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# Asphalt Annual 2019



## **The 2019 study includes:**

- Asphalt supply and demand projections for 85 countries for the next five years
- Global overview of trends in asphalt fundamentals
- Country and regional asphalt production and consumption from 2014-2023
- IMO regulations and potential impact on asphalt... and more

## Disclaimer

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### Weights, currencies and percentages

Unless explicitly stated, all weights are given in metric tonnes and all references to dollars are to US dollars. Currency conversions have been made either at current or relevant historical exchange rates, as required by the context. Numbers may have been rounded. This means that table totals may differ from the sum of individual figures, and percentages may sometimes appear not to total exactly 100pc.

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Below is a sample chapter from the Argus Asphalt Annual 2019. Some data has been redacted from the tables and figures. Complete fundamentals data is made available with purchase.

## Argentina — 2014-2023

### Argentina asphalt production

Argentina can produce enough asphalt to meet its domestic requirements as installed asphalt capacity exceeds the country's production requirements. Argentina's asphalt production capacity is 850,000t, produced by six refineries: Repsol YPF in La Plata; OIL in San Lorenzo (now managed by YPF and DAPSA); Trafigura (ex-Pampa Energia, ex-Petrobras) in Bahia Blanca; Axion Energy (ex-ESSO) in Campana; Raizen (joint venture between Shell and Cosan) in Buenos Aires; and DAPSA in Buenos Aires.

Asphalt production was at 666,172t in 2017, up 50.8pc compared to 441,676t in 2016. Production is expected to be maintained around at 600,000t in 2018. Production is projected to remain over 600,000t over the 2019-23 forecast period.

The total 2017 asphalt production at the six refineries is estimated as follows:

- Repsol YPF, La Plata – 309,454t
- OIL (now YPF and DAPSA), San Lorenzo – 33,181t
- Pampa Energia (now Trafigura), Bahia Blanca – 101,623t
- Axion Energy, Campana – 65,275t
- Shell (now Raizen), Buenos Aires – 122,455t
- DAPSA, Buenos Aires – 34,183t

Repsol YPF installed a 28,000 b/d delayed coker at its 189,000 b/d La Plata refinery plant in September 2016. The commissioning of a delayed coker has allowed the refinery to increase output of high value light products, shrinking residual supply, and has raised the need to import from 2017 onwards to balance Argentina's supply and demand fundamentals.

Pampa Energia sold its refinery and gas stations to Trafigura in December 2017. Gas stations will run under the Puma Energy brand, while the refinery will be under Trafigura.

## Map of Argentina's asphalt producing refineries



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## Argentina asphalt consumption

Argentina's asphalt consumption was 699,640t in 2017, a 60pc increase from 436,893t in 2016, and is estimated to reach 686,000t in 2018. The jump in consumption is because of a major infrastructure initiative touted by Argentina's government which has driven up asphalt demand, pushing up 2017 consumption and drawing a spate of imports from overseas.

The spike in demand comes after President Mauricio Macri tasked the nation's transport ministry with carrying out an ambitious three-year, \$33bn transportation infrastructure plan aimed at reviving Argentina's flagging economy.

Details of the plan, released in June 2017, showed over \$33bn of public and private investment would be distributed among various infrastructure initiatives, with around \$12bn targeted at highways and roads which would drive asphalt consumption. Approximately \$35bn was marked for road investment through 2027.

The proposal outlined over 2,800km of planned improvements to the national highway system, with significant subway, tunnel and port upgrades in Buenos Aires and the surrounding province. Around 40pc of the country's road network is in poor condition, according to the ministry.

The plan also included a secondary runway at Ezeiza airport, which was inaugurated in early August. The transport ministry intends to inaugurate 19 additional new or remodeled airport projects in 2019.

Meanwhile, 182 road projects worth over \$10bn were slated for tender through 2019, with 94 projects up for tender in 2018.

The rise in consumption comes after the installation of a delayed coker at Repsol YPF's 189,000 b/d La Plata refinery plant in September 2016 (see production). Argentina has turned to waterborne imports to meet its growing asphalt demand.

Asphalt consumption is expected to remain around 650,000t over the 2019-23 forecast period.

Approximately 85pc of the asphalt consumption came from the paving sector and 15pc from the roofing sector. Of the total paving consumption, 95pc came from government funded projects, with private work making up the remaining 5pc.

The main grade of asphalt consumed in Argentina is AC-30.

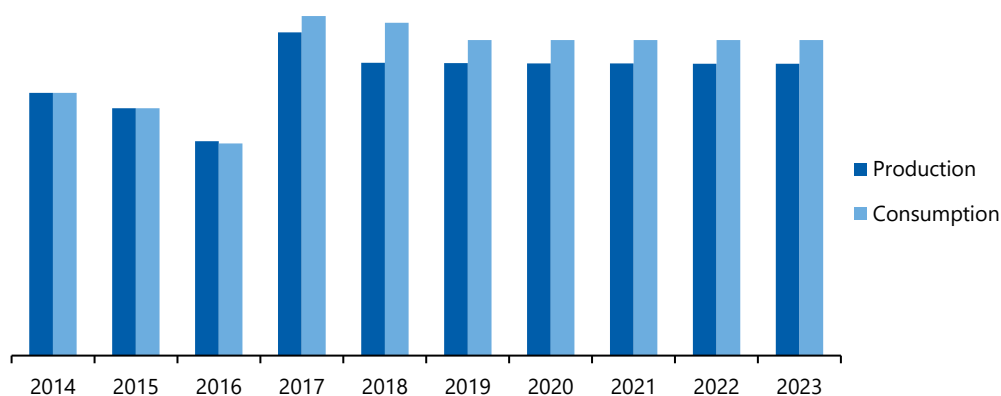
Polymer modified asphalt (PMA) consumption was estimated at 80,000t in 2017 and is expected to be the same in 2018. PMA consumption is expected to be steady at 80,000t over the 2019-23 forecast period.

Asphalt emulsions consumption was estimated at 70,000t in 2017. Asphalt emulsions are projected to be at 80,000-100,000t over the 2018-23 period.

Argentina's gross domestic product (GDP) growth was 2.9pc in 2017, according to IMF. GDP is expected to at - 2.6pc in 2018, and increase to 3.2pc by 2023.

#### Argentina asphalt production vs consumption

'000t



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## Argentina asphalt imports

Argentina had negligible asphalt imports prior to 2017. Total 2017 imports were at 70,515t, with 67pc of volumes sourced from the US, 21pc from the Netherlands, and the rest from Spain. We estimated 2018 imports at 132,000t.

Argentina has turned to waterborne imports to meet its growing asphalt demand. Spot volumes have been reported moving from both the US and Europe, with a recent tide of cargoes arriving from the US Gulf coast landing in Campana.

## Argentina asphalt exports

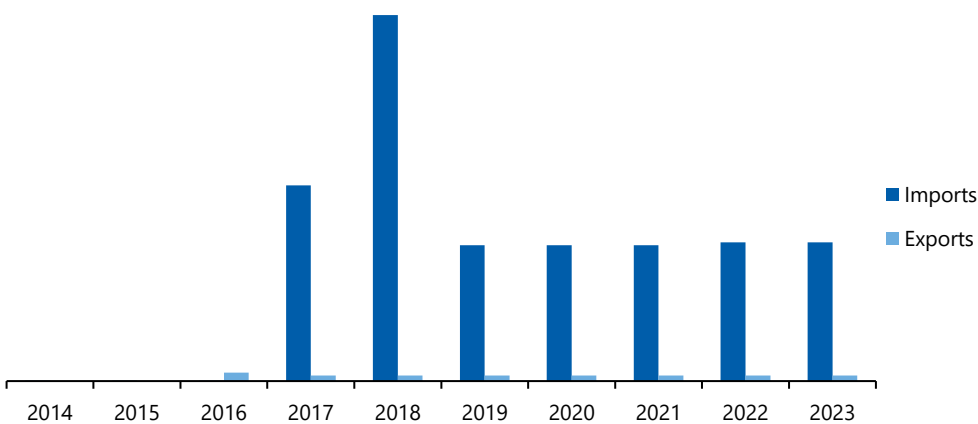
Argentina produced asphalt to meet domestic consumption requirements and has not exported any asphalt since 2012. In 2017, Argentina exported 1,755t, with the bulk of the volumes going to Paraguay and small volumes to neighboring Bolivia.

Exports are projected to remain low over the 2018-23 forecast period.

Argentina had a 15-year old export duty on oil and oil products, including asphalt, which prevented exports to neighboring countries in the past. Argentine president Mauricio Marci, who took office at the end of 2015, removed this duty on oil exports in an effort to spur energy investments and boost lagging production.

### Argentina asphalt imports vs exports

'000t



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**Argentina asphalt supply and demand balance, 2014-2023**

'000t

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	AAGR % *	LTGR % **
<b>Supply</b>												
Capacity	850	850	850	751	751							
Production	541	510	442	666	603							
Operating rate	64%	60%	52%	89%	80%							
Imports	0	0	0	71	132							
<b>Total supply</b>	<b>541</b>	<b>510</b>	<b>442</b>	<b>737</b>	<b>735</b>							
<b>Demand</b>												
Government funded roads	463	436	374	598	587							
Private funded roads	24	23	20	31	31							
Total paving consumption	487	459	393	630	617							
Roofing and other	5	5	4	7	7							
Total non-paving consumption	54	51	44	70	69							
Total Consumption	541	510	437	700	686							
Exports	0	0	3	2	2							
Stock change	0	0	2	35	47							
<b>Total demand</b>	<b>541</b>	<b>510</b>	<b>442</b>	<b>737</b>	<b>735</b>							
Total consumption growth rate	-4.0%	-5.8%	-14.3%	60.1%	-1.9%							

\* Average Annual Growth (AAGR) % calculated for 2014 thru 2023

\*\*Long Term (LT) Growth % calculated for 2018 thru 2023

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## Argus asphalt/bitumen expert



### **Osvaldo Speranza – Senior Consultant**

Osvaldo Speranza is head of Argus Asphalt Consulting and is based in the US. He has more than 22 years of experience in the Americas and global asphalt markets. He is an expert in asphalt fundamentals, trend analysis, refining economics and pricing.

Ozzy leads the *Argus Asphalt Annual*, the most extensive analysis of global asphalt fundamentals available.

Before Argus, Ozzy spent 17 years with Shell fulfilling a variety of roles, including wholesale and pricing manager with Shell's bitumen group, Latin America market development manager in Brazil, Latin America/Caribbean oil trader in Barbados, international franchising for Jiffy Lube, and global account manager of aviation in both the US and London offices. He was also the fast lube marketing manager in Argentina for YPF-Repsol as well as marketing director for Pennzoil in Argentina. Ozzy holds an MBA from Boston University, and a BSc in Business Administration from Universidad de Buenos Aires, Argentina.