



Biodiesel export taxes and the convenience of expanding internal consumption

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The biodiesel industry has always demonstrated a strong commitment to the social economic development of our country and especially to the provinces of our nation. Consider that for the year 2007, there were no biodiesel factories in Argentina. In less than 10 years, Argentina went on to have 37 biodiesel plants with a production capacity of 4.4 million tons and a business that generates exports of about 1,200 million dollars. In addition to the significant substitution of diesel imports, it is necessary to take into account almost 1.2 Mt of biodiesel that was incorporated in the domestic market in 2017. The biodiesel industry Argentina has generated around 2,000 new direct jobs and no less than 4,000 new indirect jobs. Biodiesel generates a multiplier effect on the rest of the economy. Given the difficulty to continue exporting important quantities of biodiesel in the short term, taking into account that: a) the US market is closed, b) Europe is likely to apply a new protectionist sanction to Argentina, and c) the increase in export duties deteriorated export margins; It becomes necessary, in order not to affect the level of activity and employment of the biodiesel industry, to increase domestic consumption through two main measures: Increase the mandatory cut from 10% to 15%. Later it could reach 20%. Advance in the intensification of the use of biodiesel in transportation equipment, existing power generation and in other segments of diesel oil consumption - voluntarily or through an increase in the mandatory cut. From the environmental point of view, most of the nations of the world have the challenge of modifying the current energy matrix based on fossil fuels, introducing renewables to mitigate the effects of climate change. The consensus achieved by virtually all countries, at the Climate Change Conference in Paris in 2015, sets the times in which this goal must be achieved, to avoid extremely serious environmental problems for the entire planet. The engineer Emilio Garibotti argues that Argentina is in an optimal situation in terms of the availability of the necessary resources to achieve this substitution, since it has suitable soils for the production of biomass and one of the largest reserves of the world in wind and solar energy. Biodiesel is an example of technology applied to solve environmental problems because it is a clean fuel, derived from vegetable oils and animal fats and that is intended to replace diesel and other petroleum-based fuels, without their polluting problems. Argentina has developed an optimal and modern biodiesel industry since 2007, based on its efficient production of oilseeds (soybean, sunflower, cotton), with the participation of large, medium and small companies that are in a position to increase their supply when the demand justifies it. The country also has other inputs for the production of biofuels such as meat waste. According to Garibotti, there are no reasons to justify that, being technically proven that biodiesel can replace diesel in a 100% in the consumption performed by existing transport and power generation equipment, no progress is made in the greater use of this biofuel in this subsector. According to the expert Claudio Molina, world-wide approvals of automotive manufacturers and agricultural machinery are added to use biodiesel in high percentages, including pure. Among these manufacturers are Scania and Fiat Powertrain Technologies. Iveco, Case, New Holland, Bucher, Komatsu and Aggreko brands use the Fiat and Scania engines. In addition, the use of biodiesel would allow Argentina to import less fuel, especially diesel. In the year 2017, mineral fuels, oils and others were imported for 5,461 million dollars. Only diesel imports of that year amounted to 1,504 million dollars. All these figures are very relevant for a country that needs to take care of commercial situation. Natural gas Imports in gaseous state, which came mainly from Bolivia in 2017, amounted to 1,257 million dollars. On the other hand, in 2017, imports of liquefied natural gas reached 974 million dollars, for which 68 vessels entered Escobar and Bahía Blanca. It is important to note that power plants use natural gas together with diesel. If Argentina advances in the use of biodiesel in existing transportation and electricity generation equipment, this unnecessary expense in fuel imports (especially diesel) would be avoided and new jobs and genuine work would be created for the additional production of biofuels. The impact on oilseed production would also be very favorable due to



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this higher consumption. It is important to highlight that in 2017 the utilization of the installed capacity of the biodiesel industry in Argentina was 65%, which is why there is enough capacity for production to grow. Some relevant biodiesel facts in Argentina: There are thirty-seven (37) biodiesel plants with a combined production capacity of 4.4 million tons. There are 12 large plants, with production capacities equal to or greater than 100,000 t / year each. The 7 largest plants have production capacities above 240,000 t / year. Biodiesel industry in the country has generated around 2,000 new direct jobs and no less than 4,000 new indirect jobs. Biodiesel generates a multiplier effect on the rest of the economy. Argentina is the 5th world producer of biodiesel computing all raw materials and the 3rd world producer of biodiesel based on soybean oil. On the other hand, it is the world's leading exporter of this product. In 2017, biodiesel production amounted to 2.9 Mt, while exports reached 1.65 Mt. About 1.17 Mt of biodiesel was used for cutting with diesel for Argentine cars. It is a business that generated exports for US \$ 1,224 million in 2017. 59% of these exports (almost 1 Mt) went to the US for a total value of almost 725 million dollars. 38.5% of exports were sent to European countries. Demand for diesel for the automotive park and agriculture (figures for 2016) would have been 13,700 million liters, according to a calculation made by USDA specialists. The biodiesel used to mix with diesel oil was 1,200 million liters. About 9% of total consumption.



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