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# Argentina

# Fresh Deciduous Fruit Annual

# 2011

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**Report Highlights:**
For CY 2012, Post forecasts a decrease in fresh apple and table grape production to 850,000 MT and 130,000 MT, respectively, and an increase in fresh pear production to 870,000 MT, compared to the previous year. Exports are expected to decrease to 230,000 MT for apples, and 50,000 MT for table grapes, and to remain stable for pears. Domestic consumption is projected to decrease for apples and table grapes, and increase slightly for pears.

## Executive Summary:

Argentina's CY 2012 apple production is estimated to decrease to 850,000 MT due to the natural lifecycle of plants, the effects of ash pollution from the eruption of Puyehue volcano in Chile, and more windy, cloudy and rainy days than usual during blossom. Pear production is forecast to increase to 870,000 MT as a result of higher yields. Fresh table grape production is expected to decrease to 130,000 MT as a result of late frosts during the spring of 2011. Exports of apples and table grapes are projected to decrease to 230,000 MT and 50,000 MT, respectively, due to smaller production. Pear exports are estimated to remain stable at 480,000 MT. The main factors affecting fruit exports are more fruit availability in Northern Hemisphere countries, the economic crisis in some export markets, and the lower competitiveness of local companies in international markets. Domestic consumption is forecast to decrease to 270,000 MT for apples and 80,000 MT for table grapes due to reduced production, and it is estimated to increase slightly to 120,000 MT for pears.

## Commodities:

Apples, Fresh
Pears, Fresh
Grapes, Table, Fresh
Apple Juice, Concentrated

## Production:

Production and Area

CY 2012 fresh apple production is forecast to decrease to 850,000 MT, despite favorable weather conditions. The natural lifecycle of plants allows fruit blossom heavier one season and lighter the following season. CY 2012 is expected to be this "lighter" season. This fact is not so common in pear production which, for FY 2012, is projected to increase to 870,000 MT as a result of higher yields. Other reasons that explain the decrease in apple production, especially in the Red Delicious variety and clones, are bee mortality, which prevented regular pollination as a result of ash contamination from the eruption of Puyehue volcano in Chile; more cloudy and windy days, and more rain than normal, during blossom. Fresh table grape production is estimated to decrease to 130,000 MT as a result of late frosts during the spring of 2011.

CY 2011 fresh apple and pear production is forecast to increase to 1.04 million MT, and 840,000 MT, respectively, compared to previous USDA official estimates, due to favorable weather conditions during the growing season of CY 2010 resulting in higher yields, and new plantations entering production. The fruit quality was very good, both in size and color. Fresh table grape production is forecast to decrease slightly to 140,000 MT, compared to previous USDA estimates. Although there was more rain than average, yields were high and the fruit quality was very good.

CY 2010 fresh apple and pear production remained stable at 830,000 MT and 650,000 MT, respectively, compared to USDA official estimates. Smaller volumes were initially expected due to late frosts during the spring of 2009, which affected blossoms of both fruit in the main growing area. The fruit quality was primarily affected in size, and it did not reach the standards required by the most demanding markets. Fresh table grape production remained stable at 140,000 MT. Production increased significantly in CY 2010, compared to the previous year, as a result of higher yields resulting from good weather conditions in the main growing area for

that crop. Plantations were in very good sanitary conditions in 2010, compared to 2009, when the appearance of fungal disease *peronospera* caused severe damage to the vines as a consequence of excess rain.

Apple juice concentrate (AJC) production in CY 2012 is expected to decrease to 40,000 MT due to smaller fruit supply for processing. AJC production in CY 2011 is estimated to rebound to 58,500 MT due to larger supply of fruit for processing and historically high FOB prices, which encouraged producers to devote more fruit for processing, and the industry, to pay higher farm-gate prices. Production in CY 2010 decreased drastically to 32,000 MT due to smaller fruit for processing. In addition, some fruit which should have been devoted for processing was reoriented to the fresh market, both exported to Brazil and other neighboring countries and sold in the domestic market, which paid relatively high prices.

| Concentrated Apple Juice | | | |
|---|---|---|---|
| | CY 2010 | CY 2011 | CY 2012 |
| Production | 32,000 (Beg. Stocks: 1,300) | 58,500 (Beg. Stocks: 0) | 40,000 (Beg. Stocks: 1,500) |
| Exports | 30,459 | 55,000 | 38,000 |
| Imports | 558 | 410 | 0 |
| Domestic Consumption | 3,399 | 3,910 | 3,500 |

Source: FAS Buenos Aires based on private sources

It is estimated that about 85-90 percent of total apple production and approximately 80-85 percent of total pear production is produced in Alto Valle of Rio Negro Province and Neuquen Province, and the balance is produced primarily in Valle de Uco, Province of Mendoza. About 40 percent of the total production is exported, and 70 percent of overseas exports are dominated by only 5 companies. However, those firms concentrate only 18 percent of the domestic market and 24 percent of exports to Brazil. There are about 3,000 producers and 60,000 workers in the fruit sector. In addition, about 95 percent of total table grape production is concentrated in the Province of San Juan, Argentina.

Organic fresh apple and pear production, destined for niche export markets, has been growing steadily during the past few years – despite 20-30 percent higher production costs compared to conventional fruit production. In CY 2010, organic exports totaled 24,000 MT for apples and 15,000 MT for pears, and the main destinations were the EU and the U.S. Higher production costs are primarily due to the manual pruning of fruit, biological weed control, and certification fees. Producers who have been more successful in the organic business are those who grow new non-traditional varieties, such as Cripps Pink and Braeburn apples, and Golden Bosc and Rocha pears. According to private sources, about 30-40 percent of organic fruit is sold as conventional fruit, especially in markets where there is an oversupply of organic fruit. An increasing volume of organic fruit is being destined for the manufacturing of organic juices. Exports of organic table grapes are negligible.

Varieties

Two of the primary challenges of the fruit sector are to improve quality to meet the requirements of demanding export markets, and to develop new apple and pear varieties. Among the bicolor apples, only some Gala and Braeburn clones have succeeded in Argentina. Others, like Fuji, Jonagold and Elstar, did not adapt well to local conditions. Among yellow apples, Golden Delicious is the classic variety. Although it adapted well to

Argentina's production conditions, this variety has lost popularity due to marketing problems. Among the red varieties, Red Delicious is the most widespread variety in Argentina. Since it is sterile, it must be crossed with other varieties such as Gala, Fuji, Elstar, Golden Delicious, Granny Smith, Jonathan and Ozarkgold. In Argentina, many Red Delicious clones such as Starkrimson, Red Chief, Hi Early, Top Red Delicious, Oregon Spur, or Red King Oregon and Cooper 8, have been adopted. The second most important apple variety in Argentina is Granny Smith with 15 percent of the planted area.

| **Apple Variety** | **Share (%)** |
|---|---|
| Red Delicious | 65 |
| Granny Smith | 15 |
| Gala | 15 |
| Pink Lady/Rome Beauty/Golden Delicious/ Fuji/Braeburn | 5 |

Source: FAS Buenos Aires based on Cadenas Alimentarias, Alimentos Argentinos, MAGP

In Argentina, during the past couple of years, a shift towards the Royal Gala variety (bicolor) has occurred, as international markets are demanding less red varieties.
Among the most popular pear varieties, Bartlett accounts for 35 percent of the Argentine pear production followed by Packham's Triumph. Other varieties are: Red Sensation, Red Bartlett, Beurré D'Anjou, Red Anjou, Abate Fetel (Abbé Fetel), Conference, General Leclerc, and Forelle.

| **Pear Variety** | **Share (%)** |
|---|---|
| William's | 45 |
| Packham's Triumph | 30 |
| Beurre D'Anjou | 10 |
| Red Bartlett | 6 |
| Abate Fetel | 2 |
| Beurre Bosc/Beurre Giffard/Clapps Favourite/Red Beurre D'Anjou | 7 |

Source: FAS Buenos Aires based on Cadenas Alimentarias, Alimentos Argentinos, MAGP

The most popular table grape varieties are Superior Seedless and Red Globe (mostly exported), while the varieties Cherry and Moscatel are devoted for the domestic market.

Factors Affecting the Industry

-- Trade union conflicts over salary increases with Alto Valle harvesters and packing plant operators started in earlier 2011 and have continued throughout the year, including strikes and road blockades. As a result, there was a 10-15 day delay in fruit harvesting, which resulted in some first fruit ripening upon arrival in both the domestic and export markets (although this created concern among local companies, losses were not reported). At the beginning of the current season, the Argentine fruit sector labor force of Rio Negro and Neuquen Provinces received a salary increase between 22 and 25.6 percent (in CY 2010, the increase was 23 percent), significantly increasing labor costs for the sector. Producers also protested on the roads about the continuous loss of competitiveness, and requested financial support from the government.

-- According to private sources, in CY 2011, conventional fruit production costs increased by approximately 15-20 percent as a result of increases in labor, energy, ocean freight, and input costs (labor costs account for about 55-60 percent of total production costs). As reported by private sources, the cost of

production of a kilogram of fruit is about $0.35 (for apples, about $0.29), and exporters paid to the producer between $0.20-0.22 (the juice industry paid $0.11-0.18 for fruit for processing). As a result of the steep cost increase, some fruit was not harvested. In addition, packers and exporters tend to produce and market their own fruit, minimizing the volumes of fruit purchased from smaller producers. This situation is primarily affecting smaller producers, who sell their fruit through large exporters, but it also affects larger companies, who are producers, packers, and exporters, and are becoming less competitive in the international market. Private sources forecast that, during the current season, the fruit sector lost about $200 million (the official estimate is $105 million) as a result of loss of competitiveness, which added to a similar financial situation in CY 2010 plus lower profitability due to smaller production.

-- During CY 2010, the AJC industry faced a difficult situation due to lower supply of fruit for processing and the relatively high prices that they paid to producers, which in some cases reached up to $0.10/kg of fruit (over double the price they paid in 2008). Due to the poor quality of the fruit harvested, the fruit which would have usually been used for processing this season was exported, thus competing with the industry and causing an increase in prices.

-- The current inflation is estimated by outside analysts at 25 percent annually decreases the competitiveness of the local fruit sector and discourages domestic and foreign investment.

## Consumption:

Domestic consumption in CY 2012 is projected to decrease to 270,000 MT for fresh apples, and it is expected to increase slightly to 120,000 MT for fresh pears as, during the past few years, pear production has been growing faster than apple production. Private sources estimate that higher volumes of pears will be devoted for the domestic market and Brazil, in detriment of overseas markets, as a result of the inflation in dollar terms in Argentina, which makes fruit exports less profitable. Table grape consumption is expected to decrease to 80,000 MT due to smaller production.

Domestic consumption of fresh apples in CY 2011 is estimated to increase to slightly over 290,000 MT for apples and slightly over 110,000 MT for pears, compared to the latest USDA official estimates, as a result of larger production. Table grape consumption is expected to decrease to nearly 85,000 MT, as a result of smaller production than previously estimated. Only low quality table grapes are destined for the domestic market and, until extra efforts are developed to devote higher quality varieties domestically, no drastic increase should be expected. Consumption of organic apples and pears is gradually growing in the domestic market, especially through upscale supermarket distribution channels.

AJC consumption in CY 2012 is projected to decrease to 3,500 MT due to smaller production. In CY 2011, consumption is forecast to increase to 3,910 as a result of larger production and the sustained expansion of the beverage industry.

Domestic consumption of apples in CY 2010 increased slightly to 273,571 MT, compared to CY 2009 estimates, primarily due to reduced exports and increased imports. Pear consumption decreased to 62,077 MT, compared to the previous year, as a result of smaller supply. Table grape consumption in CY 2010 increased since exports were smaller than previously estimated. AJC consumption in CY 2010 decreased as a result of smaller production, compared to the previous year.

Annual per capita consumption is estimated at 7 kg for apples and between 2-3 kg for pears. The overall trend is a slight decrease of apple domestic consumption and a gradual increase of pear consumption. This is due to younger pear trees entering production, while eradication of older apple trees is being carried out at a slower pace.

The Argentine domestic fruit market is highly concentrated in Buenos Aires City and suburbs, where over one third of the country's total population lives, although the GOA has been trying to decentralize it through the creation of a few fruit distribution markets in the interior of the country. There are three distribution channels for the distribution of fresh fruit, as follows: (1) Large exporters from Alto Valle, which use the domestic market as a second alternative for their products since their main focus is export markets. They usually sell by volume rather than quality. Their main customers are hyper and supermarkets; (2) Medium-sized firms, which handle smaller volumes and focus on quality, and whose brands are usually well-known both in the domestic and export markets. They have consolidated niche markets, and they regulate their supply to maintain high prices. The domestic market is key to their business; (3) Small companies which handle small volumes that are distributed to pre-established points of sale in larger cities. They usually serve those stores where large exporters and medium-sized firms do not have a presence. In general, the markets they access have a high per capita fruit consumption rate. (Source: study carried out by a private consulting company.)

## Trade:

CY 2012 exports are projected to decrease to 230,000 MT for apples, and remain stable at 480,000 MT for pears, as a result of more fruit availability in Northern Hemisphere competing countries, the economic crisis affecting some export markets, such as the EU, and lower competitiveness of local fruit companies in international markets. Smaller apple production is also expected to reduce exports. Table grape exports are estimated to decrease to 50,000 MT due to reduced production.
CY 2011 exports are projected to increase to 260,000 MT for apples, and to 480,000 MT for pears, compared to previous USDA official estimates, as a result of larger production and less fruit availability in other Southern Hemisphere competing countries. Table grape exports are expected to remain stable at 55,000 MT, up 5,000 MT from CY 2010.

CY 2010 apple exports decreased slightly to 178,825 MT for apples from the previous year, and increased to 418,116 MT for pears from the previous year. Both apple and pear exports decreased compared to the previous calendar year, as a result of smaller production and fruit reorientation to the domestic market due to lower quality standards. Table grape exports remained stable at 50,143 MT, compared to USDA estimates, although they increased from the previous year, due to larger production.
CY 2012 AJC exports are estimated to decrease to 38,000 MT as a result of smaller production and lower volumes of fruit for processing. CY 2011 exports are expected to rebound to 55,000 MT as a result of larger

production and higher volumes of fruit for processing, and also due to high international prices. In addition, there was less fruit availability for processing in main competitors, China and Poland, added to increasing domestic consumption in China. CY 2010 AJC exports decreased to 30,459 MT as a result of smaller production than CY 2009, and less fruit availability for processing.

**Fresh Apples Exports – Main Destinations**

| Partner Country | 2009 | | 2010 | | January-August 2011 | |
|---|---|---|---|---|---|---|
| | USD | MT | USD | MT | USD | MT |
| World | 146,351,724 | 207,195 | 139,040,600 | 178,825 | 155,124,616 | 194,267 |
| Brazil | 37,297,717 | 50,646 | 39,626,154 | 48,778 | 33,606,424 | 40,258 |
| EU | 43,688,352 | 57,300 | 40,369,874 | 48,181 | 44,476,487 | 50,080 |
| Russia | 27,153,382 | 41,843 | 22,523,866 | 30,553 | 44,736,022 | 58,833 |
| Algeria | 23,956,896 | 34,588 | 15,395,645 | 20,064 | 15,222,443 | 20,415 |
| Norway | 4,885,756 | 6,502 | 5,103,172 | 6,978 | 5,132,649 | 5,774 |
| U.S. | 1,475,933 | 1,827 | 5,223,797 | 6,056 | 3,411,593 | 4,495 |
| Bolivia | 2,284,841 | 5,290 | 3,043,088 | 6,055 | 2,243,086 | 4,246 |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

**Fresh Pears Exports – Main Destinations**

| Partner Country | 2009 | | 2010 | | January-August 2011 | |
|---|---|---|---|---|---|---|
| | USD | MT | USD | MT | USD | MT |
| World | 338,888,198 | 454,176 | 332,821,105 | 418,116 | 370,937,976 | 436,305 |
| Brazil | 101,985,818 | 132,485 | 121,356,135 | 152,368 | 103,798,711 | 119,976 |
| EU | 117,149,761 | 160,146 | 89,446,546 | 112,347 | 121,807,475 | 141,068 |
| Russia | 65,400,874 | 95,814 | 72,572,847 | 94,283 | 85,022,758 | 106,280 |
| U.S. | 30,482,501 | 39,025 | 22,355,863 | 26,764 | 32,992,768 | 38,830 |
| Mexico | 4,463,641 | 4,491 | 5,423,365 | 5,957 | 7,472,333 | 6,752 |
| Canada | 2,860,476 | 3,866 | 4,718,193 | 5,869 | 5,448,048 | 6,044 |
| Algiers | 2,163,690 | 3,147 | 3,128,732 | 3,921 | 3,611,187 | 4,442 |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

**Fresh Table Grape Exports – Main Destinations**

| Partner Country | 2009 | | 2010 | | January-August 2011 | |
|---|---|---|---|---|---|---|
| | USD | MT | USD | MT | USD | MT |
| World | 58,949,466 | 46,265 | 71,090,071 | 50,142 | 64,777,669 | 45,589 |
| EU | 35,649,619 | 26,386 | 34,019,760 | 22,931 | 26,933,668 | 18,130 |
| Brazil | 8,123,176 | 7,502 | 15,950,412 | 11,580 | 16,805,345 | 12,050 |
| Russia | 11,899,382 | 9,297 | 16,096,890 | 11,341 | 16,334,373 | 11,512 |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

**Apple Juice Concentrate Exports – Main destinations**

| Partner Country | 2009 | | 2010 | | January-August 2011 | |
|---|---|---|---|---|---|---|
| | USD | MT | USD | MT | USD | MT |
| World | 41,412,014 | 42,182 | 32,285,295 | 30,459 | 79,905,020 | 47,514 |
| U.S. | 39,631,846 | 40,886 | 28,286,727 | 26,840 | 76,479,212 | 45,358 |
| EU | 279,837 | 237 | 3,035,516 | 2,761 | 1,981,347 | 1,300 |
| Trinidad & Tobago | 359,021 | 393 | 403,389 | 427 | 454,517 | 324 |
| Chile | 69,722 | 57 | 103,609 | 102 | 35,142 | 21 |
| Paraguay | 102,800 | 56 | 156,457 | 100 | 121,891 | 55 |
| Uruguay | 96,313 | 71 | 109,063 | 97 | 126,304 | 76 |
| Russia | 143,898 | 99 | 97,885 | 63 | 159,300 | 108 |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

Currently, over 60 markets are open to Argentine apples and pears. In CY 2010, Brazil was the most significant fruit export market (by volume), especially for pears, followed by the EU. This is primarily due to the relatively high value of the real, compared to the dollar. Traditionally, Brazil has been more flexible than other markets, such as the EU and the U.S., regarding the quality of the fruit they import. However, they are becoming increasingly demanding as an export market. Russia was the third largest market for both apples and pears. The main export destination (by volume and value) for table grapes was the EU totaling 22,931 MT and $34 million, followed by Brazil (by volume) and Russia (by value). Over 88 percent of AJC was exported to the U.S. in CY 2010.

During January-August 2011, Russia became the largest export market by volume for Argentine apples, and the EU was the most important market by value. For pears and table grapes, the EU was the largest destination by both volume and value. Fresh deciduous fruit exports are expected to continue to focus on traditional markets, i.e. the EU, Brazil, and Russia, while local exporters are working on developing other non-traditional Latin American markets, such as Ecuador, Peru, Colombia, and Venezuela. Exports to Middle-East countries and northern Africa decreased significantly due to political conflicts affecting the region.

The U.S. is expected to remain the largest market for Argentine AJC, traditionally accounting for about 95 percent of total exports. In CY 2010, the U.S. share of Argentina's AJC exports decreased due to higher prices paid by non-traditional markets such as EU countries.

The U.K. and the U.S. are traditional markets for Argentine organic apples and pears. In the U.K. there is a more massive distribution of organic fruit, while in the U.S. organic fruit is sold in specialty retail stores. Brazil is becoming a very significant market for Argentine organic fruit. In destinations such as the EU, where the organic fruit market is usually oversupplied, organic apples and pears are often sold as conventional fruit.

According to the Global Trade Atlas database, during CY 2010, Argentina imported 2,396 MT of apples, primarily from Chile, for a total value of $1,800,767; 194 MT of pears for a total of $168,924; 756 MT of table grapes valued at $1,336,755; and 1,388 MT of AJC valued at $1,392,335. During the period January-August 2011, imports of the three types of fruit and AJC decreased significantly, compared with the same period of CY 2010, due to a larger local supply and government food import restrictions.

## Policy:

### Government Support to Producers

There are a few government support programs for small and medium-size producers, as follows:
In August 2011, the Government of Argentina (GOA) announced an $8 million-fund for producers in the Provinces of Rio Negro and Neuquen with less than 50 hectares in response to the high cost of production affecting the fresh deciduous fruit sector. The announcement also included a salary subsidy of $150 per employee per month for the remaining of CY 2011 to assist about 4,000 small producers to face harvesting costs.

In addition, the GOA created a Fruit Observatory, integrated by both the official and private sector, whose main goal is to determine the fruit sector profitability based primarily on the analysis of production costs. Both producers and industry have welcomed this initiative. For the current season, the Observatory concluded that producers lost $0.075/kg of fruit.

In November 2, 2010, the Ministry of Agriculture, Livestock, and Fisheries (MAGP, in Spanish) granted a government support fund of $5 million to apple and pear producers with less than 25 hectares to help them face the low farm-gate prices they received, below production costs, which have put them in a very difficult financial situation. (In the Alto Valle and Valle Medio of Rio Negro Province and Province of Neuquen -- the main apple and pear producing region of Argentina -- half of the farms have less than 10 hectares.) In January 2011, other additional $10 million were granted under this support program.
On June 1, 2010, the MAGP created the National Fruit Table through official Resolution No. 189/2010 with the purpose of fostering fruit quality and competitiveness of the Argentine fruit chain. The MAGP and the Government of Rio Negro Province have been also working on other ways to provide financial assistance to producers, such as a $2.8 million fund focusing on phytosanitary fruit issues, an over $4.5 million fund for hail insurance coverage, and over $2 million for fuel supply.

In 2002, the Government of Neuquen Province implemented a voluntary Compensation Fund for Fruit Producers – which is still in force -- for growers who want to insure, at least, part of their harvest against hail damage. If over 50 percent of the harvest is damaged, the fund will cover the full harvest. Over 90 percent of producers have participated in this Fund. The Government of Rio Negro Province has a similar system to help fruit producers face challenges affecting the sector.

Since 2000, the Province of Rio Negro has had in operation the Agricultural Input Program (PAR, in Spanish) to facilitate the availability of agrochemicals to smaller producers through the implementation of a loan program. The program was so successful that, during the following years, new areas were incorporated such as tools for treatment of *Carpocapsa*, agricultural machinery and equipment, anti-hail nets, and training on Good Agricultural Practices.

Import and Export Regulations
On December 22, 2008, President Cristina Fernandez de Kirchner announced a package of stimulus measures for the Argentine agricultural sector. The measures affecting fruits and vegetables were published in the Official Bulletin, Decrees Nos. 38/2008 and 40/2008, on December 31, 2008. They established that the export tax for pears, apples, peaches, citrus fruit, grapes, blueberries, strawberries, onions, frozen potatoes, beans and pulses were reduced by 50 percent (i.e. fresh deciduous fruit and stone fruit currently pay a 5 percent export tax, while citrus fruit and vegetables pay 2.5 percent). The changes announced did not have a significant impact on overall fruit production. Export taxes for these products were already relatively low. Part of Argentina's 5 percent export tax on apples, pears, and table grapes is rebated to the exporter depending on the size of the container. The export tax for AJC is 5 percent, with part of the tax also rebated depending on the size of the container.

In January 2011, the fruit industry, through the provincial government, requested the GOA to suspend or reduce fruit export taxes and double rebates. Moreover, industry continues to request that the GOA pay rebates on a timely basis but, to date, no progress was made on this issue.

Below are tables on current tariffs, taxes, and rebates, for apples, pears, table grapes, and AJC:

| ***Fresh Apples (0808.10) & Pears (0808.20)*** | |
|---|---|
| ***Outside the Mercosur area*** | |
| **Import Tariff (%)** | 10.00 |
| **Statistical Tax (%)** | 0.50 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Bulk (apples)** | 3.40 |
| **Export Rebate (%) Bulk (pears)** | 2.70 |
| **Export Rebate (%)Cases containing between 2.5 Kg. and 20 Kg.** | 5.00 |
| **Cases containing 2.5 Kg. or less** | 6.00 |
| ***Within the Mercosur area*** | |
| **Import tariff (%)** | 0.00 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Bulk (apples)** | 3.40 |
| **Export Rebate (%) Bulk (pears)** | 2.70 |
| **Export Rebate (%) Cases containing between 2.5 and 20 kg.** | 5.00 |
| **Cases containing 2.5 kg. or less** | 6.00 |

Source: FAS Buenos Aires based on data from Tarifar

| ***Fresh Table Grapes (0806.10)*** | |
|---|---|
| ***Outside the Mercosur area*** | |
| **Import Tariff (%)** | 10.00 |
| **Statistical Tax (%)** | 0.50 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Bulk** | 2.70 |
| **Export Rebate (%)Cases containing between 2.5 Kg. and 20 Kg.** | 4.05 |
| **Cases containing 2.5 Kg. or less** | 6.00 |
| ***Within the Mercosur Area*** | |
| **Import tariff (%)** | 0.00 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Bulk** | 2.70 |
| **Export Rebate (%) Cases containing between 2.5 and 20 kg.** | 4.05 |
| **Cases containing 2.5 kg. or less** | 6.00 |

Source: FAS Buenos Aires based on data from Tarifar

| ***Apple Juice Concentrate (2009.79)*** | |
|---|---|
| ***Outside the Mercosur Area*** | |
| **Import Tariff (%)** | 14.00 |
| **Statistical Tax (%)** | 0.50 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Containers larger than 1 liter** | 5.00 |
| **iners of 1 liter or less** | 6.00 |
| ***Within the Mercosur Area*** | |
| **Import tariff (%)** | 0.00 |
| **Export tax (%)** | 5.00 |
| **Export Rebate (%) Containers larger than 1 liter** | 5.00 |
| **iners of 1 liter or less** | 6.00 |

Source: FAS Buenos Aires based on data from Tarifar

Export/Import Restrictions and Phytosanitary Issues

In November 2009, the Government of Brazil imposed new import requirements which affected Argentine fruit. Special permits must be requested to allow the entry of trucks carrying fruit and other agricultural products. Local fruit exporters have been operating with a one-week delay but both Brazilian importers and Argentine fruit suppliers have adjusted to the new requirement. According to industry estimates, local companies lost $1 million in one month, by the time the requirement was implemented. Although Argentina exports fruit to Brazil throughout the year, the second half of the year is when exports become increasingly frequent.

A few years ago, the GOA phytosanitary authorities (SENASA, in Spanish), at the national and provincial level, and through the Foundation Barrier of Patagonia (FUNBAPA, in Spanish), implemented a National *Carpocapsa* Eradication Program, which has managed to keep the plague under control.

The Patagonia area of Argentina is considered free of Mediterranean Fruit Fly (*C. Capitata*) as a result of on-going eradication and quarantine efforts in the country. However, on April 12, 2011, APHIS Argentina was notified by SENASA that two Medfly adults were intercepted which, according to protocols in place, was considered an outbreak. SENASA has implemented emergency actions according to the Fruit Fly Emergency Manual of Proceedings.

Private sources stated that Argentine and Chinese sanitary authorities have finalized negotiations to have the Chinese market open to Argentine apples and pears. However, they claim that the Chinese market for Argentine apples and pears is closed because China wants Argentine producers to apply methyl bromide treatment to the fruit, which decreases the fruit quality. Local producers complain that, although Chile has the same phytosanitary status as Argentina, their apples and pears are allowed entry into China while fruit from Argentina is not. On the other hand, SENASA considers the negotiations to still be open as China does not recognize the Rio Negro and Neuquen area as free of fruit fly. Thus, SENASA is looking at using a systems approach that could work for both countries. There are also on-going official negotiations with India and Philippines.

## Marketing:

Prices

Overall, fresh fruit FOB prices were historically high during CY 2010. However, they were not sufficient to cover costs. Average FOB prices of fresh apples exceeded prices during the same period of CY 2009. For pears and table grapes, prices were higher than the previous year during the first semester of CY 2010, and they fell towards the end of the year. For AJC, prices were higher during the first half of the year and decreased towards the end of the year.

During the first eight months of 2011, average FOB prices for all fresh deciduous fruit and AJC showed an upward trend. The highest average price paid for apples was 840/MT in May; and for pears $990/MT and for table grapes $2,311, both in July. Prices for AJC increased substantially reaching $1,751 in August (Source: Global Trade Atlas)

The following tables show average export prices for CY 2009 and 2010:

| FOB Prices ($/MT) Fresh Apples | | | |
|---|---|---|---|
| **Month** | **2009** | **2010** | **January-August 2011** |
| Jan | 794 | 795 | 745 |
| Feb | 738 | 772 | 809 |
| Mar | 702 | 769 | 780 |
| Apr | 722 | 795 | 805 |
| May | 713 | 828 | 840 |
| Jun | 684 | 800 | 779 |
| Jul | 651 | 772 | 750 |
| Aug | 646 | 713 | 782 |
| Sep | 659 | 708 | n/a |
| Oct | 681 | 704 | n/a |
| Nov | 692 | 700 | n/a |
| Dec | 750 | 759 | n/a |
| Average | 703 | 760 | n/a |
| | | | |
| Exchange rate | 4.26 | Local currency/US$1 | |
| Date of Quote | 10/24/2011 | | |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

| FOB Prices ($/MT) Fresh Pears | | | |
|---|---|---|---|
| **Month** | **2009** | **2010** | **January-August 2011** |
| Jan | 736 | 822 | 830 |
| Feb | 716 | 775 | 835 |
| Mar | 728 | 788 | 831 |
| Apr | 726 | 800 | 830 |
| May | 736 | 796 | 850 |
| Jun | 754 | 813 | 903 |
| Jul | 814 | 822 | 990 |
| Aug | 829 | 826 | 965 |
| Sep | 861 | 796 | n/a |
| Oct | 899 | 800 | n/a |
| Nov | 989 | 793 | n/a |
| Dec | 1,031 | 835 | n/a |
| Average | 818 | 806 | n/a |
| | | | |
| Exchange rate | 4.26 | Local currency/US$1 | |
| Date of Quote | 10/24/2011 | | |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

| FOB Prices ($/MT) Fresh Table Grapes | | | |
|---|---|---|---|
| **Month** | **2009** | **2010** | **January-August 2011** |

| | | | |
|---|---|---|---|
| Jan | 1,285 | 1,481 | 1,461 |
| Feb | 1,165 | 1,335 | 1,378 |
| Mar | 1,092 | 1,277 | 1,382 |
| Apr | 1,152 | 1,282 | 1,329 |
| May | 1,031 | 1,333 | 1,397 |
| Jun | 1,235 | 1,644 | 1,468 |
| Jul | 2,485 | 1,038 | 2,311 |
| Aug | 479 | 500 | 500 |
| Sep | 0 | 0 | n/a |
| Oct | 0 | 500 | n/a |
| Nov | 1,829 | 500 | n/a |
| Dec | 1,581 | 1,547 | n/a |
| Average | 1,333 | 1,131 | n/a |
| | | | |
| Exchange rate | 4.26 | Local currency/US$1 | |
| Date of Quote | 10/24/2011 | | |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

Note: "0" means "not in season/no fruit sold."

| **FOB Prices ($/MT) Apple Juice Concentrate** | | | |
|---|---|---|---|
| **Month** | **2009** | **2010** | **January-August 2011** |
| Jan | 1,048 | 1,753 | 1,220 |
| Feb | 1,284 | 891 | 1,593 |
| Mar | 1,181 | 1,084 | 1,445 |
| Apr | 1,187 | 984 | 1,677 |
| May | 1,077 | 993 | 1,669 |
| Jun | 1,635 | 1,004 | 1,739 |
| Jul | 862 | 1,030 | 1,714 |
| Aug | 1,008 | 1,014 | 1,751 |
| Sep | 864 | 1,117 | n/a |
| Oct | 1,135 | 1,012 | n/a |
| Nov | 854 | 1,053 | n/a |
| Dec | 843 | 1,233 | n/a |
| Average | 1,082 | 1,097 | n/a |
| | | | |
| Exchange rate | 4.26 | Local currency/US$1 | |
| Date of Quote | 10/24/2011 | | |

Source: FAS Buenos Aires based on data from the Global Trade Atlas

| **Retail Prices (US$/kg) – October 2011** |
|---|

| | Variety | Price (US$/kg) |
|---|---|---|
| Pears | Packham's Triumph | 2.99 |
| | William's (Premium) | n/a |
| | William's (Standard) | n/a |
| | Beurre D'Anjou | 1.88 |
| Apples | Red Delicious (Premium) | 2.74 |
| | Red Delicious (Standard) | 1.88 |
| | Granny Smith (Premium) | 2.74 |
| | Granny Smith (Standard) | 2.26 |
| | Royal Gala | n/a |
| | Rome Beauty | 2.49 |
| Table Grapes | Red Globe (Premium) – From Brazil | 9.27 |
| | Red Globe (Standard) | n/a |
| | Superior Seedless (Premium) – From Brazil | 9.39 |

Source: FAS Buenos Aires based on data from local supermarkets and grocery stores

Retail prices for fresh organic apples and pears may vary between 5-35 percent over prices of conventional fruit, depending on the fruit variety.

The following table illustrates average wholesale prices for all varieties of fresh apples, pears, and table grapes:

| **Apples, Pears, and Table Grapes, Fresh Domestic Wholesale Prices for all Varieties (US$/kg.)** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2009** | | | **2010** | | | **January-September 2011** | | |
| | **Apples** | **Pears** | **Grapes** | **Apples** | **Pears** | **Grapes** | **Apples** | **Pears** | **Grapes** |
| **January** | 0.45 | 0.62 | 2.09 | 0.76 | 0.84 | 0 | 0.73 | 0.53 | 1.25 |
| **February** | 0.47 | 0.51 | 1.93 | 0.78 | 0.87 | 0 | 0.75 | 0.52 | 0.84 |
| **March** | 0.48 | 0.48 | 1.91 | 0.76 | 0.57 | 0.64 | 0.74 | 0.54 | 0.86 |
| **April** | 0.57 | 0.46 | 0 | 0.75 | 0.64 | 0.69 | 0.67 | 0.56 | 0.88 |
| **May** | 0.62 | 0.48 | 0.61 | 0.68 | 0.67 | 0.93 | 0.65 | 0.56 | 0.91 |
| **June** | 0.68 | 0.49 | 0 | 0.70 | 0.70 | 0.95 | 0.68 | 0.59 | 1.16 |
| **July** | 0.68 | 0.57 | 0 | 0.72 | 0.66 | 1.41 | 0.70 | 0.58 | 1.45 |
| **August** | 0.72 | 2.62 | 0 | 0.74 | 0.71 | 1.85 | 0.68 | 0.59 | 2.51 |
| **September** | 0.70 | 0.59 | 0 | 0.76 | 0.74 | 3.30 | 0.75 | 0.62 | 4.88 |
| **October** | 0.64 | 0.62 | 0 | 0.80 | 0.80 | 3.73 | n/a | n/a | n/a |
| **November** | 0.77 | 0.91 | 0 | 0.80 | 0.74 | 3.85 | n/a | n/a | n/a |
| **December** | 0.78 | 0.92 | 0 | 0.86 | 0.72 | 0 | n/a | n/a | n/a |
| **Annual Average** | **0.63** | **0.61** | **0.54** | **0.76** | **0.72** | **1.93** | **n/a** | **n/a** | **n/a** |

Source: FAS Buenos Aires based on data provided by the Buenos Aires Central Market

Note: "0" means "not in season/no fruit sold."

## Production, Supply and Demand Data Statistics:

| Apples, Fresh Argentina | 2009/2010 | 2010/2011 | 2011/2012 |
|---|---|---|---|

| | Market Year Begin: Jan 2010 | | Market Year Begin: Jan 2011 | | Market Year Begin: Jan 2011 | |
|---|---|---|---|---|---|---|
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Planted** | 30,000 | 30,000 | 30,000 | 30,000 | | 30,000 |
| **Area Harvested** | 28,000 | 28,000 | 28,000 | 28,000 | | 28,000 |
| **Bearing Trees** | 27,000 | 27,000 | 27,000 | 27,000 | | 27,000 |
| **Non-Bearing Trees** | 5,000 | 5,000 | 5,000 | 5,000 | | 5,000 |
| **Total Trees** | 32,000 | 32,000 | 32,000 | 32,000 | | 32,000 |
| **Commercial Production** | 830,000 | 830,000 | 970,000 | 1,040,000 | | 850,000 |
| **Non-Comm. Production** | 0 | 0 | 0 | 0 | | 0 |
| **Production** | 830,000 | 830,000 | 970,000 | 1,040,000 | | 850,000 |
| **Imports** | 2,396 | 2,396 | 1,000 | 70 | | 0 |
| **Total Supply** | 832,396 | 832,396 | 971,000 | 1,040,070 | | 850,000 |
| **Fresh Dom. Consumption** | 273,571 | 273,571 | 281,000 | 290,070 | | 270,000 |
| **Exports** | 178,825 | 178,825 | 230,000 | 260,000 | | 230,000 |
| **For Processing** | 380,000 | 380,000 | 460,000 | 490,000 | | 350,000 |
| **Withdrawal From Market** | 0 | 0 | 0 | 0 | | 0 |
| **Total Distribution** | 832,396 | 832,396 | 971,000 | 1,040,070 | | 850,000 |
| | | | | | | |

HA, 1000 TREES, MT

| Pears, Fresh Argentina | 2009/2010 | | 2010/2011 | | 2011/2012 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Jan 2010 | | Market Year Begin: Jan 2011 | | Market Year Begin: Jan 2011 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Planted** | 28,000 | 28,000 | 28,000 | 28,000 | | 28,000 |
| **Area Harvested** | 26,000 | 26,000 | 26,000 | 26,000 | | 26,000 |
| **Bearing Trees** | 19,000 | 19,000 | 19,000 | 19,000 | | 19,000 |
| **Non-Bearing Trees** | 4,000 | 4,000 | 4,000 | 4,000 | | 4,000 |
| **Total Trees** | 23,000 | 23,000 | 23,000 | 23,000 | | 23,000 |
| **Commercial Production** | 650,000 | 650,000 | 800,000 | 840,000 | | 870,000 |
| **Non-Comm. Production** | 0 | 0 | 0 | 0 | | 0 |
| **Production** | 650,000 | 650,000 | 800,000 | 840,000 | | 870,000 |
| **Imports** | 193 | 193 | 100 | 25 | | 0 |
| **Total Supply** | 650,193 | 650,193 | 800,100 | 840,025 | | 870,000 |
| **Fresh Dom. Consumption** | 62,077 | 62,077 | 100,100 | 110,025 | | 120,000 |
| **Exports** | 418,116 | 418,116 | 460,000 | 480,000 | | 480,000 |
| **For Processing** | 170,000 | 170,000 | 240,000 | 250,000 | | 270,000 |
| **Withdrawal From Market** | 0 | 0 | 0 | 0 | | 0 |
| **Total Distribution** | 650,193 | 650,193 | 800,100 | 840,025 | | 870,000 |
| | | | | | | |

HA, 1000 TREES, MT

| Grapes, Fresh Argentina | 2009/2010 | | 2010/2011 | | 2011/2012 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Jan 2010 | | Market Year Begin: Jan 2011 | | Market Year Begin: Jan 2011 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Planted** | 10,000 | 10,000 | 10,000 | 11,500 | | 11,500 |
| **Area Harvested** | 9,500 | 9,500 | 9,500 | 11,000 | | 11,000 |
| **Commercial Production** | 140,000 | 140,000 | 145,000 | 140,000 | | 130,000 |
| **Non-Comm. Production** | 0 | 0 | 0 | 0 | | 0 |
| **Production** | 140,000 | 140,000 | 145,000 | 140,000 | | 130,000 |
| **Imports** | 755 | 755 | 500 | 160 | | 0 |
| **Total Supply** | 140,755 | 140,755 | 145,500 | 140,160 | | 130,000 |
| **Fresh Dom. Consumption** | 90,612 | 90,612 | 90,500 | 85,160 | | 80,000 |
| **Exports** | 50,143 | 50,143 | 55,000 | 55,000 | | 50,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **For Processing** | 0 | 0 | 0 | 0 | | 0 |
| **Withdrawal From Market** | 0 | 0 | 0 | 0 | | 0 |
| **Total Distribution** | 140,755 | 140,755 | 145,500 | 140,160 | | 130,000 |
| | | | | | | |
| HA, MT | | | | | | |