

# Asphalt Annual 2020



## The 2020 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 2015-2024
- 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 2020*. Some data have been redacted from the tables and figures. Complete fundamentals data are made available with purchase.

## Argentina — 2015-2024

### 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: YPF in La Plata; OIL in San Lorenzo; 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 491,408t in 2018 (close to 2016's levels of 441,676t), down 26pc compared to 666,172t in 2017. Production is estimated at 430,000t in 2019. Production is projected to remain around 400,000t over the 2019-24 forecast period. This is approximately 200,000t less from last year's estimates because of the potential changes in government from the October 2019 presidential elections. The opposition party took over the presidency and is expected to reduce government spending on infrastructure and increase spending on social programs. There is also an incentive to local refineries to start processing more light crudes from Vaca Muerta and therefore lightening the crude diets, favoring the yield of light products and reducing the yield of residual fuels including asphalt.

Total 2018 asphalt production at the six refineries is estimated as follows:

- YPF, La Plata – 212,970t
- OIL, San Lorenzo – 342t
- Trafigura SA, Bahia Blanca – 70,103t
- Axion Energy (Pan America Energy), Campana – 57,703t
- Raizen, Buenos Aires – 118,762t
- Dapsa, Buenos Aires – 31,528t

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



— Argus Consulting Services

## Argentina asphalt consumption

Argentina's asphalt consumption was 580,174t in 2018, higher than 436,893t from 2016, but a 17pc dropped from 699,640t in 2017, and is estimated to reach 490,000t in 2019. The estimated drop in consumption in 2019 is a result of the country being paralyzed after the August 2019 preliminary presidential elections that has shown a most likely comeback from the populist party. The exchange rate went from 40 pesos to the dollar, to 60 pesos to the dollar within two days. This has put a halt on foreign investment as well as government expenditure in infrastructure.

If elected, the populist party will slash infrastructure expenditures and instead divert funds to social programs.

The previously estimated spike in demand came 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. This was considered to be an unsuccessful attempt by the center-right party ahead of the country's October 2019 legislative election.



Asphalt consumption is expected to remain around 425,000t over the 2019-24 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.

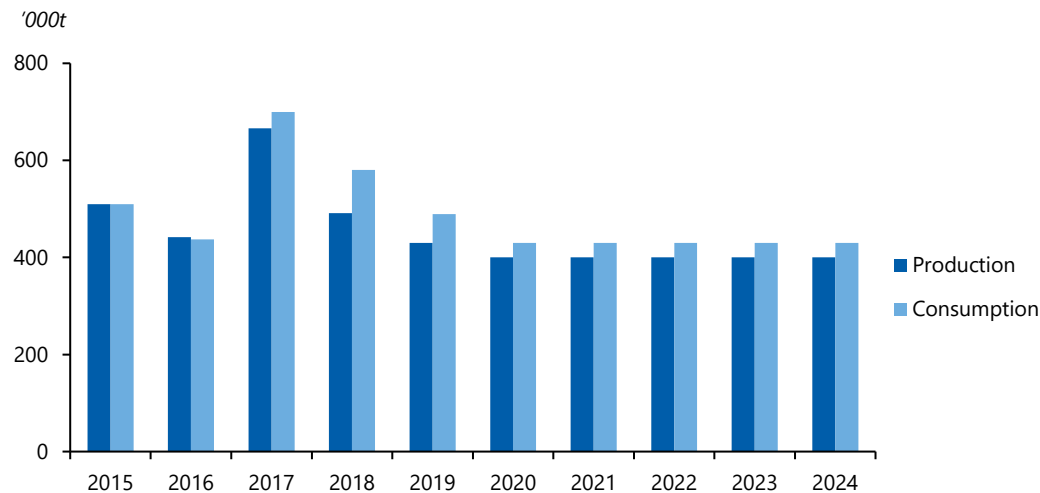
The main grade of asphalt consumed in Argentina is AC-30.

Polymer modified asphalt (PMA) consumption was estimated at 80,000t in 2018. PMA consumption is expected to be steady at 80,000t over the 2020-24 forecast period.

Asphalt emulsions consumption was estimated at 60,000t in 2018. Asphalt emulsions are projected to be at 80,000-100,000t over the 2020-24 period.

Argentina's gross domestic product (GDP) growth was -2.5pc in 2018, according to the IMF in October 2019. GDP is expected to be -1.2pc in 2019, and projected to increase to 3.2pc by 2024. Projections will probably be adjusted after the results of the October 2019 presidential election.

#### Argentina asphalt production vs consumption



— Argus Consulting Services

## Argentina asphalt imports

Argentina imported 126,106t in 2018. We estimated 2019's imports at 95,000t. A further reduction in imports is expected after 2019 in response to a drop in local demand.

Argentina turned to waterborne imports to meet its growing asphalt demand in 2017-18. Spot volumes have been reported moving from both the US and Europe.

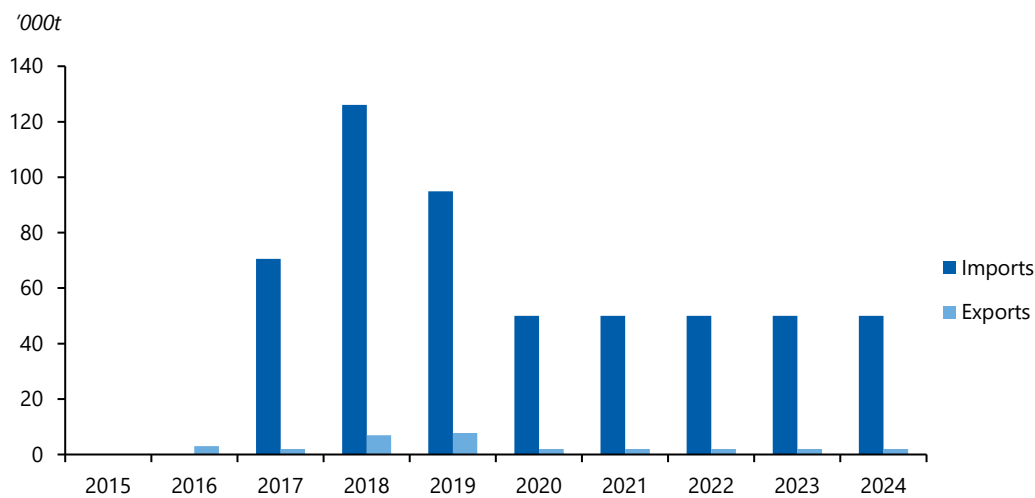
## Argentina asphalt exports

Argentina produced asphalt to meet domestic consumption requirements and has not exported any asphalt since 2012. In 2018, Argentina exported 6,955t, with the bulk of the volumes going to Paraguay and small volumes to neighboring Bolivia. We estimated exports for 2019 at 7,700t.

Exports are projected to remain low (2,000-3,000t) over the 2020-24 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. Argentina's 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



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Argentina asphalt supply and demand balance, 2015-2024

'000t

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	AAGR % *	LTGR % **
<b>Supply</b>												
Capacity	850	850	751	751	751							
Production	510	442	666	491	430							
Operating rate	0%	0%	0%	0%	0%							
Imports	0	0	71	126	95							
<b>Total supply</b>	<b>510</b>	<b>442</b>	<b>737</b>	<b>618</b>	<b>525</b>							
<b>Demand</b>												
Government funded roads	436	374	598	496	419							
Private funded roads	23	20	31	26	22							
Total paving consumption	459	393	630	522	441							
Roofing and other	51	44	70	58	49							
Total non-paving consumption	51	44	70	58	49							
Total Consumption	510	437	700	580	490							
Exports	0	3	2	7	8							
Stock change	0	2	35	30	27							
<b>Total demand</b>	<b>510</b>	<b>442</b>	<b>737</b>	<b>618</b>	<b>525</b>							
Total consumption growth rate	-5.8%	-14.3%	60.1%	-17.1%	-15.6%							

\* Average Annual Growth (AAGR) % calculated for 2015 thru 2024

\*\*Long Term (LT) Growth % calculated for 2019 thru 2024

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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 two decades 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.