

Voluntary Report – Voluntary - Public Distribution

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Report Name: Argentina Imposes 30-day Beef Export Ban

Country: Argentina

Post: Buenos Aires

Report Category: Livestock and Products, Agriculture in the News

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Report Highlights:

On Thursday, May 20, 2021 the government of Argentina imposed a 30-day ban on beef exports. The measure is intended to lower domestic beef prices by temporarily increasing the domestic supply. The implementing resolution exempts exports to markets where Argentina has negotiated quotas. In 2020, Argentina exported 652,177 tons of beef with about 53,000 being exported to the US and EU under quota.

Resolution 75/2021

On Thursday, May 20, 2021 the government of Argentina issued [Resolution 75/2021](#) which suspended beef exports for 30 days by preventing the approval of new export registrations. Exports filed and approved before the date may be shipped. The resolution affects the following HS Codes:

HS Codes Listed in Resolution 75/2021
0201.10.00
0201.20.10
0201.20.90
0201.20.90
0202.30.00
0202.10.00
0202.20.10
0202.20.20
0202.20.90
0202.30.00

Resolution 75/2021 exempts beef exports to markets where Argentina has a quota for beef exports but does not specify which quotas are included. The Argentine Ministry of Agriculture, Livestock, and Fisheries (MAGYP) lists the following quotas on its [website](#).

Market and Quota Name	Theoretical Volume (Shared with)	Volume Shipped
EU – Hilton	29,500 T	24,254 T (July 2020-May 2021)
EU – 481 High Quality Beef	26,500 T (First come first served, eligible WTO members)	7,455 T (2020)
Colombia – ACE 72 (Quota 1)	1,315 T (BR, UY, PY)	19 T (2020)
Colombia – Ace 72 (Quota 2)	841 T (BR, UY, PY)	0 (2020)
United States	20,000 T	20,000 T (2020)

Background

Beef is a key component of the Argentine diet and has an important place in Argentine culture. However a number of factors in recent years have caused beef consumption to decline. First, policies imposed by prior governments between 2006-2015 (principally export restrictions) influenced the reduction of the size of the Argentina cattle herd and subsequently domestic supply. Second, several years of recession have reduced the purchasing power of Argentines. Additionally, alternative proteins, such as chicken and pork, have substituted for beef to some degree. Per capita beef consumption fell from 55.3 KG per person 2016 to 50 KG per person in 2020 according to the Argentine Institute for Beef Promotion.

Over the same period, however, beef exports, especially to China have risen dramatically. In 2016, Argentina exported 181,000 tons of beef, and exports to China were 55,000 tons or 30%. In 2020,

Argentina exported 652,000 tons of beef, and exports to China were 464,000 tons or 71%. Much of the beef that Argentina exports to China, though, is low-cost, low quality cuts such as trimmings. This means that exports to China do not generally compete directly with muscle cuts that are staples of Argentine cuisine. FAS Buenos Aires estimates that 25% of Argentine beef production was exported in 2020.

Underlying economic weakness and the COVID-19 pandemic led to a decline in GDP of 10% in 2020 in Argentina. According to INDEC, the Argentine national statistics agency, general inflation in the Greater Buenos Aires region has risen 44.7% from April 2020 to April 2021. However meat prices have risen by 64.7%. Senior officials within the Argentine government, including President Alberto Fernandez have made statements decrying the increase in meat prices. Officials have spoken of the need to “decouple” domestic prices from international prices. In April, the government also imposed a stricter set of requirements for registering beef exports, which officials said were needed to ensure all market participants are complying with relevant tax regulations.

In response to rising inflation, the government has sought to negotiate “voluntary” minimum production agreements between different economic sectors to signal their intent to manage domestic supply toward addressing rising prices. These minimum production agreements are intended to supplant price controls that were imposed in 2020, but have since become obsolete due to rising inflation. The government has been negotiating with the beef industry in recent months to reach certain price and volume guarantees for the domestic market and officials have suggested that the export ban could be lifted prior to its 30 day expiration if the industry comes to an agreement.

Reaction from the agricultural community has been strongly negative in response to the new export ban. Agricultural leaders point out that similar temporary (180 days) export restrictions were imposed in 2006 in an attempt to reduce meat prices, but a range of restrictions ultimately remained in place for almost 10 years. While this temporarily increased domestic supply, it quickly led to production declines as ranchers reduced the size of their herds due to lower expected returns, slaughter plants closed, and planted area for grains dropped. In response to the export ban, major Argentine farm groups have joined a 9 day strike on cattle sales. On Friday, May 21st this strike resulted in no cattle being delivered to the Liniers cattle market in Buenos Aires. Some slaughterhouses increased cattle purchases in advance of the strike but at least one slaughterhouse has announced that it will close for the duration of the export ban. Farm groups have warned that they may expand the sales strike to include grains and oilseeds if interventionist measures continue. Farmers may also reconsider their planting intentions in the coming year, potentially viewing soybeans as less risky than corn, which currently has higher expected returns, but may face both decreased domestic demand from feedlots and ethanol plants and government imposed export restrictions.

Attachments:

No Attachments.