

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Argentine Government Announces New Wheat and Corn  
Export Quotas

**Country:** Argentina

**Post:** Buenos Aires

**Report Category:** Agriculture in the News, Grain and Feed

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**Report Highlights:**

The Government of Argentina has announced new limits on corn and wheat exports. These limits are intended to guarantee sufficient supplies of both commodities for domestic users, in part to help reduce inflationary pressure. The quotas are intended to be flexible, based on supply, with an initial wheat export quota of 12.5 million metric tons set for the 2021/2022 marketing year. The corn export quota for the 2020/21 marketing year is set at 41.6 million tons.

Argentina has experienced high rates of inflation in recent years. According to the Argentine central bank, inflation from November 2020 to 2021 was 51.2 percent and is projected to rise 52.3% over the next 12 months. In an effort to control rising costs, the government has applied wide-ranging economic policies ranging from voluntary agreements with business to implementing price controls. In the food and agricultural sector, officials have attributed rising prices to higher international commodity prices and have said that Argentina needs to “decouple” its domestic prices from the international market. These strategies have been pursued most aggressively with regard to beef, where the government has banned the export of certain popular beef cuts, limited overall exports, and at times imposed price controls. For edible oils, the government created a trust, funded by exporters, to subsidize domestic consumption. Plans for similar trusts are reportedly under consideration, including for users of wheat and corn, for the production of products such as wheat, pasta, and poultry.

On December 17, 2021 the Argentine Ministry of Agriculture, Livestock, and Fisheries published [Resolution 276/2021](#) which established a framework regulating exports based on a “volume of equilibrium of exports” (VEE) and limiting export permits. Going forward, the Ministry will publish the VEE for corn and wheat based on the government’s projection of production, domestic consumption and stocks. Exporters will be able to request export declarations (DJVE) for up to 90 percent of the VEE. Once this limit is reached, additional export permits will only be granted within 30 days of the export date, and will need to register the name of the vessel and show that the product has been physically purchased.

The same day, the Ministry published [Circular 06/2021](#) detailing the VEE for the different marketing years (MY) for both commodities:

Corn MY 2020/21: 41.60 Million Metric Tons (MMT)

Corn MY 2021/22: 25.50 MMT (Harvest projected March 2022)

Wheat MY 2021/22: 12.50 MMT

Wheat MY 2022/23: 2.0 MMT (Harvest projected November 2022)

Prior to the announcement USDA projected Argentine MY 2021/22 wheat exports at 13.5 MMT, but this total includes flour exports, which the Ministry currently excludes from its quota.

USDA’s Argentine MY 2020/21 corn exports were projected at 38.5 million tons, almost 3.1 million tons below the Ministry’s current limit. The Ministry has set low initial quotas for the upcoming wheat and corn crops, and these limits are expected to rise as harvests near and the government has more certainty over the size of each crop.

While the reaction to the new export quotas from traditional agricultural groups was largely negative, industry contacts indicate that for much of the last year traders have operated under “unofficial” export limits and have self-limited sales in response to implied government pressure.

Resolution 276 therefore makes the new rules explicit. Producers and farm lobby groups have voiced their disagreement with the new policy and say that they are primary victims of the lack of competition between buyers (domestic consumers and exporters) which reduces farmgate prices. They argue that this will eventually result in smaller returns, lower investment and a reduction in planted area. This happened a decade ago when similar policies were in place and farmers reduced wheat planted area to minimum levels and shifted to barley (which was largely unregulated) and soybean (which had low input costs). Despite farmer anger, the relatively strong economic position of farmers (due to high commodity prices) coupled with weak economic conditions in other sectors mean that farmers are unlikely to strongly protest against the new measure. The association of grain exporters declared that they would prefer to operate without these types of limitations but will do business under the new official policy. The different sectors utilizing wheat and corn also rejected this measure and requested that the government liberalize the market, reduce their tax burden, and eliminate price control imposed by the government.

**Attachments:**

No Attachments.