

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Citrus Annual

Lemon, Orange and Tangerine

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Report Highlights:

For MY 2018/2019, Post forecasts a fresh lemon production recovery to 1.60 million metric tons with sweet citrus production estimated down to 500,000 metric tons for oranges and 280,000 metric tons for tangerines. Fresh lemon exports are forecast to increase to 290,000 metric tons while orange and tangerine exports fall to 50,000 metric tons and 30,000 metric tons, respectively. After regaining market access in 2017, Argentina exported 10,640 metric tons of fresh lemons to the U.S. in 2018 with exports in 2019 expected to continue an upward trend.

Executive Summary:

Fresh lemon production for MY 2018/2019 is forecast up to 1.6 million metric tons due to good weather conditions during the season. Orange and tangerine production will fall to 500,000 metric tons and 280,000 metric tons, respectively, on expectations of smaller production and lower investment in grove management that stalls productivity gains.

MY2018/19 lemon exports are estimated at 290,000 metric tons driven by strong supply and positive price signals while orange and tangerine exports are projected down to 50,000 metric tons and 30,000 metric tons, respectively, on lower production and falling competitiveness in global markets.

Domestic consumption of lemons for MY2018/19 is forecast unchanged at 100,000 metric tons from the previous year, with orange and tangerine consumption dipping to 230,000 metric tons and 150,000 metric tons, respectively, due to reductions in supply and domestic demand.

Commodities:

Lemons, Fresh

Oranges, Fresh

Tangerines/Mandarins, Fresh

Production:*Lemons*

For MY 2018/2019, fresh lemon production is forecast to rebound to 1.6 million metric tons (MMT), compared to the previous calendar year, due to favorable growing conditions.

For MY 2017/2018, fresh lemon production is revised downward to 1.50 MMT from the previous USDA official estimate of 1.55 MMT. Although adverse weather affected the main lemon growing region, the impact was less severe than expected and the quality of the fruit remained good.

For MY 2016/2017, fresh lemon production remained unchanged at 1.45 MMT, in line with USDA official estimates.

Genova and Eureka are the main lemon varieties grown in Argentina.

Oranges and Tangerines

For MY 2018/2019, fresh orange and tangerine production is projected to decrease to 500,000 metric tons (MT) and 280,000 MT, respectively. As the trees are expected to cycle through a lighter fruit blossom and negative returns squeeze financial resources for reinvestment in grove management, yields will be negatively affected.

For MY 2017/2018, fresh sweet citrus fruit production is revised upwards to 600,000 MT for oranges and 350,000 MT for tangerines from official estimates, as drought impacts during the production season proved less significant than expected by the private sector.

Post estimates for fresh orange and tangerine production in MY 2016/2017 remains unchanged at 700,000 MT and 320,000 MT, respectively, from USDA official estimates.

The main orange varieties grown in northwest Argentina are Hamlin, Pineapple, Robertson and Navel and in the northeast 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.

Area Planted

For 2017/2018, area planted to lemons is forecast to remain unchanged at 48,000 hectares, in line with official estimates, with no change expected for 2018/2019. Nevertheless, tree removal and resetting is projected to increase the plant per hectare ratio and improve productive efficiency and yields.

For sweet citrus, area planted is expected to decrease in MY 2018/2019 due to the economic crisis that the sector is facing and the lack of incentives for investment. Planted area to oranges is estimated at 39,000 hectares, from 41,000 hectares planted in MY 2017/2018. Planted area to tangerines is projected at 25,000 hectares, from 28,000 hectares planted the previous year.

Processing

Lemons

Fresh lemons for processing in MY 2018/2019 are expected to increase to 1.21 MMT from MY 2017/2018 levels due to increased production.

For MY 2017/2018, fresh lemons for processing are forecast down to 1.13 MMT, from the official estimate of 1.18 MMT, due to lower production.

Post estimate for lemon for processing in MY 2016/2017 remains unchanged at 1.12 MMT from official estimates.

In general, as industry executes strict quality standards for fresh lemon exports, a high volume of fruit will continue to be allocated for processing.

Oranges and Tangerines

Fresh oranges and tangerines for processing in MY 2018/2019 are estimated to fall to 223,000 MT and 100,000 MT, respectively, from the previous year due to lower production.

For MY 2017/2018, sweet citrus fruit for processing is forecast to increase significantly to 257,000 MT for oranges and 130,000 MT for tangerines, respectively, from USDA estimates, due to larger production than expected.

For MY 2016/2017, Post estimates for both orange and tangerine for processing remained unchanged at 273,000 MT and 110,000 MT, respectively, compared to official estimates.

Investment

Larger producers continue to invest in the replacement of unproductive trees and in the genetic materials to improve yields although capital investment in area expansion is expected to be marginal and focused in the provinces of Salta and Jujuy. The industry is also investing in processing and packing facilities, irrigation, and research and development projects in anticipation of expanding export markets, such as the United States.

Consumption:

Lemons

For MY 2017/2018, Post estimates that lemon consumption will remain unchanged at 100,000 MT from official estimates, and no change is expected for MY 2018/2019.

For MY 2016/2017 consumption remained stable at 90,000 MT, in line with USDA official estimates.

Oranges and Tangerines

For MY 2018/2019, domestic consumption of fresh oranges and tangerines is forecast to decrease to 230,000 MT and 150,000 MT, respectively, due to lower supply and a loss of consumer purchasing power due to domestic economic conditions.

For MY 2017/2018, domestic consumption of fresh oranges and tangerines is expected to increase to 280,000 MT and 180,000 MT, respectively, due to larger production.

For MY 2016/2017, Post estimate for domestic consumption of oranges and tangerines remains stable at 350,000 MT and 169,000 MT, respectively, from official estimates.

Trade:

Exports

Lemons

Fresh lemon exports in MY 2018/2019 are forecast to increase to 290,000 MT as expected production increases flow out in response to export opportunities in several foreign markets.

Post estimates of fresh lemon exports in MY 2017/2018 is revised down to 265,000 MT from the official estimate of 270,000 MT.

Lemon exports in MY 2016/2017 totaled 241,000 MT, consistent with official estimates.

Compared to other regional industries in Argentina, such as sweet citrus, which has seen its competitiveness fall, the fresh lemon export business remains profitable despite high costs. However, if production costs, such as labor, inputs, energy, inland and ocean freight and inflation rates, estimated at 45 percent for CY 2018,

continue to rise, the lemon sectors competitiveness will suffer. Furthermore, although the depreciation of the Argentine peso in 2018 made exports more competitive in foreign markets, a reinstatement of export taxes, a decrease in export rebates and high interest rates this year partially offset that advantage.

Oranges and Tangerines

For MY2018/2019, exports of sweet citrus are forecast to decrease to 50,000 MT for oranges and to 30,000 MT for tangerines, due to a drop in production and strong competition from other Southern Hemisphere producers, primarily South Africa.

For MY 2017/2018, orange and tangerine exports are expected to increase to 68,000 MT and 40,000 MT, respectively, due to an increase in production, but remain significantly lower than historical levels of around 150,000 MT and 100,000 MT, respectively, due to challenging domestic economic conditions.

For MY 2016/2017, Post export estimates remain stable at 80,000 MT for oranges and 41,000 MT for tangerines, in line with official estimates.

Export Destinations

Argentine fresh sweet citrus is exported to about 60 markets. The main export destinations (market share by volume) in CY 2017 and January-September 2018 were as follows:

Fresh Citrus Fruit	Destination	Market Share %	
		2017	Jan-Sep 2018
Lemons	EU	68	70
	Russia	18	15
Oranges	EU	51	86
	Paraguay	35	8
	Russia	4	4
Tangerines	Russia	49	48
	Philippines	16	27
	Canada	13	14
	Indonesia	n/a	7
	UAE	n/a	2
	Singapore	n/a	1
	EU	4	0

Source: FAS Buenos Aires, based on data from the Global Trade Atlas (GTIS)

For MY 2018/2019, the Argentine citrus sector looks to capitalize on a gradual expansion in Asian markets. In 2018, Argentina exported its first shipment of fresh lemons to Japan under a stringent cold treatment plan thus creating optimism about access to the Chinese market which imposes similar phytosanitary import requirements. Lemon exports were interrupted in 2005 when China established cold treatment for all citrus

fruit, however, the Chinese market remains open to fresh sweet citrus varieties. Since 2017, Argentina has had access to Korea for oranges and to Indonesia and the Philippines for local citrus fruit.

Also in 2017, Argentina regained market access to the U.S. with exports during the 2018 marketing season totaling 10,640 MT. The Brazilian market was opened to all Argentine citrus fruits on May 9, 2017. Although Argentine exporters have high expectations, especially for sweet citrus, they continue to face competitive challenges in this market.

From January-September 2018, the EU remained the largest export market for Argentine fresh lemons with a 70 percent market share, followed by Russia, with a 15 percent share. Orange exports to the EU increased significantly to 86 percent, and exports to Paraguay and Russia decreased to 8 and 4 percent, respectively. For tangerines, Russia remained the largest export market with 48 percent share followed by the Philippines with a 27 percent share and Canada with 14 percent. Tangerine exports to traditional markets, such as the EU, have decreased over the past few years to become negligible in 2018 due to a lack of competitiveness and strong competition from South Africa.

Imports

Citrus imports are expected to remain negligible in MY 2018/2019 as Argentina is a net citrus fruit exporting country. Fruit import volumes will remain limited as local fruit production is sufficient to supply the domestic market.

Policy:

Import and Export Regulations

In December 2015, the Argentine government lifted export taxes on all fruits. In addition, one year later, export rebates were increased for several products, including citrus fruit, to provide support to regional rural economies. However, in 2018, the government reinstated export taxes and reduced export rebates on all fruits to generate government revenue in response to the country’s economic and financial crisis.

Export and import tariffs for all citrus types are as follows:

Export and Import Tariffs	
All Citrus Fruit (HTS codes: 080510, 080550, 080520, 080521, 080522, 080529)	
For countries outside MERCOSUR AREA	%
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	12
Export Rebate for cases containing less than 16 kg.	2.50
Export Rebate for cases containing 16–20 kg.	1.25
Export Rebate for cases containing more than 20 kg.	1.00
For countries within MERCOSUR AREA	
Import Tariff	0.00
Statistical Tax	0.50
Export Tax	12
Export Rebate for cases containing less than 16 kg.	2.50
Export Rebate for cases containing 16–20 kg.	1.25
Export Rebate for cases containing more than 20 kg.	1.00

Source: FAS Buenos Aires based on data from Tarifar

Phytosanitary Issues

Citrus Greening: In July 2014, a non-commercial case of Huanglongbing (HLB) was found in Mocoreta, Province of Corrientes (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 (created by Secretariat of Agriculture Resolution No. 517/2009, and ratified by National Law No. 26.888/2013, and SENASA Resolution 336/14), and subsequently found no other signs of the disease.

On July 4, 2012, APHIS was officially informed that a case of HLB had been reported in one infected tangerine tree in Puerto Deseado, Province of Misiones (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).

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.

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

Marketing:

Prices

International (FOB) Prices for Fresh Citrus Fruit

In 2018, FOB prices for fresh lemons remained strong due to lower fruit supplies in the Northern Hemisphere, however, they did not exceed 2017 prices, which were very high throughout the marketing season, especially in the EU. Overall, orange FOB prices increased slightly while tangerine prices decreased, compared to the previous marketing year, primarily during the mid-marketing season. The highest FOB prices for lemons during 2018 was \$978/MT (August); for oranges, \$564/MT (July); and for tangerines, \$1,000/MT (March).

For all three citrus fruits during 2018, FOB prices remained relatively high compared to 2017 prices and, for oranges and tangerines, were still not sufficient to cover costs thus resulting in increased financial difficulties for the local fruit sector and damaging Argentine exporters' competitiveness in export markets.

Lemon	FOB Prices (US\$/MT)		
	2016	2017	2018
January	699	--	--
February	--	1,100	--
March	948	1,096	811
April	991	980	916
May	1,036	1,019	956

June	1,036	1,047	973
July	1,037	1,047	972
August	1,050	1,034	978
September	1,073	988	840
October	946	1,000	n/a
November	--	1,111	n/a
December	--	1,111	n/a
Average	980	1,048	

Orange	FOB Prices (US\$/MT)		
	2016	2017	2018
January	--	--	--
February	--	--	--
March	--	--	--
April	110	--	--
May	257	261	--
June	540	518	123
July	494	511	564
August	495	508	539
September	481	473	524
October	591	130	--
November	265	--	n/a
December	--	--	n/a
Average	370	400	n/a

Tangerine	FOB Prices (US\$/MT)		
	2016	2017	2018
January	--	219	--
February	704	849	--
March	857	905	1,000
April	846	914	949
May	871	971	903
June	859	963	925
July	922	1,028	907
August	909	958	884
September	909	884	840
October	188	220	--
November	205	--	n/a
December	215	--	n/a
Average	680	791	n/a

FAS Buenos Aires based on GTIS trade data

Domestic Retail Prices for Fresh Citrus Fruit

Citrus Fruit	US\$/kg
Lemon	1.02
Orange (Navel)	1.53
Orange (Valencia)	0.76
Tangerine (Murcot)	1.01
US\$1 = AR\$39.10 (December 19, 2018)	

Source: FAS Buenos Aires based on supermarket prices

Promotion

“ALL LEMON Tested & Certified for Export” is an audit program of the 16 leading lemon producers/exporters in Argentina that certifies quality standards for export of about 80 percent of Argentina’s total lemon production.

Lemons identified under ALL LEMON parameters must comply with:

- Safety
- Traceability
- Freshness
- Firmness
- Durability
- High juice content
- Skin in optimal condition • Balanced color
- Uniform format.

In January 2015, ALL LEMON officially launched *Think Lemon*, a worldwide marketing campaign, which includes a thorough digital source of information about lemons. Its main objective is to inform consumer’s about the uses, applications and nutritional aspects of fresh lemons. (Source: <http://www.all-lemon.com>)

Production, Supply and Demand Data Statistics:

Lemons/Limes, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2019	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	48000	48000	48000	48000	0	48000
Area Harvested	45000	45000	45000	45000	0	45000
Bearing Trees	11000	11000	11000	11000	0	11000
Non-Bearing Trees	800	800	800	800	0	800
Total No. Of Trees	11800	11800	11800	11800	0	11800
Production	1450	1450	1550	1500	0	1600
Imports	3	3	1	1	0	0

Total Supply	1453	1453	1551	1501	0	1600
Exports	241	241	270	265	0	290
Fresh Dom. Consumption	90	90	101	100	0	100
For Processing	1122	1122	1180	1136	0	1210
Total Distribution	1453	1453	1551	1501	0	1600
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Oranges, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	43000	43000	43000	41000	0	39000
Area Harvested	41000	41000	41000	39000	0	37200
Bearing Trees	20200	20200	20200	19300	0	18300
Non-Bearing Trees	1700	1700	1700	1600	0	1500
Total No. Of Trees	21900	21900	21900	20900	0	19800
Production	700	700	450	600	0	500
Imports	3	3	3	5	0	3
Total Supply	703	703	453	605	0	503
Exports	80	80	40	68	0	50
Fresh Dom. Consumption	350	350	260	280	0	230
For Processing	273	273	153	257	0	223
Total Distribution	703	703	453	605	0	503
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Tangerines/Mandarins, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	28000	28000	28000	28000	0	25000
Area Harvested	26000	26000	26000	26000	0	23000
Bearing Trees	14100	14100	14100	14100	0	12600
Non-Bearing Trees	1530	1530	1530	1530	0	1400
Total No. Of Trees	15630	15630	15630	15630	0	14000
Production	320	320	250	350	0	280
Imports	0	0	0	0	0	0
Total Supply	320	320	250	350	0	280
Exports	41	41	25	40	0	30
Fresh Dom. Consumption	169	169	150	180	0	150
For Processing	110	110	75	130	0	100
Total Distribution	320	320	250	350	0	280
(HECTARES) ,(1000 TREES) ,(1000 MT)						