
9. Cordoba is the pioneer in research and development of biofuel

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Apart from being a pioneer, Cordoba is meant to be the main protagonist regarding the research, development and production of biofuel in Argentina.

Local entrepreneurs and scientists, especially from the National Technological University of Villa Maria, have been doing research in different productive alternatives in this subject for more than 20 years.

In the mid 80s this drive was fostered by the development of technological advances together with the full capacity of the Cordobes field, and the support of our local government. This has resulted in record crops year after year.

In the last five years, the quantity of soya and wheat has doubled in ton productive quantities, which means that today, Cordoba is the market leader in these crops totalling 13.1 m and 8.2 m tons respectively for the 2006/7 crops.

Soya and wheat are the most important crops, which shows the strategic decision Governor Dr. Jose Manuel de la Sota made in relation to the possibility of launching Cordoba into the biotechnological era of biofuel.

The Federal Law passed in April 2006 greatly contributes towards consolidating this process. Thanks to this, the state has created a system of promotion and regulation for the production and sustainable consumption of biofuel. Similarly, this law makes it compulsory by 2010 that all liquid fuels which are traded in this country such as naphtha and petrol to be mixed with bioethanol and biodiesel respectively in a percentage of no less than 5%, to be measured over the total quantity of the final product.

To fulfil this requirement Argentina will need to meet the demand of the internal market of not only 600 million tons of biodiesel but also 160 tons of ethanol.

This challenge has renewed the Government's conviction and doubled its efforts to lead a series of actions, including the following:

- In mid 2006, the "Secretary of Industry and Trade of the Ministry of Provincial Production", sponsored the agricultural producers and investors to set up a business chamber to be formed by people interested in the development of this activity. This chamber had obtained legal status in November of that year. From that moment on, the chamber gets together monthly to have an active participation from its public and private sector representatives.
- In June 2007, based on law N° 9397, the province adhered to the national law n 26.093 and declared of public interest the promotion of production, process and sustainable consumption of biofuel. Likewise, it also established that all the agreed projects passed by the "Enforced Authority" aimed at the production, process and consumption of biofuel by third parties shall be excluded for 15 years from paying the following taxes:

1. gross income
2. production, industrialization and storage
3. sealing of acts, agreements and transactions which have as subject matter this product.

Besides fostering this system, it is also stated that projects of biofuel shall benefit from the Promotion Program and the industrial development law (N° 9121). That is to say that apart from all the tax exemptions there will be other benefits such as job posts, cut downs in the consumption of energy, and loan support by the Official Bank at a subsidized rate.

- The Provincial Development Program of biofuel was formally submitted on 1st August, 2007. In this program the strategy for the sustainable development of this sector was set down by the government and the industries which belong to the Chamber

The main objective is to back up the establishment of a chain of factories located strategically within our own province, to produce and market biofuel.

In the short term, this program that was designed and announced by Adriana Nazario the accountant for the Ministry of Production and Labor", envisages the establishment of 16 oil factories ready to supply a biodiesel plant with a production capacity of 60.000 tn/year, which equals 60 m liters of petrol.

It is worth mentioning that most of these companies already exist and that they are already producing, and will be able to continue to do so in the future. Most of them have the benefits provided by the Provincial Law of Industrial Promotion. Moreover, there already are interested investors for the immediate building of the previously mentioned biofuel plant.

Furthermore, in the case of alcohol fuels development, the government has backed up a mating project which gathers together 30 agricultural corn producers located in the south of the province. From this production, 140000 tons a year will be assigned to the project and they will invest 30 million dollars to build a new plant.

By 2012, the provincial strategy is to make Cordoba an important landmark for the National Energetic Matrix with 3 Biodiesel plants for the quota, and with a minimum of 40 oil factories to supply them. Therefore, 150 tn/year is expected to be produced , which is to say 150.000.000 m liters of biodiesel and an additional 50 m liters of alcohol fuels per year with the development of the bioethanol plant. This represents more than 20% of the needs of the whole national market according to law 26.093.

The total investment needed to fulfill the objectives is around 100 m dollars. It is estimated that in 5 years time this activity will generate 7250 direct and indirect new job posts and furthermore, a multiplying effect in various regions of the inner part of our province. Obviously the government through the Cordoba Province Bank and other credit entities is studying different possibilities of funding.

Last but not least, it is important to mention that as regards to added value on its own, the province shall be benefited with more than 120 m dollars. This figure, which results from a simple comparison between the current options based on the selling of cereal through Rosario Port to be industrialized and exported, is approximately 210 m dollars, with 330 m of the same currency from new job posts and the development of infinite commercial activities and related services.