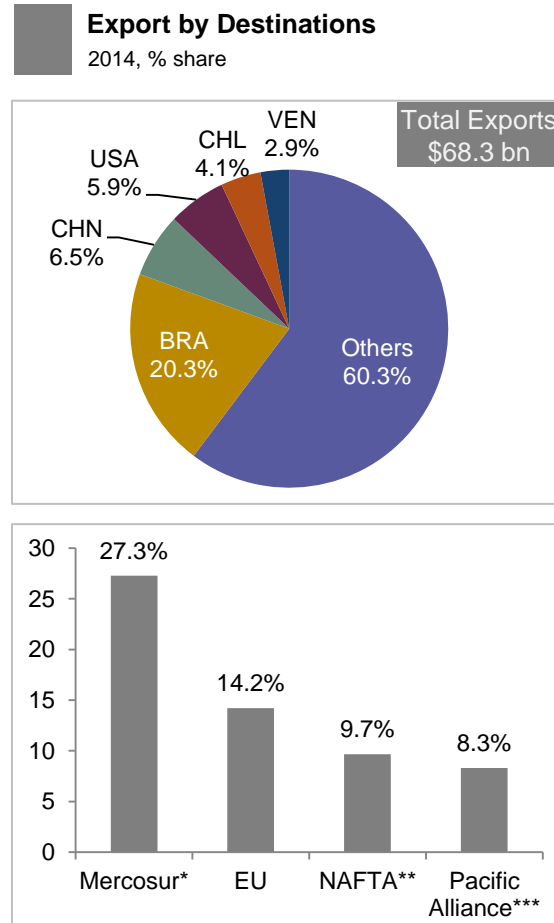
Source: UN Comtrade; WEO Database Oct. 2015; BTMU

Argentine Exports – Diversification and Market Share (2)

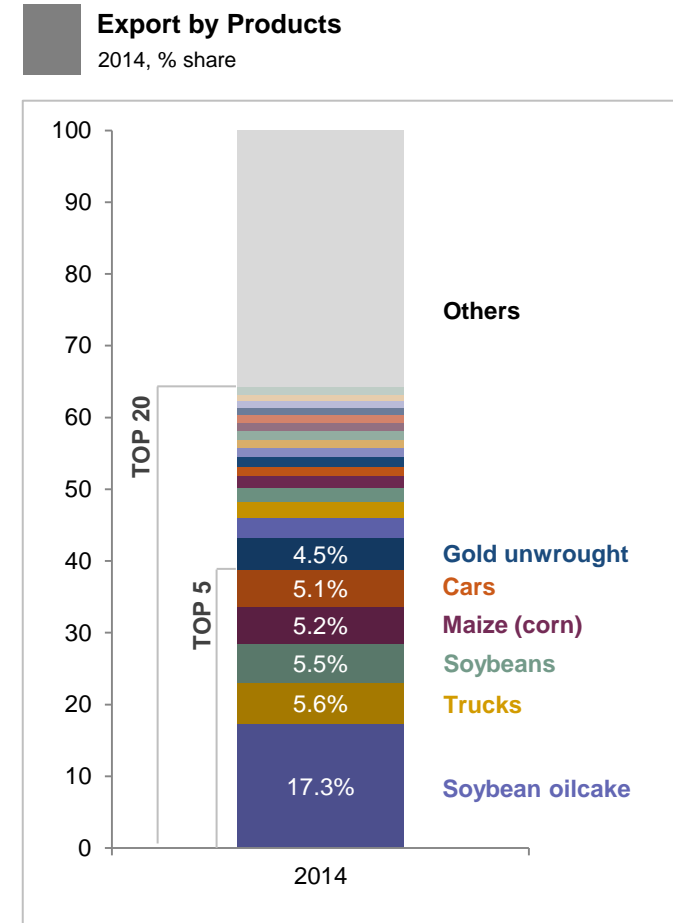
- Brazil is the most important market for Argentina's exports.

Brazil, a member of the Mercosur trade bloc, was by far the largest export market for Argentina in 2014, making up more than 20% of its total exports. It was followed by China (6.5%) and the US (5.9%). The top 10 markets accounted for around 52% of Argentina's exports.

The top 5 export products, all commodities with the exception of cars, made up about 39% of the country's exports.



*Mercosur: Argentina, Brazil, Paraguay, Uruguay and Venezuela; **NAFTA: Canada, Mexico and USA; ***Pacific Alliance: Chile, Colombia, Mexico and Peru.
Source: UN Comtrade; BTMU



Argentine Exports – Diversification and Market Share (3)

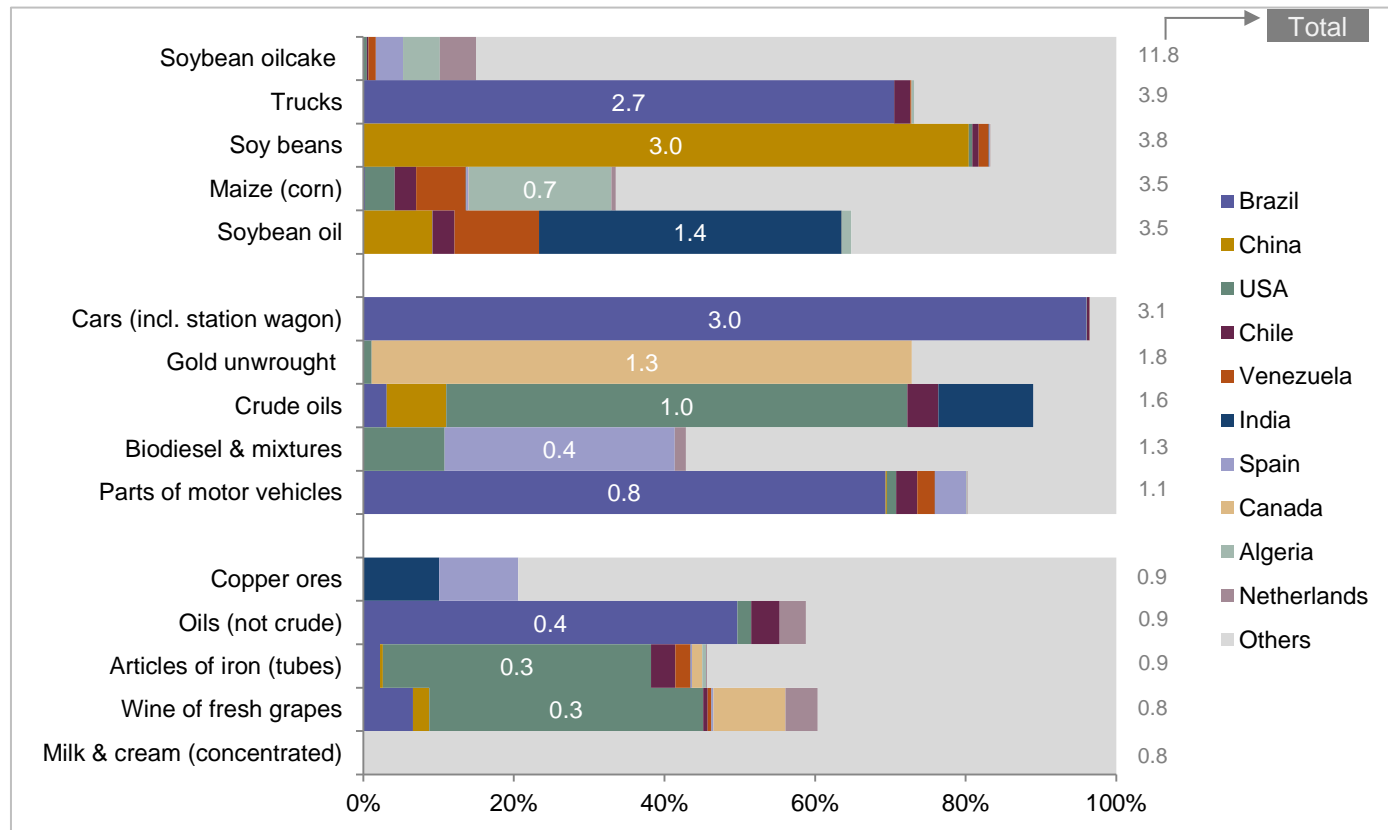
- Argentina's exports were moderately concentrated in terms of products in 2014.

Argentina's Top Export Products by Destination in 2014

FOB, US\$ billion

Exports to Brazil in 2014 were mainly concentrated in trucks, cars parts of motor vehicles and oil; while exports to China were chiefly concentrated in agricultural products.

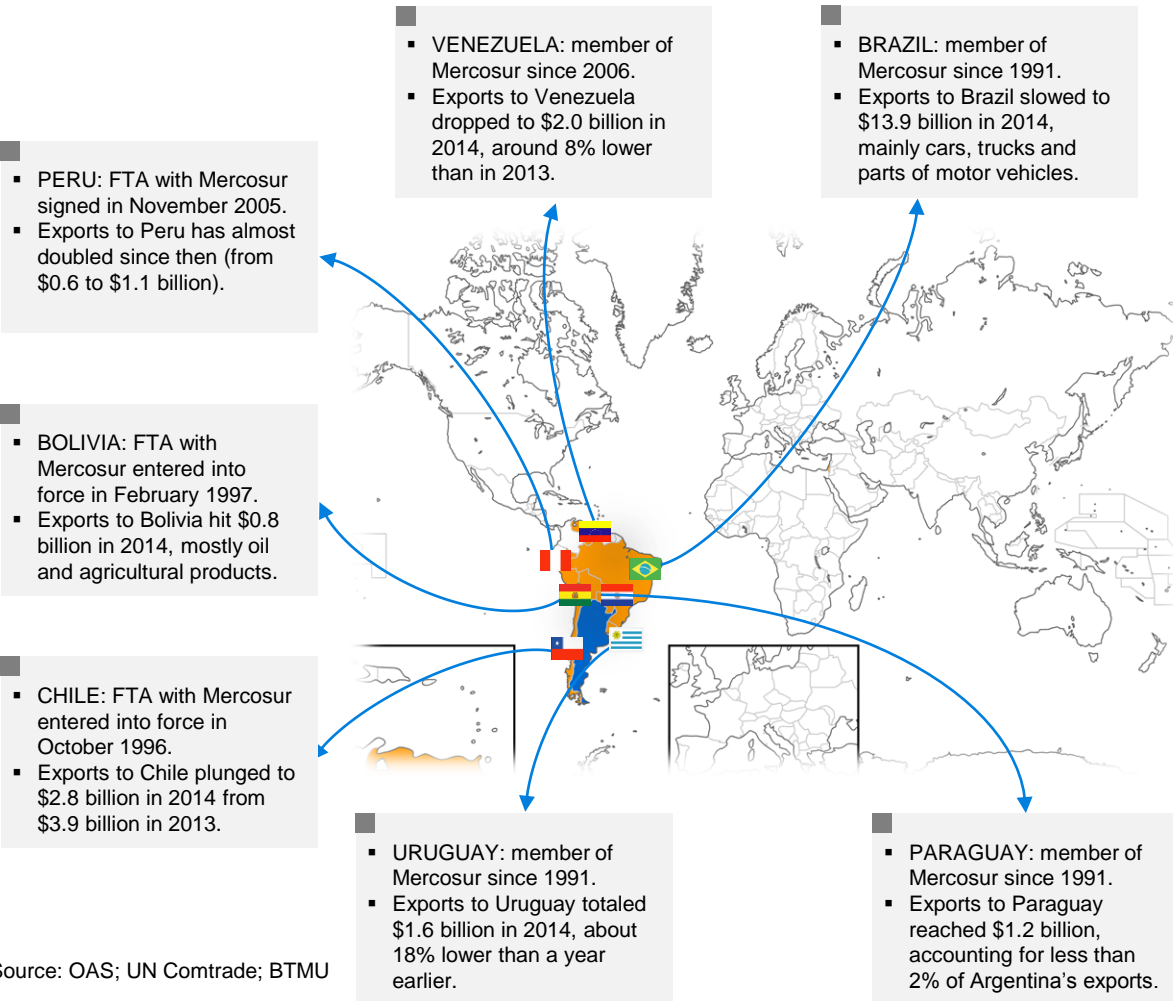
The biggest markets for Argentine soybean oilcake in 2014 were Vietnam, Indonesia, Iran, Poland, Algeria, Philippines, Netherlands, Italy and Malaysia.



Source: UN Comtrade; BTMU

Argentine Exports – Market Access

- Argentina is member of Mercosur, but has a limited array of FTAs compared to its neighboring countries.



Argentina is member of Mercosur, a sub-regional free-trade bloc that also includes Brazil, Paraguay, Uruguay and since 2006, Venezuela. The bloc is essential for Argentina as it is the destination of about 27% of its exports. Yet in terms of market access, Argentina has a fairly limited array of free trade agreements (FTA), especially compared to some members of the Pacific Alliance (e.g., Chile and Peru), the other major free-trade bloc in the region. As a result, its exports tend to face less favorable market access conditions (e.g., higher tariffs).

Duties faced by Argentina's Exports

Weighted average effectively applied tariffs (%), 2014

Export Country	China	India*	Japan	USA	# of FTA
Argentina	4.23	4.49	4.91	1.76	5
Brazil	2.57	8.23	2.05	1.53	5
Chile	0.11	2.96	1.18	0.01	18
Mexico	5.56	0.98	4.91	0.02	10
Peru	0.23	6.13	0.30	0.13	13

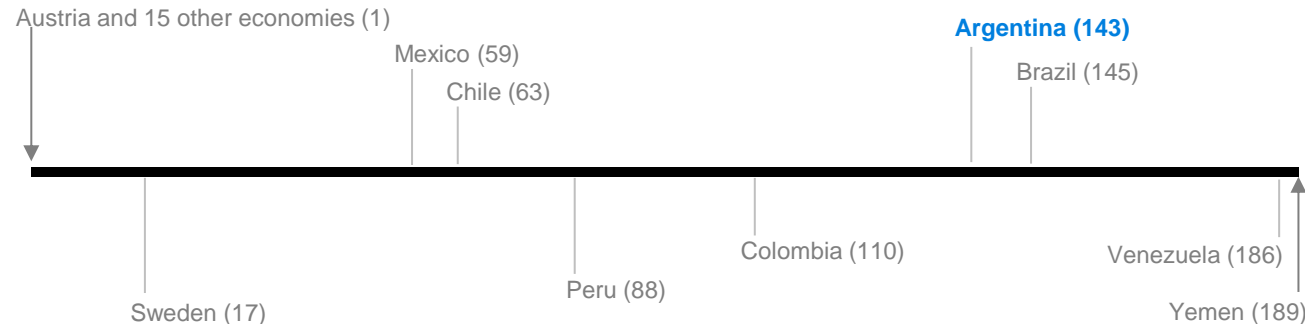
*Data available for 2013

Source: World Bank, WITS; BTMU

Argentine Exports – Business Environment

- Argentina ranks 143th in the ease of trading across borders, far behind some major economies of the region.

Trading Across Border Ranking 2016



Source: Doing Business 2016; BTMU

Argentina ranks 121st in the World Bank's ranking for ease of doing business, right next to Brazil (116) and Ecuador (117). It also ranks at the bottom among major South American economies, only ahead of Bolivia, a landlocked country, and Venezuela. Main barriers to improve Argentina's business environment include: (i) complex tax rules; (ii) excessive costs for trading across borders; and (iii) high transaction cost for registering property and dealing with construction permits.

Time and Cost Needed to Export a Shipment of 15 MT of Top Export Product*

Measure		Argentina	Brazil	Chile	Colombia	Mexico	Peru
 Time	Documentary compliance (hours)	30	42	24	60	8	48
	Border compliance (hours)	21	49	60	112	20	48
	Domestic transport (hours)	22	11	9	44	27	1
 Cost	Documentary compliance (US\$)	60	226	50	90	60	50
	Border compliance (US\$)	150	959	290	545	400	460
	Domestic transport (US\$)	1700	1159	345	1525	1217	278

*see Doing Business 2016 report for detailed methodology.

Source: Doing Business 2016; BTMU

Argentina stands at 143 in the ranking of 189 economies in the ease of trading across borders. According to Doing Business, the time and cost needed to export a shipment of 15 MT of goods are 73 hours and US\$1910, respectively.

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