

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

THE RENEWABLE ENERGY MARKET IN ARGENTINA

FACT PACK

Swedish Trade Council in Argentina
2008

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

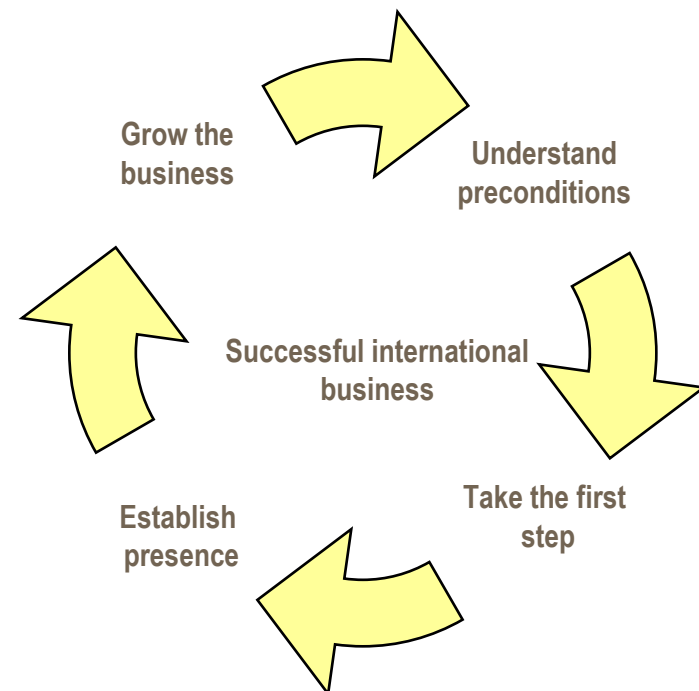
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:

STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Argentina

ARGENTINA IN BRIEF

Area: 2 791 810 km²

Inhabitants: 39.3 million

Constitution: Democratic republic

Head of State: President Cristina Fernandez de Kirchner

Languages: Spanish (official), English often spoken in business

Inhabitants per km²: 14/km²

Currency: Peso

GDP 2007: 255 758 MUS\$ (estimated)

GDP per capita 2007: 6 500 USD (estimated)

Inflation 2007: 8.8% (National Bureau of Statistics)

Main exports: Agriculture products, industrialized agriculture products, petroleum

Main imports: machinery, equipment, intermediate products

Swedish Exports to Argentina 2007: 1 687 MSEK (Up to November)

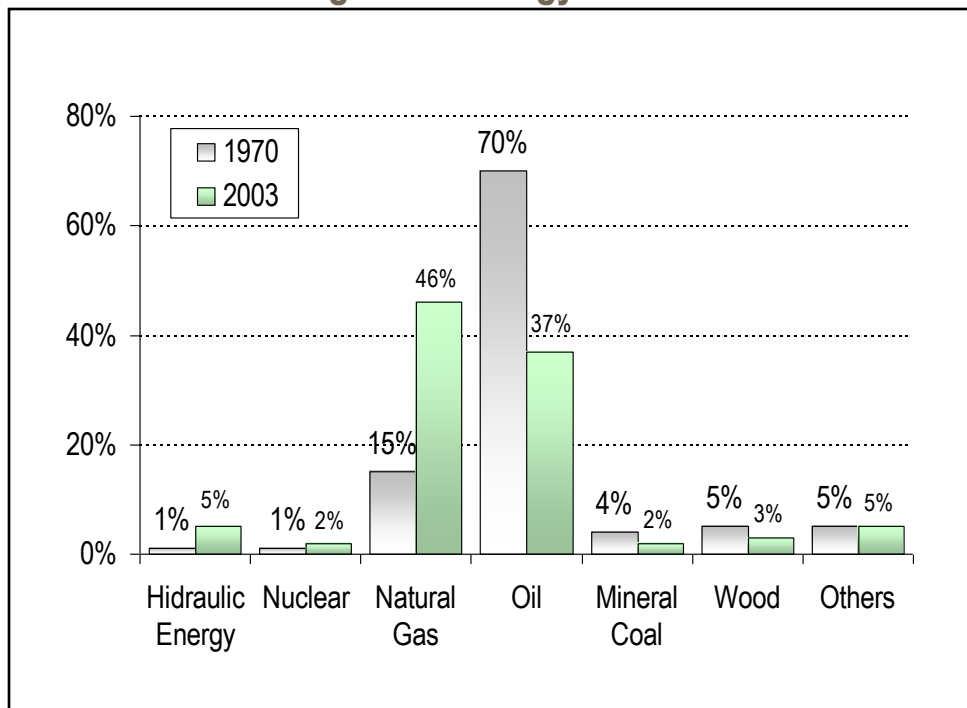
Swedish imports from Argentina 2007: 343 MSEK (Up to November)



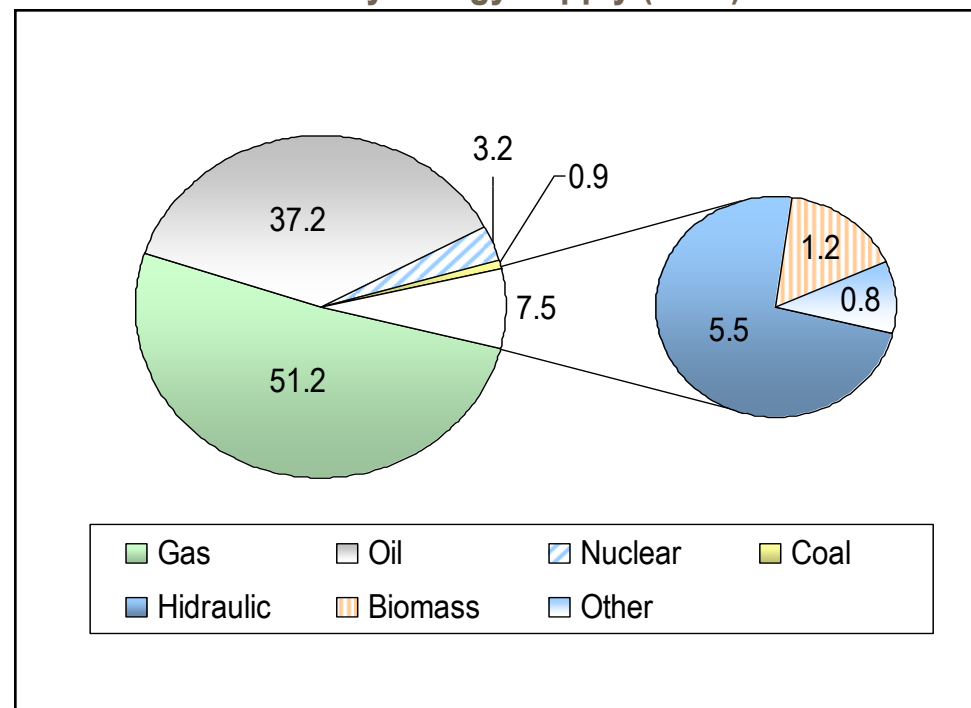
ENERGY MATRIX: NON RENEWABLE FUELS ARE THE KEY SOURCES

- Argentina is a net energy exporter, primarily to Brazil and Chile

Argentine energy matrix



Primary energy supply (2005)



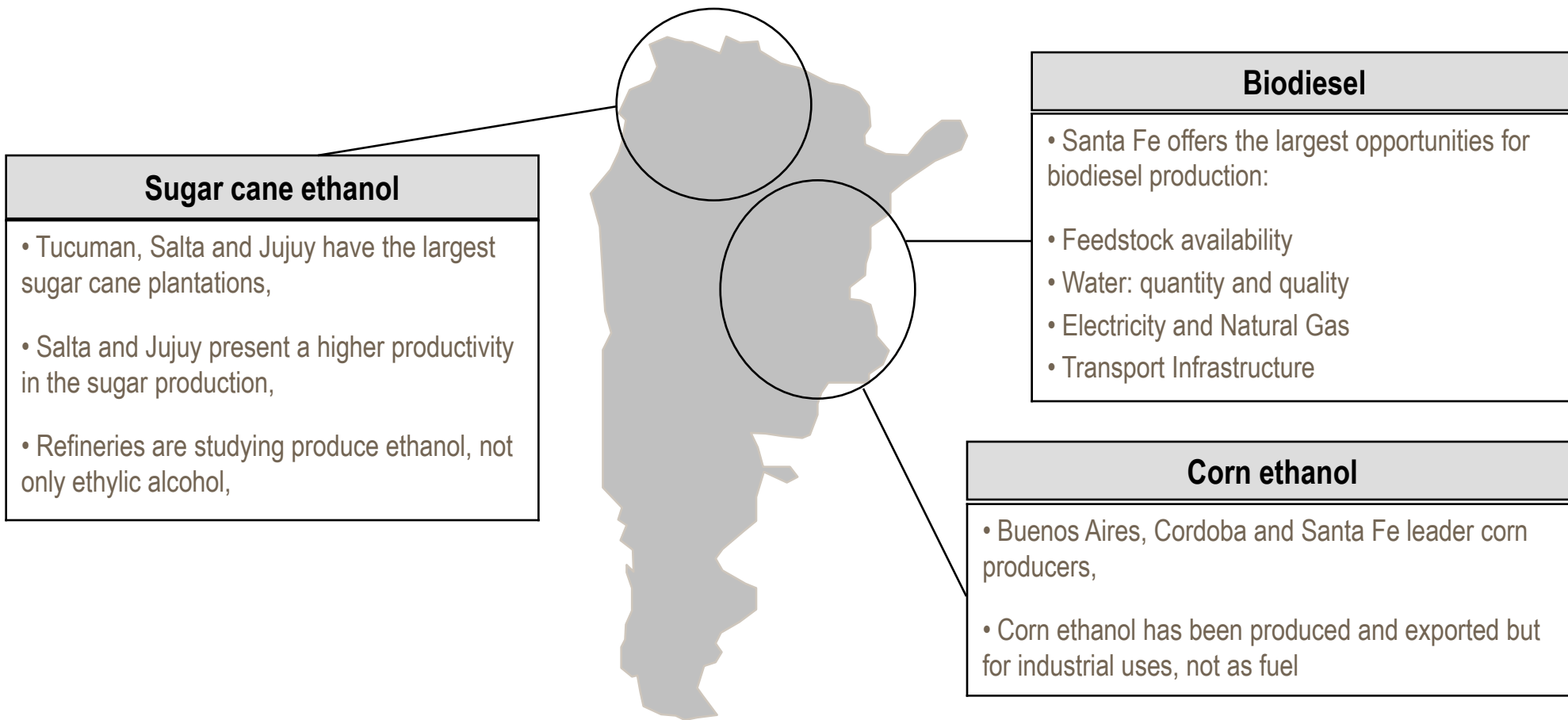
* Biomass includes waste to energy, biogas, biofuels, Forestal and animal biomass,

Proven fossil fuel reserves are dropping fast with less than 10 years both in oil and gas reserves

Source: Secretary of Energy, STC.

BIOFUELS: NEW LAW BOOSTS INVESTMENT PROJECTS

- Foreign demand of biofuels pushes the sector even more



Sugar cane ethanol

- Tucuman, Salta and Jujuy have the largest sugar cane plantations,
- Salta and Jujuy present a higher productivity in the sugar production,
- Refineries are studying produce ethanol, not only ethylic alcohol,

Biodiesel

- Santa Fe offers the largest opportunities for biodiesel production:
- Feedstock availability
- Water: quantity and quality
- Electricity and Natural Gas
- Transport Infrastructure

Corn ethanol

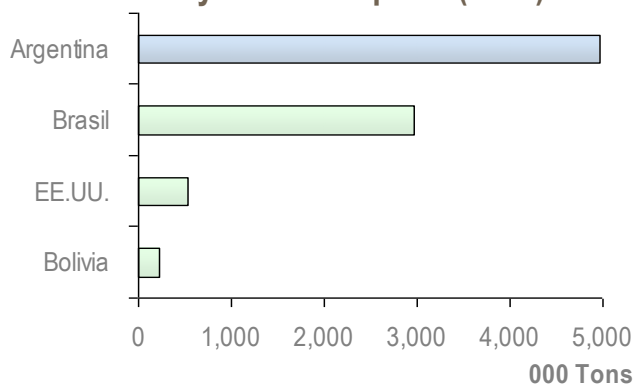
- Buenos Aires, Cordoba and Santa Fe leader corn producers,
- Corn ethanol has been produced and exported but for industrial uses, not as fuel

Biofuel opportunities mainly in the central Argentina, but there is potential in other parts as well

GREAT POTENTIAL TO BECOME LEADING BIODIESEL EXPORTER

- Availability of vegetal oil and export-duties structure provide incentives for exports

Soybean oil exports (2005)



Argentina export duties structure

Product	Tax (in % of export value)
Soybeans, Sunflower seeds	23,5%
Soy and sunflower Oil	23,5%
Grains	20%
Biodiesel	5%

- Bioenergy law requires a 5% of biodiesel and ethanol mix in fuels for 2010. This will create an estimated market of 600,000 M3 of biodiesel production and 180,000 of ethanol.
- The market for 2010 is expected to be 500 MUSD a year in order to fulfill the law requirements.
- The cost of producing biodiesel in Argentina is 70% less per litre than in Europe.
- First commercial scale plants are being rapidly developed, until 2006 biodiesel production was only for self-consumption.
- Production and export of biodiesel have tax incentives for SMEs companies and agricultural producers.

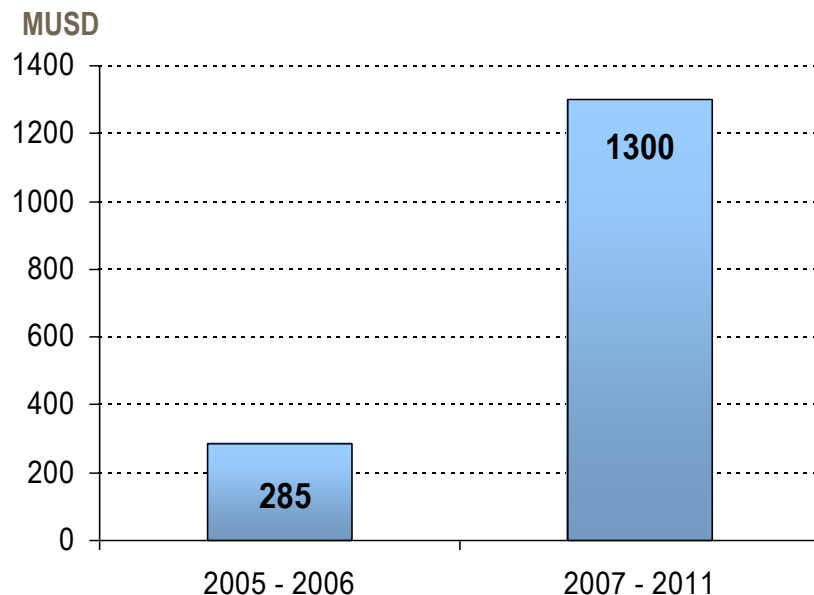
High quality-standards in production are required to be able to export biodiesel to consuming markets

Source: Patrick Lamers, IIIIEE 2006; FAO, STC.

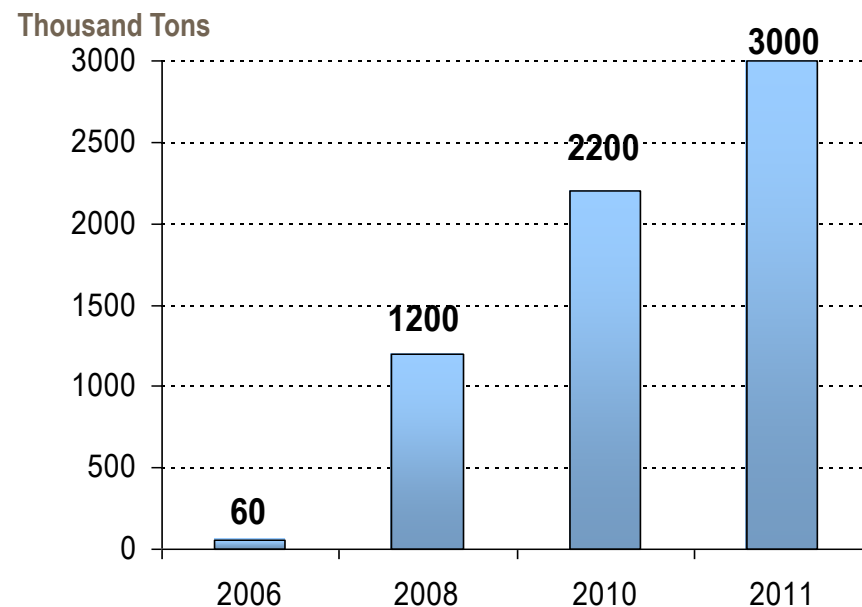
INVESTMENTS IN BIODIESEL ARE EXPECTED TO INCREASE

- 75% of the announced projects will export their entire production

Investments in biodiesel



Annual production of biodiesel



- Projects use imported technology, mainly from Lurgi (Germany) and De Smet-Ballestra (Brazil).
- To fulfill domestic demand for 2010 are required at least 144 MUSD in investments and 18 plants of 40 TTONS/Y.

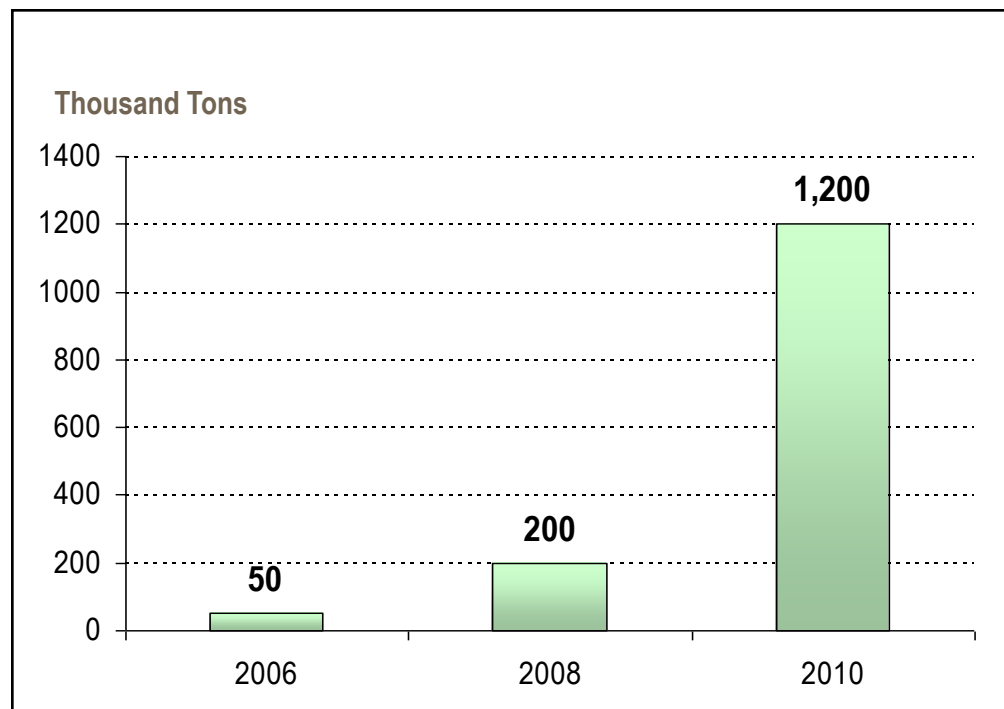
Investments drivers are expected to be both domestic and foreign demand of biodiesel

CURRENT AND FUTURE INVESTMENTS IN ETHANOL

- At least 120 musd in investments are required to fulfill domestic demand on 2010

- a. 6 30,000 tons/year ethanol plants are required to fulfill domestic demand.
- b. Adecoagro will invest between 200 - 250 MUSD in 2007. They plan to produce 200 MM litres per year of ethanol in Santa Fe.
- c. IADB is planning to stimulate ethanol production throughout Latin America, especially to finance sugar cane project in Argentina due to competitive conditions.
- d. Pioneer is developing a program to produce methanol based on corn and tropical corn in the north of Argentina (and South Brazil and Paraguay).

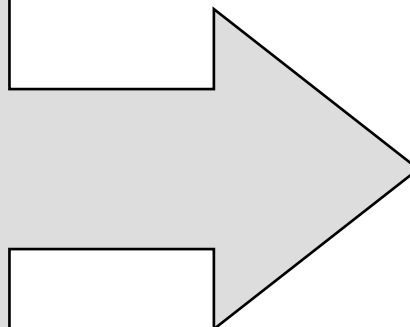
Annual production of ethanol



In the short term domestic demand will be the key driver of ethanol expansion

ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost



... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to establish or develop their business in Argentina

USEFUL CONTACTS

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