Argentina would lose around US$ 400 million a crop due to the decline in soybean protein

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According to Rosario Board of Trade's last report (July 24, 2018), on 570 samples that arrived at the laboratory, the specialists verified an average level of 36.1% of protein (SSS) with minimum of 32.9% and maximum of 41.6%. We should bear in mind that soybean meal that meets international marketing standards should contain 47-49% protein.

Soybean quality in Argentina's core productive area

Cycle	Portein content (%)	Oil (%)	Protein + Oil (%)	Green Soybeans
1997/98	39,3	22,8	62,1	-
1998/99	39,1	22,6	61,7	-
1999/00	39,5	22,3	61,8	-
2000/01	39,7	23,2	62,9	-
2001/02	38,9	23,3	62,2	-
2002/03	38,4	22,8	61,2	-
2003/04	38,0	22,5	60,5	2,9
2004/05	38,0	22,0	60,0	2,0
2005/06	38,5	22,9	61,4	3,4
2006/07	37,9	23,3	61,2	2,0
2007/08	39,0	23,0	62,0	3,0
2008/09	39,4	23,3	62,7	8,8
2009/10	38,6	22,7	61,3	3,7
2010/11	39,1	22,7	61,8	6,6
2011/12	38,3	22,2	60,5	4,1
2012/13	37,1	22,1	59,2	1,7
2013/14	37,2	21,7	58,9	0,8
2014/15	37,3	23,9	61,2	1,7
2015/16	37,4	24,4	61,8	1,7
2016/17	36,6	23,3	59,9	0,8
2017/18	34,6	23,4	58,0	4,1
Average total	**38,2**	**22,9**	**61,1**	**3,2**

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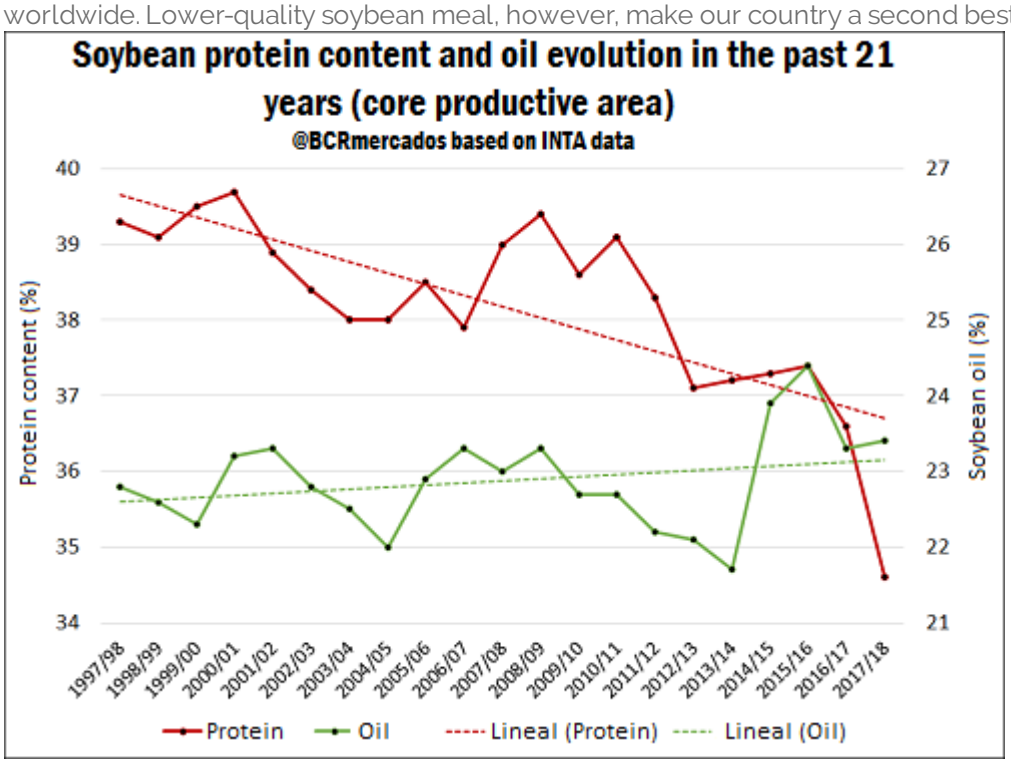
The decreasing protein content had a significant impact on soybean meal production in Argentina. Industrial plants had to increase operational efforts in order to meet international market standards. This represents a competitive disadvantage as other Latin American countries, such as Brazil, Paraguay and Bolivia, offer better quality soybean meals. Argentine soybean meal exports are only viable as soybeans and their by-products are highly demanded in animal feed markets worldwide. Lower-quality soybean meal, however, make our country a second best supplier.



How much does it cost to obtain soybean meal that meets international market requirements in Argentina? Firstly, in order to raise the protein content of soybean meal through an additional drying process, the crushing industry incurs in higher energy costs. A model crushing plant located in the Rosario Hub consumes around 5% more gas and 4% more electrical energy per ton to obtain a 46.5%-protein soybean meal. That is, an extra US$ 18.5 million for 2017/18 crop. Secondly, because of the additional drying process that raises protein content while decreasing moisture, soybean meal loses weight. Therefore, this reduction of soybean meal volume made the industry's turnover fall by almost US$ 385 million in 2017/18 cycle. Thirdly, there is the industry's income reduction due to commercial discounts applied to low-protein soybean meal Argentine exports.

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