Required Report: Required - Public Distribution **Date:** June 17, 2022

Report Number: AR2021-0043

Report Name: Citrus Semi-annual

Country: Argentina

Post: Buenos Aires

Report Category: Citrus

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Report Highlights:

For marketing year (MY) 2021/22, Post revises its estimates for fresh lemon production to 1.90 million metric tons (MMT), up by 15 percent, due to favorable weather conditions. Fresh orange production is projected to increase to 920,000 metric tons (MT), and fresh tangerine production is expected to increase to 400,000 MT. Recent relatively favorable weather conditions for both sweet citrus fruits have allowed trees to recuperate from a stressful period characterized by drought followed by heavy rains. Lemon exports are projected to increase to 250,000 MT due to larger production, and sweet citrus exports are expected to increase slightly to 65,000 MT for tangerines and to 88,000 MT for oranges. Container availability shortages and higher fleet costs, due to the COVID-19 pandemic and global inflation, are impacting the activity of the Argentine citrus industry, increasing export costs by 100 percent.

Executive Summary

As a result of favorable weather conditions, fresh lemon production for MY 2021/22 is estimated to increase to 1.90 MMT. Sweet citrus production is projected to rise to 920,000 MT for oranges and 400,000 MT for tangerines with relatively favorable weather conditions for both types of fruits.

Fresh lemon exports in MY 2021/22 are forecast at 250,000 MT, up 13 percent from previous Post estimates, due to larger production. Fresh orange exports will slightly increase to 88,000 MT, and fresh tangerine exports are expected to increase as well to 65,000 MT. Argentine exporters continue to face long-standing economic and financial challenges which erode their profitability and reduce their ability to compete with other Southern Hemisphere fruit producing countries, such as South Africa and Chile.

For MY 2021/22, fresh lemon domestic consumption is forecast at 150,000 MT. Fresh orange consumption is projected to rise to 628,000 MT because of larger production. Fresh tangerine production is expected to increase almost 4 percent, totaling 270,000 MT due to larger production also.

Production

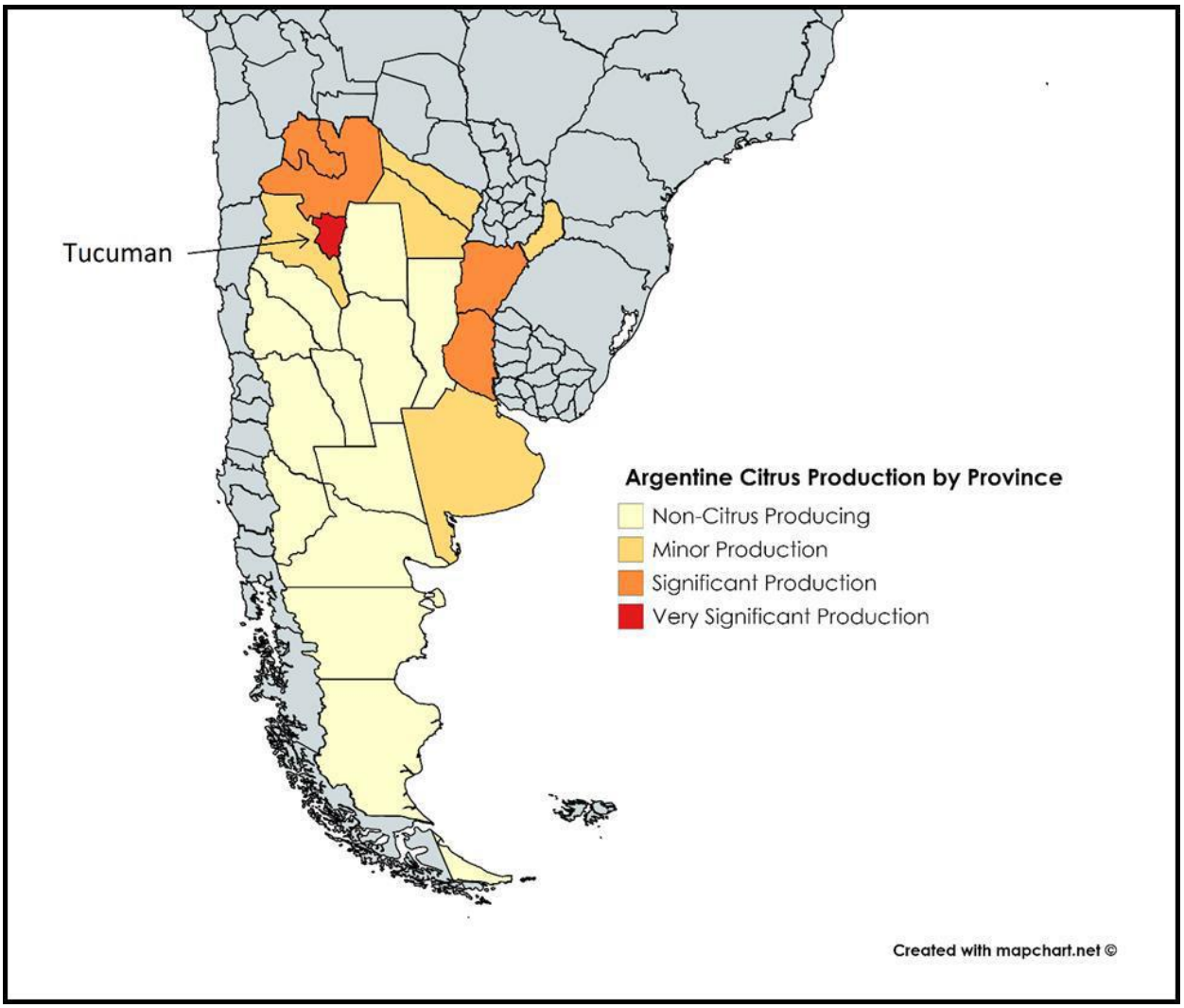
Lemons

For MY 2021/22, fresh lemon production is forecast at 1.90 MMT, up by 15 percent from previous Post estimates, due to larger production.

For MY 2020/21, Post's fresh lemon production estimate of 1.8 MMT remains unchanged. During the Southern Hemisphere's 2020 spring, a severe drought in the main lemon growing area of the country during blossom and fruit set was expected to reduce fruit volumes. However, heavy rains in the summer season allowed lemon trees to recuperate very well, increasing production above low initial estimates. At first, producers did not expect the fruit size to meet market standards due to low temperatures and drought in Tucuman. Production was aided by milder winter temperatures and more rain than the previous marketing season, isolated frosts did not affect blossoms as they would usually do as well. Thus, lemon production was significantly higher than previous expectations, and MY 2020/21 was considered an exceptional season in terms of production levels.

For MY 2019/20, fresh lemon production remained unchanged at 1.49 MMT in line with official estimates.

Lemons are grown principally in northwest provinces of Tucuman, Salta, and Jujuy, with some minor production in northeast Argentina. Eureka Frost, Lisboa Frost, Limoneira 8 A, and Génova EEAT are the main lemon varieties grown in Argentina (Source: Estacion Experimental Agroindustrial Obispo Colombres - EEAOC). Over the past decade, the lemon sector has been buoyed by investments in new production and technology, with 70-75 percent of total production devoted to exports of processed lemon products, such as essential oil, frozen pulp, and dehydrated peel. However, growing global competition and domestic economic contraction have negatively impacted the lemon sector.



Oranges and Tangerines

For MY 2021/22, fresh orange production is forecast to increase to 920,000 MT, up 120,000 MT from previous estimates. Fresh tangerine production is estimated to increase to 400,000 MT. Weather conditions have been favorable for both types of citrus fruits as the impacts of the long drought affecting the main citrus growing areas of the country were offset by heavy rains as of November 2021.

Post's estimate for fresh orange production in MY 2020/21 remains unchanged at 750,000 MT, and fresh tangerine production remains unchanged at 380,000 MT as well.

Sweet citrus is grown in both the northwest (oranges) and northeast (oranges and tangerines) of Argentina. The main orange varieties grown in northwest Argentina are Hamlin, Pineapple, Robertson, and Navel, whereas in the northeast they are Navel, Salustiana, and improved Valencia (Midnight, Delta Seedless). The main tangerine varieties are Clementina, Clemenvilla, Ellendale, Malvasio, Montenegrina, Murcott, and Ortanique. Expansion of sweet citrus includes seedless varieties, such as Tango for oranges, and Clementines and Clemenules for tangerines.

Planted Area

Lemons

Over the past few years, growers (both existing producers and new entrants) in northwest Argentina have expanded planted area. Tree removal and replanting have been increasing the plant per hectare ratio and improving productive efficiency and yields. For MY 2021/22, the area planted to lemons is estimated to remain stable at 50,000 hectares (HA), the same as MY 2020/21 and MY 2019/20, as lemon producers invest in replanting but not in new orchards.

Oranges and Tangerines

Projected planted area for MY 2021/22 and MY 2020/21 remains unchanged for oranges and tangerines at 39,000 HA and 28,000 HA, respectively, in line with USDA estimates, and no adjustments are made to MY 2019/20 estimates. There has been no significant investment in area expansion in recent years. Smaller producers are struggling to compete, and when they exit the business, they tend to sell their orchards to larger farmers. There is a new trend of producers switching into more profitable crops, such as “yerba mate” and other activities, such as livestock production. Growers in the northeast tend to produce on smaller plot sizes than those in the northwest.

Processing

Lemons

For MY 2021/22, fresh lemons for processing are projected to increase to 1.49 MMT, up 15 percent more than Post estimates due to larger production.

For MY 2020/21, fresh lemons for processing are forecast to remain at 1.38 MMT, following official estimates.

Oranges and Tangerines

Fresh oranges for processing in MY 2021/22 are forecast to increase from 200,000 MT to 205,000 MT based on the production increase. Fresh tangerines for processing are expected to increase slightly to 65,000 MT, 10,000 MT from Post estimates, because of larger production.

Investment

Larger lemon producers continue to replace unproductive trees and invest in genetic materials to improve yields. These replanted orchards also tend to have higher tree densities. New investments by the private sector are primarily concentrating in improving efficiency in processing and packing facilities, irrigation, and research and development projects. Some factory retrofitting is taking place as exporters look to expand cold-chain capacity to meet export market requirements.

In the past few years, additional investments were made by citrus exporters to comply with protocols required by new export markets, such as the United States and China, and to meet the European Union (EU) citrus black spot (CBS) requirements to prevent further detections.

Consumption

Lemons

Although fresh lemon domestic consumption tends to be inelastic, for MY 2021/22, fresh lemon consumption is projected at 150,000 MT, up 20,000 MT from Post's estimates due to larger production.

For MY 2020/21, Post's consumption estimate remains unchanged at 150,000 MT. Consumers are strongly interested in strengthening their immune systems to face the COVID-19 pandemic through the consumption of vitamin C.

For MY 2019/20, lemon consumption remained stable at 160,000 MT from USDA estimates.

Oranges and Tangerines

Fresh orange domestic consumption in MY 2021/22 is forecast to rise to 628,000 MT, up 21 percent from earlier estimates, as a consequence of larger production. Fresh tangerine domestic consumption is projected to increase slightly to 270,000 MT, up by 3.8 percent, due to larger production.

For MY 2020/21, Post projects domestic consumption of fresh sweet citrus at 480,000 MT for oranges, and 270,000 MT for tangerines. Consumption of fresh sweet citrus, especially oranges, continued to remain high due to sustained consumer demand for vitamin C in response to the COVID-19 pandemic.

For MY 2019/20, domestic consumption for sweet citrus remained stable at 429,000 MT for oranges and 220,000 MT for tangerines, compared to USDA estimates. Consumption for both types of fruits remained at relatively high levels.

Internal Fruit Tracking

The implementation of "Plant Transit Certificates" (DTVs, in Spanish) by Argentina's Animal and Plant Health authorities (SENASA) to control the transportation of plants and plant material, continues to improve the information on domestic movement of such products, including fruits. As a result, more complete data on fruit consumption is available (*Resolución* SENASA 31/2015 http://www.senasa.gob.ar/tags/dtv).

Trade

Exports

Lemons

For MY 2021/22, fresh lemon exports are forecast at 260,000 MT, up 30,000 MT from official estimates, resulting from the afore mentioned production gains.

Post forecasts MY 2020/21 fresh lemon exports at 264,000 MT, due to larger production, and less fruit supply in the Northern Hemisphere fruit producing countries.

Post's estimates for fresh lemon exports in MY 2019/20 remained stable at 256,000 MT in line with USDA official estimates.

The fresh lemon export business continues to remain profitable. However, lemon sector competitiveness has been affected by significant production cost increases (especially labor, inputs, energy, inland, and ocean freight costs), a container shortage, and high inflation rates. Furthermore, although the continuous depreciation of the Argentine peso and the elimination of export taxes make exports more price-competitive in foreign markets, a decrease in export rebates and high interest rates, partially offset those advantages.

Oranges and Tangerines

Fresh orange exports in MY 2021/22 are forecast to slightly increase to 88,000 MT and tangerine exports are estimated at 65,000 MT. Exports are expected to remain at lower-than-normal levels as a result of local producers' reduced profitability and lack of competitiveness in international markets.

For MY 2020/21, Post's estimate for sweet citrus exports remains unchanged at 85,000 MT for oranges and 50,000 MT for tangerines. Exports for both fruits will be below normal levels due to poor economic and financial conditions affecting the citrus business. In addition, both sweet citrus fruits continue to face robust competition from Southern Hemisphere competitors, primarily South Africa, and other non-traditional competitors, such as Peru, Chile, and Uruguay.

For MY 2019/20, sweet citrus exports remained unchanged at 83,000 MT for oranges and 34,000 MT for tangerines, in line with official estimates.

Export Destinations

During MY 2020/21, the Argentine citrus sector managed to diversify fruit exports shifting destinations from the EU and Russia into other significant markets such as the United States and Canada, and non-traditional markets such as Mexico, China, United Arab Emirates, Saudi Arabia. Argentina is beginning to have a presence in other Asian markets as well. During MY 2021/22, Argentina

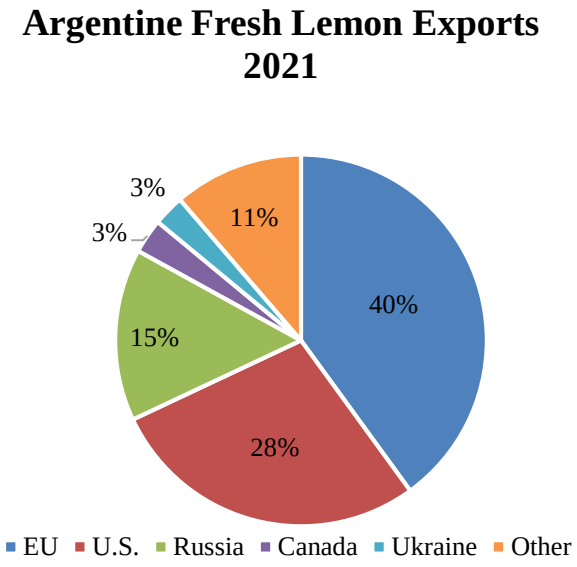
strengthened its presence in its traditional markets and markets recently opened to Argentine citrus fruits, with continued interest in Asian markets for expansion.

On May 1, 2021, the EU reopened the market to Argentine fresh lemons and oranges after the detection of CBS in MY 2019/20. Argentine exporters had to make additional investments to ensure their compliance with the EU's technical requirements, which resulted in virtually zero CBS detections during the MY 2020/21 marketing season.

Argentina has had sweet citrus access to China since 2004 and added Korea, Indonesia, and the Philippines in 2017.

In February 2021, following Brexit, the United Kingdom deregulated citrus imports from all origins allowing Argentina to export citrus fruit without a phytosanitary certificate.

During January-September 2021, the EU remained the largest export market for Argentine fresh lemons with 40 percent of Argentina's total exports, followed by the United States with 28 percent. Russia has now shifted to the third position with 15 percent.



Source: FAS Buenos Aires based on Trade Data Monitor, LLC

After regaining market access to the United States in MY 2016/17, Argentine lemon exports to the United States have shown an upward trend, as shown in the table below.

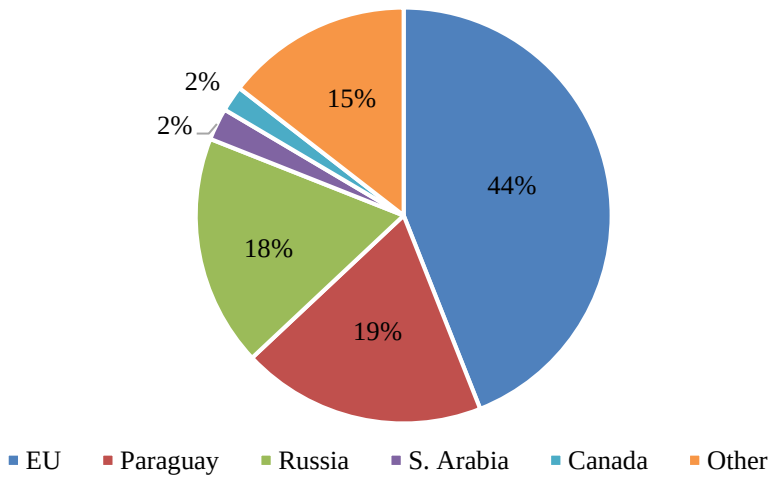
Fresh Lemon Exports to the U.S.	
Marketing Year	**Metric Tons**
MY 2017/18	10,640
MY 2018/19	23,179
MY 2019/20	33,963
MY 2020/21	72,998
MY 2021/22	40,000

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Argentina has access to Brazil for all citrus fruits but faces competitive challenges in this market.

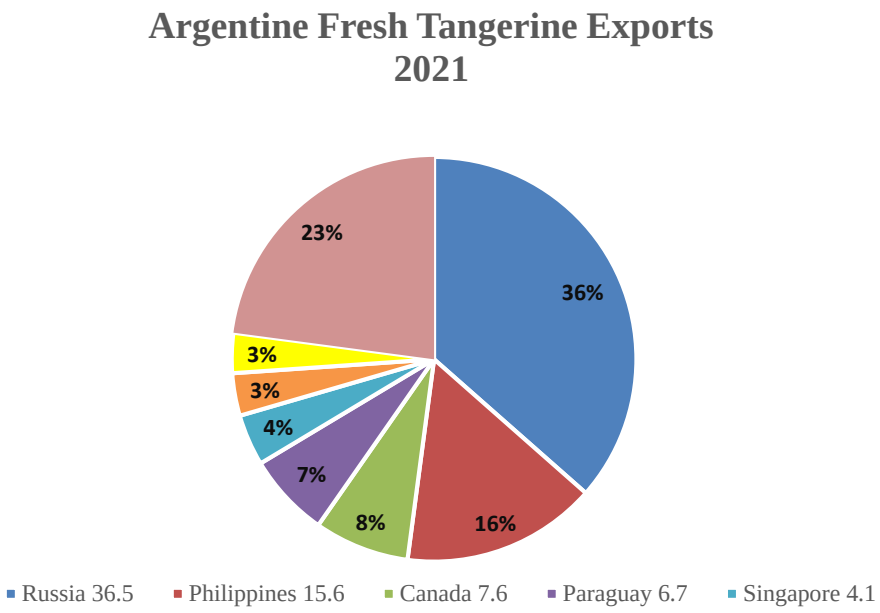
In January-September 2021, orange exports to the EU accounted for 44 percent of total exports, up 57.5 percent from the same period of 2020 when several CBS rejections occurred during the peak of the marketing season. Paraguay followed with 19 percent of Argentina's total orange exports, Russia with 18 percent, Saudi Arabi, 2.5 percent, and Canada, 2 percent.

Argentine Fresh Orange Exports
2021



Source: FAS Buenos Aires based on Trade Data Monitor, LLC

During January-September 2021, Russia was the primary export market for Argentina's fresh tangerines accounting for 36.5 percent of total exports, followed by Philippines with 15.6 percent, Canada with 7.6 percent, Paraguay with 6.7 percent, Singapore 4.1 percent, Indonesia 3.4 percent, and Saudi Arabia 3.2 percent.



Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Export Promotion

"ALL LEMON Tested & Certified for Export" (ALL LEMON) is a seal that guarantees the quality of Argentine fresh lemons for export. It includes an audit program of the sixteen leading lemon producers, packers, and exporters in Argentina, which certifies quality standards for export of about 85 percent of the country's total lemon production. Lemons identified under ALL LEMON parameters must comply with:

- Food safety standards
- Traceability
- Freshness
- Firmness
- Durability
- High juice content
- Aesthetic care
- Balanced color
- Uniform format.

For additional information on All Lemon: http://www.latinlemon.com.ar/all-lemon-english.html

Imports

Citrus imports are expected to remain negligible in MY 2021/22 and MY 2020/21 as Argentina is a net citrus fruit producing and exporting country, with ongoing economic difficulties and currency

devaluation further reducing the competitiveness of imports. During January-September 2020/21, Argentina imported 1,522 MT of fresh lemons, primarily from Brazil, and 2,237 MT of fresh oranges from Spain. No fresh tangerine imports were registered during that time period.

Policy

Import and Export Regulations

In July 2019, the government published Decree No. 464/2019, which applied an export tax of 3 Argentine pesos for every 1 U.S. dollar, by value or Free On Board (FOB) export price, on commodities including citrus fruits.

On December 31, 2020, the Government of Argentina published Decree No. 1060/2020 (https://www.argentina.gob.ar/normativa/nacional/decreto-1060-2020-345886) in the Official Bulletin modifying or eliminating export taxes for 4,593 HTS codes related to industrial and agricultural products, including fresh citrus fruit. While the citrus sector welcomed the elimination of export taxes on fresh citrus fruit exports, some taxes on citrus products were reduced and not eliminated. Lemon essential oil and dehydrated peel were reduced to three percent.

Below is a table including current tariffs, taxes, and rebates for all types of citrus fruit:

Tariffs, Taxes, & Rebates for All Citrus Fruit

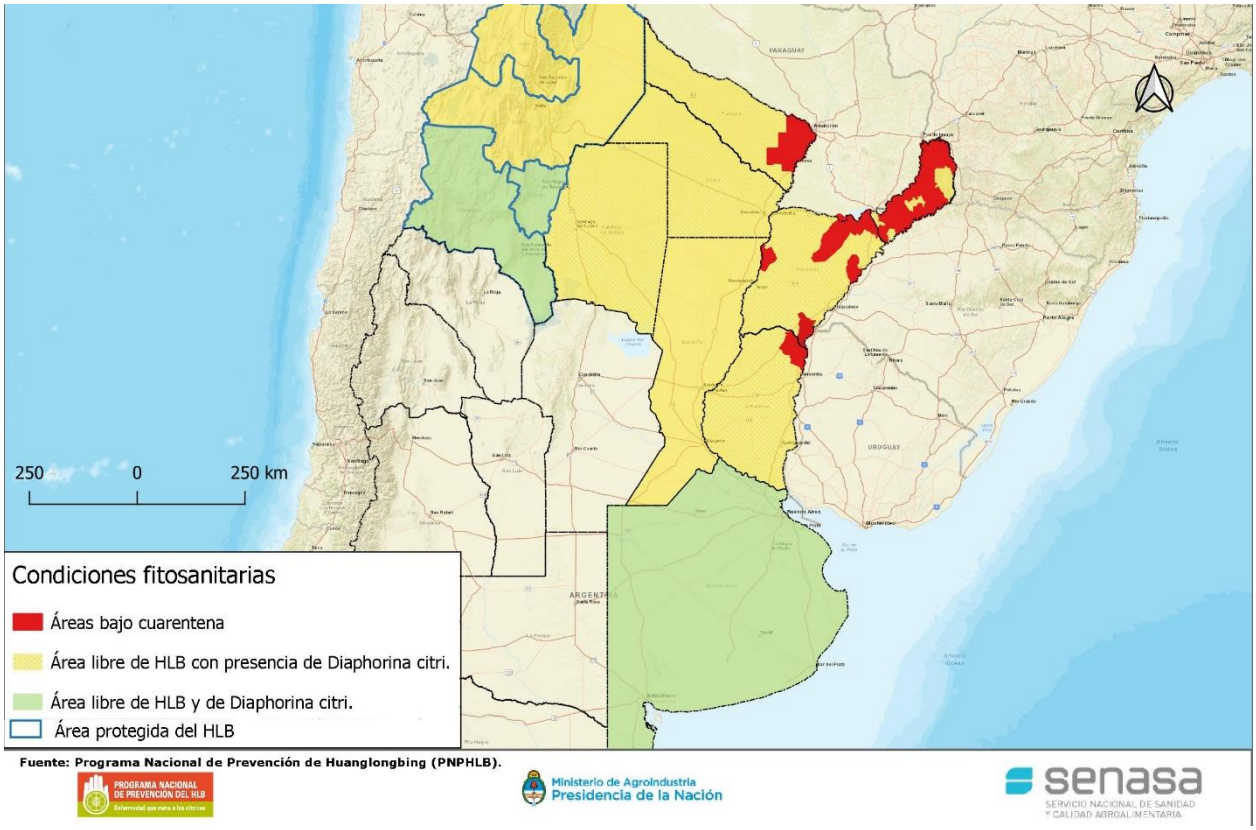
(HTS codes: 080510, 080520, 080521, 080522, 080529, 080550)	%
Import Tariff (outside Mercosur)	10.00
Import Tariff (within Mercosur)	0.00
Statistical Tax	3.00
Value-added Tax	10.5
Export Tax	0.00
Export Rebate (bulk) (*)	1.00

Source: FAS Buenos Aires based on Tarifar
(*) The export rebate applies equally within and outside Mercosur

Phytosanitary Issues: Citrus Greening

In July 2014, a non-commercial case of Huanglongbing (HLB) was found in Mocoreta, Corrientes province (Northeastern region of Argentina – close to the border with Uruguay). The Argentine government immediately implemented its monitoring system in the area, as per the National HLB Prevention Program and subsequently found no other signs of the disease. The program was created by Secretariat of Agriculture Resolution No. 517/2009, and ratified by National Law No. 26.888/2013, and SENASA Resolution 336/14.

On July 4, 2012, USDA's Animal and Plant Health Inspection Service (APHIS) was officially informed that a case of HLB had been reported in one infected tangerine tree in Puerto Deseado, Misiones province (northeastern region of Argentina – close to the border with Brazil). The infected tree was destroyed as a precautionary action. In addition, SENASA intensified the surveillance for citrus species in the area with sampling in 150 premises with negative results for both: the symptoms and vector (Diaphorina citri) of the disease. SENASA stated that, since the location is not a citrus commercial area, and it is surrounded by national parks, it is likely that this was an illegal introduction from outside the country. Despite this, Diaphorina citri was reported in other areas of Argentina. A few additional cases were detected in Misiones and Corrientes provinces and, in 2016, for the first time, in citrus commercial areas (i.e. vector presence, no disease).



Map of Northern Argentina. Red means area under HLB-related quarantine - Source: SENASA

In November 2017, the Ministry of Agroindustry and the Argentine Citrus Federation (FEDERCITRUS, in Spanish) signed an agreement to work jointly on the prevention of

HLB into Argentina and, in March 2019, under the framework of the National Program for HLB Prevention, SENASA, the Secretariat of Agroindustry's National Trust Fund (FONDAGRO, in Spanish), and the Phytosanitary Association of the Northwest of Argentina (AFINOA, in Spanish) signed an agreement for resource contribution and management. SENASA recently made some changes to the national program for HLB Prevention in an effort to protect citrus production. Since the presence of the pest was detected in new areas, these recently affected areas were declared under quarantine in Resolution #875/2020.

In November 2018, the Government of Entre Rios Province, through Decree #3757, declared a phytosanitary e in the province after finding the HLB vector in commercial farms and in urban areas.

SENASA has defined the following areas based on HLB presence or absence, as follows:

- Area free of HLB and/or Diaphorina citri: Buenos Aires, Catamarca, and Tucuman.

- Area free of HLB with presence of Diaphorina citri: Jujuy, Salta, Santa Fe, Chaco, Misiones, Entre Ríos (some departments), Corrientes, Formosa, and Santiago del Estero.

- Areas under quarantine: Corrientes (some departments); Misiones (some departments), Entre Ríos (Federación), Formosa (some departments), and Santiago del Estero (Banda).

- Area protected from HLB: Northwest Argentina (NOA) region.

For additional information on HLB in Argentina visit:
https://www.argentina.gob.ar/senasa/micrositios/hlb

Marketing

International (FOB) Prices for Fresh Citrus Fruit

During January-September 2021, FOB prices for fresh lemons and oranges were lower than during the same period of MY 2020/21 despite smaller fruit supply in the Northern Hemisphere. FOB prices were higher for fresh tangerines. One of the factors resulting in lower prices was that the COVID-19 pandemic did not have an effect on increasing prices as it did in MY 2019/20.

Overall, FOB prices, especially for sweet citrus, remained relatively low and were not sufficient to cover costs, resulting in increased financial difficulties for the local fruit sector.

The highest FOB prices for lemons during MY 2020/21 was $667/MT (June); for oranges, $487/MT (August); and for tangerines, $787/MT (July).

Export prices tables can be found below:

Lemon	FOB Prices (US$/MT)		
	2019	2020	Jan-Sep 2021
January	--	--	--
February	--	--	--
March	849	748	628
April	806	744	642
May	806	739	657
June	784	725	667
July	763	666	656
August	750	560	643
September	688	--	657
October	--	--	n/a
November	--	--	n/a
December	--	--	n/a
Average	**778**	**697**	**n/a**

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 105.75/US$1

Date of quote: 11/24/2021

Orange	FOB Prices (US$/MT)		
	2019	2020	Jan-Sep 2021
January	--	--	157
February	--	--	116
March	--	--	169
April	--	--	--
May	--	148	107
June	422	272	311
July	492	501	447
August	465	512	487
September	488	533	439
October	363	346	n/a
November	--	298	n/a
December	--	279	n/a
Average	**446**	**361**	**n/a**

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 105.75/US$1

Date of quote: 11/24/2021

Tangerine	FOB Prices (US$/MT)		
	2019	2020	Jan-Sep 2021
January	--	425	--
February	--	519	--
March	895	451	--
April	836	579	697
May	822	633	707
June	792	575	769
July	755	627	787
August	705	645	766
September	572	639	660
October	180	593	n/a
November	--	--	n/a
December	--	--	n/a
Average	**695**	**569**	n/a

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 105.75/US$1

Date of quote: 11/24/2021

The following are domestic retail prices for fresh citrus fruit:

Fresh Citrus Fruit	US$/kg
Lemon (Standard)	0.84
Lemon (Premium)	1.31
Orange “Valencia” (Standard)	0.52
Orange “Valencia” (Premium)	0.70
Orange “Navel” (Standard)	0.84
Orange “Navel” (Premium)	1.13
Tangerine “Okitsu”	0.84
Tangerine “Murcot”	0.81
Tangerine “Criolla”	0.94
Tangerine “Ellendale”	0.83

Source: FAS Buenos Aires based on data gathered from supermarkets and grocery stores.
Exchange rate: Argentine pesos 105.75/US$1
Date of quote: 11/24/2021

The link below to the Buenos Aires Central Market provides updated wholesale citrus prices:
http://www.mercadocentral.gob.ar/informaci%C3%B3n/precios-mayoristas

Production, Supply and Distribution Tables:

Lemons/Limes, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	50000	50000	50000	50000	0	50000
Area Harvested (HECTARES)	46900	46900	46900	48000	0	48000
Bearing Trees (1000 TREES)	11500	11500	11500	11800	0	11800
Non-Bearing Trees (1000 TREES)	840	840	840	860	0	860
Total No. Of Trees (1000 TREES)	12340	12340	12340	12660	0	12660
Production (1000 MT)	1491	1491	1150	1800	0	1900
Imports (1000 MT)	3	3	1	2	0	1
Total Supply (1000 MT)	1494	1494	1151	1802	0	1951
Exports (1000 MT)	256	256	180	264	0	260
Fresh Dom. Consumption (1000 MT)	160	160	140	150	0	150
For Processing (1000 MT)	1078	1078	831	1388	0	1491
Total Distribution (1000 MT)	1494	1494	1151	1802	0	1901
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Oranges, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	39000	39000	3900	39000	0	39000
Area Harvested (HECTARES)	37200	37200	37200	35000	0	35000
Bearing Trees (1000 TREES)	18300	18300	18300	17200	0	17200
Non-Bearing Trees (1000 TREES)	1500	1500	1500	1400	0	1400
Total No. Of Trees (1000 TREES)	19800	19800	19800	18600	0	18600
Production (1000 MT)	700	700	670	750	0	920
Imports (1000 MT)	2	2	0	1	0	1
Total Supply (1000 MT)	702	702	670	751	0	921
Exports (1000 MT)	83	83	70	85	0	88
Fresh Dom. Consumption (1000 MT)	429	429	420	480	0	628
For Processing (1000 MT)	190	190	180	186	0	205
Total Distribution (1000 MT)	702	702	670	751	0	921
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Tangerines/Mandarins, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	28000	28000	28000	28000	0	28000
Area Harvested (HECTARES)	23000	23000	23000	23000	0	23000
Bearing Trees (1000 TREES)	12600	12600	12600	12600	0	12600
Non-Bearing Trees (1000 TREES)	1400	1400	1400	1400	0	1400
Total No. Of Trees (1000 TREES)	14000	14000	14000	14000	0	14000
Production (1000 MT)	330	330	360	380	0	400
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	330	330	360	380	0	400
Exports (1000 MT)	34	34	35	50	0	65
Fresh Dom. Consumption (1000 MT)	220	220	240	270	0	270
For Processing (1000 MT)	76	76	85	60	0	65
Total Distribution (1000 MT)	330	330	360	380	0	400
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Attachments:

No Attachments