Required Report - public distribution

Date: 5/19/2015
GAIN Report Number:

Argentina

Fresh Deciduous Fruit Semi-annual

Apples, Pears, and Table Grapes

Approved By:
Caleb O'Kray

Prepared By:
Maria Julia Balbi

Report Highlights:
For Calendar Year (CY) 2015, Post revised fresh apple production downward to 640,000 MT and fresh pear production is forecast to go down to 610,000 MT. The decrease in production for both types of fruit was due to hail storms and large volumes of unharvested fruit as a result of the severe economic and financial crisis affecting the local fruit sector. For table grapes, production is projected to decrease from official estimates to 130,000 MT. However, it will rebound by 85 percent from CY 2014 due to favorable weather conditions. Apple exports are forecast to decrease to 140,000 MT, and pear exports will go down to 340,000 MT as local fruit companies continue to lose competitiveness in export markets. Table grape exports are projected to remain stable at 22,000 MT. Amidst volatile export markets, the United States remains a reliable export market for Argentine apples and pears.

Executive Summary:

CY 2015 fresh apple production is forecast to decrease to 640,000 MT and fresh pear production is projected to go down to 610,000 MT due to hail storms and large fruit volumes which remained unharvested due to the severe economic and financial crisis which has been affecting the local fruit sector during the past few years. Table grape production is estimated at 130,000 MT, down 10,000 MT from official estimates, although production is still forecast to rebound by 85 percent from CY 2014 due to favorable weather conditions.

The CY 2015 forecast of apple domestic consumption is revised upward to 280,000 MT from official estimates as a result of smaller exports and less fruit for processing. Pear domestic consumption is forecast to remain unchanged at 110,000 MT. Consumption of apples and pears will increase significantly from the previous year as it is expected that high volumes of fruit will be destined to the domestic market as a result of low competitiveness of local exporters in the international market. Table grape consumption will decrease to 108,000 MT due to smaller available supply.

Apple exports in CY 2015 are forecast to decrease slightly to 140,000 MT and pear exports will go down from 430,000 MT to 340,000 MT. Exports of both types of fruit are being negatively affected by the loss of competitiveness of Argentine companies in export markets. Table grape exports are forecast to remain unchanged at 22,000 MT, in line with USDA estimates.

On March 24, 2015, the Government of Brazil decided to close the market to Argentine apples and pears due to the detection of Cydia pomonella (Carpocapsa) in Villa Regina, Province of Rio Negro. Findings were detected in fifteen shipments to Brazil. A technical audit was recently carried out and both the local government and private sector are awaiting the official results, which could trigger the reopening of the Brazilian market.

Commodities:

Apples, Fresh

Pears, Fresh

Grapes, Table, Fresh

Production:

Calendar Year (CY) 2015 fresh apple production is revised downward from official estimates, from 860,000 MT to 640,000 MT. Fresh pear production is forecast to decrease from 820,000 MT to 610,000 MT. The decrease in production for both types of fruit is due to hail storms in October 2014, and January and February 2015, and large fruit volumes which remained unharvested as a result of the severe economic and financial crisis affecting the local fruit sector. Total losses are estimated at 350,000 MT, of which 150,000 MT were lost to hail storms and 200,000 MT due to unharvested fruit left on the trees. Smaller volumes of both apples and pears for processing are expected as a result of low international apple juice concentrate prices due to limited demand, and also because prices paid to the producer do not cover fruit production costs.

CY 2014 production estimates remained unchanged from previous official estimates for both apples at 630,000 MT, and pears at 690,000 MT. Production of both fruits went down significantly from the previous year (about 27 percent for apples and 11 percent for pears) as a result of late frosts by September 2013, and high temperatures in December 2013 and January 2014. Post adjusted CY 2014 estimates based on revisions of the official annual harvest statistics from the provincial government of Rio Negro. The decrease in production was also due to the fact that area devoted primarily for apples and, to a lesser extent for pears, has been decreasing as a consequence of the difficult economic situation that producers have been facing during the past few years. In addition, pruning and other tasks are not being carried out appropriately, due to a lack of economic resources, which is affecting fruit volume and quality.

For CY 2015, the fresh table grape production forecast is revised downward from official estimates, from 140,000 MT to 130,000 MT. Nevertheless, CY 2015 production is still forecast as a significant rebound, an 85 percent increase compared to CY 2014 production estimates due to favorable weather conditions. Fresh table grape production for CY 2014 remained unchanged at 70,000 MT, down by 40 percent from CY2013, as a result of severe frosts in mid and late September 2013 and excess rain during summer, which affected the main grape growing region of San Juan province.

For CY 2015, area planted to apples is expected to decrease to 25,500 hectares, and area planted to pears is forecast to go down to 27,500 hectares. Area planted in CY 2014 remained stable from previous official estimates at 27,000 hectares for apples, and 28,500 hectares for pears. Argentina's economic problems have led to decreased profitability in the sector, resulting in planted area gradually decreasing in the main fresh deciduous fruit growing region of Argentina, i.e. Alto Valle and Valle Medio in the Province of Rio Negro, and in the Province of Neuquen. In addition, land that was traditionally used for apple production in the Province of Mendoza is increasingly being devoted to wine grape production and other more profitable crops.

Smaller fruit producers from Rio Negro and Neuquen, who can no longer face the financial difficulties of the past few years, continue to sell their plantations to larger producers and/or packers/exporters. However, when plantations are in a poor phytosanitary condition or their yields are not good, they are being purchased for real estate projects. Thus, the fruit sector is becoming increasingly concentrated among fewer but larger producers.

About 85 percent of total apple and pear production is produced in Rio Negro and Neuquen Provinces, and the remainder is produced primarily in Valle de Uco, Province of Mendoza. About 35-40 percent of the total production is exported, and 75 percent of non-Mercosur overseas exports are dominated by only five companies. There are approximately 2,600 producers and 60,000 direct-hire employees in the fruit sector of Rio Negro and Neuquen Provinces. (Fifteen years ago, fruit producers totaled approximately 9,000.)

About 90 percent of the total area planted to table grapes is concentrated in the Province of San Juan, Argentina. For CY 2014 and CY 2015, area planted to table grapes is forecast to remain unchanged from official estimates at 10,500 hectares, following latest estimates by the private sector. Area is increasingly being devoted to raisin production, especially the Flame Seedless variety. It is estimated that about 3,000 hectares are planted to that variety in San Juan Province, of which over 95 percent is devoted for raisin production, which is in stark contrast to its historical primary use, namely table grapes.

The cost of production of a kilogram of apples or pears is about $0.35-0.40. It is composed as follows: labor is responsible for 60 percent (40 percent, packing, and 20 percent, production), and the other capital/input/service costs are responsible for 40 percent (energy, fertilization, transportation, packaging, Customs fees, phytosanitary and quality certifications, etc.)

Organics

According to private sources, 10-12 percent of the total production of organic fresh apples and pears produced in Alto Valle of Rio Negro and Neuquen Provinces is certified as organic. This region concentrates 65 percent of the total organic harvested area in the country. Organic 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 2013, organic exports totaled 17,000 MT for apples, compared to 10,500 MT in CY 2012. For pears, organic exports totaled 30,100 MT, compared to 21,300 MT the previous year. The main destinations for both fruit 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 (Pink Lady) and Braeburn apples, and Golden Bosc and Rocha pears. An increasing amount of organic fruit is being destined for the manufacturing of organic juices and specialty food products, such as cereal bars. Exports of organic table grapes are negligible.

Varieties

Two of the primary challenges of the fruit sector are (1) to improve quality to meet the requirements of demanding export markets, and (2) 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. 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 is Granny Smith. During the past few years, a shift towards the Royal Gala variety (bicolor) has occurred, as international markets are demanding fewer red varieties.

Among the most popular pear varieties, William's accounts for about 45 percent of the Argentine total pear production, followed by Packham's Triumph with a 30 percent share. Other varieties are Beurre D'Anjou (10 percent), Red Bartlett (6 percent), Abate Fetel (2 percent), Beurre Bosc, Beurre Giffard, Clapps Favourite, and Red Beurre D'Anjou.

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 Fruit Sector

-- Trade union conflicts over salary increases with Alto Valle fruit harvesters and packing plant operators, including strikes, road blockades and blockage of Customs facilities, continue to affect the Argentine apple and pear sector. Producers also protest on the roads about the continuous loss of competitiveness, and request financial support from the government (during the current season, producers have literally thrown about 80 MT of fruit onto the roads in an attempt to have the government listen to their concerns). Both the Government of Rio Negro Province and the Argentine fruit sector as a whole estimate that without government assistance, national apple and pear production will significantly plummet (See Policy Section – Government Support to Producers).

-- As reported by private sources, conventional CY 2014 fruit production costs increased by about 30 percent for apples and pears and 40 percent for table grapes in dollar values, as a result of increases in labor, energy, ocean freight, and input costs (labor costs account for about 60 percent of total production costs for apples and pears, and 70 percent for table grapes). During the past few years, table grape producers in the Province of San Juan have been increasingly devoting more fruit to raisin, grape juice (wine must), and wine production due to higher production costs and lack of export financing. This trend is expected to continue in CY 2015 and CY 2016.

-- Since 2007 the fruit sector has been losing competitiveness in international markets because of increased costs, lower profitability, and a decrease in labor force. The economic and financial situation got worse year after year with costs that continued to increase and lower income. In addition, the labor force of the fruit sector decreased significantly in the past few years as a result of the crisis affecting the sector. Smaller producers are seriously affected by the overall bad economic situation since large companies tend to produce and market their own fruit, minimizing the volumes of fruit purchased from

smaller producers. This is leading to increased concentration in the sector, with smaller producers selling their plantations for real estate projects or shifting to other more profitable crops, such as alfalfa, corn, and sunflower.

-- High inflation rates of over 20-30 percent during the past few years (with some private sector estimates at 38 percent in CY 2014), an overvalued peso, and increasing production costs, have drastically decreased the competitiveness of the domestic fruit sector in international markets and discouraged domestic and foreign investment. (Although there was a devaluation of the peso of about 20 percent in early 2014, its effect was neutralized by increasing inflation rates). The official exchange rate is 8.92 pesos to the U.S. dollar. However, the unofficial exchange market rate is hovering around 12.70 pesos to the U.S. dollar (current as 05/06/2015).

Consumption:

For CY 2015, apple domestic consumption is forecast to increase to 280,000 MT, compared to official estimates, due to smaller exports and less fruit devoted for processing. Pear consumption is expected to remain unchanged at 110,000 MT, above normal levels of 90,000 MT. For apples, consumption in CY 2014 was slightly revised upwards to 235,700 MT, as a result of lower export volumes. For pears, consumption remained stable at 95,110 MT.

In CY 2015, it is expected that, despite smaller production, high volumes of apples and pears will be destined for the domestic market, instead of overseas markets. As a result of inflation in dollar terms, production costs are expected to continue to go up making fruit exports less competitive in international markets. Annual per capita consumption is estimated at 7-8 kg for apples and between 2-3 kg for pears.

For CY 2015, fresh table grape consumption is forecast to decrease to 108,000 MT from official estimates as a result of a smaller available supply. For CY 2014, consumption decreased to 52,500 MT due to higher than anticipated exports.

Note: Table grape domestic consumption includes grapes reallocated to raisin, grape juice, and wine production. In the PSD table, all three volumes will be included under the "Domestic Consumption" category, increasing it above the normal consumption level.

Only low quality table grapes are destined for the domestic market and, until the industry dedicates extra efforts to develop higher quality varieties domestically, no drastic increase is expected.

The Argentine domestic fruit market is highly concentrated in Buenos Aires City and its 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 channels for the distribution of fresh fruit. (1) Large exporters from Alto Valle use the domestic market as a secondary outlet 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 handle smaller volumes and focus on quality, and their 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 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.

Trade:
CY 2015 fresh apple exports are projected to decrease slightly to 140,000 MT from USDA estimates, and exports are forecast to go down by 21 percent for pears, from 430,000 MT to 340,000 MT. Exports for both types of fruit are being negatively affected by the loss of competitiveness of Argentine companies in export markets**.** CY 2014 apple exports are revised downwards to 144,300 MT, due to larger domestic consumption. Pear exports are revised upwards to 408,700 MT, due to less fruit for processing and because pears are commercially better positioned in export markets than apples. In addition, there are smaller pear stocks in the Northern Hemisphere.

Fresh table grape exports in CY 2015 are forecast to remain unchanged at 22,000, in line with official estimates, down 23,000 MT from normal levels of 45,000 MT. Exporters expected that Russia's import limitations, especially from the EU and the U.S., would present a good opportunity for Argentine table grapes. However, the devaluation of the ruble has decreased Argentina's competitiveness in this export market in the CY 2015 marketing season. For CY 2014, table grapes exports increased from 12,000 MT to 17,500 MT, due to an increase of demand from export markets.

In 2013, Brazil began requiring methyl bromide (MB) treatment for grapes (a treatment that Argentina does not use because it damages the fruit quality), which resulted in a 35 percent decrease in Argentine exports to Brazil. This treatment continues to be required, and negatively affects the quality of grapes. Table grape exports are facing difficulties in some export markets, which have become more demanding in quality terms, due to competition with growing fruit supplies from Peru and Chile. In addition, exporters of all three types of fresh deciduous fruit continue to lose competitiveness in international markets as a result of the local economic and financial crisis and devaluation of domestic currencies in major export destinations.

Fresh Apple Exports – Main Destinations						
Partner Country	**2012**		**2013**		**2014**	
	USD	**MT**	**USD**	**MT**	**USD**	**MT**
World	116,330,113	130,713	155,857,759	162,107	137,331,634	144,241
Brazil	33,581,078	31,066	48,875,278	46,012	52,010,170	49,600
EU	28,092,704	28,965	49,620,364	47,205	37,750,289	34,909
Russia	23,790,605	29,292	19,110,017	21,926	10,927,441	12,935
Algeria	9,096,025	11,590	12,567,125	13,932	8,840,282	10,241
U.S.	4,437,231	4,670	7,802,092	7,783	9,510,522	9,216
Bolivia	3,373,644	6,362	4,621,015	8,279	4,237,874	8,821
Paraguay	1,163,159	4,445	1,280,758	4,944	1,663,792	5,817
Norway	3,933,202	4,408	4,187,767	3,922	4,209,268	4,467
Libya	3,018,385	3,576	2,862,207	3,131	2,137,857	2,574
Bangladesh	1,060,652	1,271	31,360	41	1,055,776	1,303

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

Fresh Pear Exports – Main Destinations						
Partner Country	**2012**		**2013**		**2014**	
	USD	**MT**	**USD**	**MT**	**USD**	**MT**
World	361,908,283	393,865	416,474,223	438,675	379,341,922	408,743
Brazil	158,500,322	159,375	148,006,573	147,374	134,614,447	137,306
Russia	79,887,410	94,798	91,867,896	103,190	77,985,526	93,629
EU	64,972,146	75,825	98,965,797	109,033	81,827,420	90,565
U.S.	27,749,830	31,340	38,626,779	40,684	41,542,120	43,611
Canada	3,989,759	4,335	7,810,962	7,355	10,060,911	9,373
Peru	6,114,400	5,608	4,670,383	4,619	7,142,265	6,970
Algiers	4,552,812	5,469	4,033,971	4,643	4,571,662	5,458
Mexico	2,602,560	2,228	5,127,110	3,899	4,225,987	3,301
United Arab Emirates	1,437	1,618	2,995,663	3,120	2,094,021	2,253
Bolivia	908,582	1,415	930,568	1,386	1,105,874	1,868

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

Fresh Table Grape Exports – Main Destinations			
Partner Country		**2013**	**2014**

	2012					
	USD	**MT**	**USD**	**MT**	**USD**	**MT**
World	68,265,830	43,519	36,311,239	23,254	28,992,966	17,571
EU	31,449,606	18,719	11,560,926	7,366	16,324,848	9,421
Russia	16,184,474	10,555	12,294,311	8,294	5,885,184	3,963
Brazil	13,686,853	8,734	10,428,879	5,732	4,876,197	2,775

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

Currently, Argentina exports apples and pears to about 60 export markets. In CY 2014, Brazil remained the most significant fruit export market for pears (by volume), followed by the EU and Russia. Brazil is a traditional market for Argentine pears, especially in the second semester of the year, as it is not a pear producing country. On March 24, 2015, the Government of Brazil closed the market to Argentine apples and pears due to the detection of Cydia pomonella (Carpocapsa) in Villa Regina, Province of Rio Negro. Findings were detected in fifteen shipments to Brazil. Brazilian phytosanitary inspectors carried out a recent audit in the main apple and pear growing region of the country and both the government and the local fruit sector are awaiting the official results which could trigger the reopening of the Brazilian market.

Exports to the three main fresh deciduous fruit destinations in CY 2014 decreased due to the devaluation of their respective local currencies, the recession of the Russian economy, which decreased local demand for both apples and pears, and subsequently reduced Argentine exporters' competitiveness in those markets. For apples, Brazil became the first export market, leaving the EU in second place, and followed by Russia. Over the past couple of years, Russia had been losing interest in Argentine apples and growing its appetite for European apples, especially from Poland, Moldova, Latvia, and also from Germany and Italy, as they arrive to Russia faster and at more competitive prices than Argentine apples. However, with its current trade limitations, Russia has been looking for other sources of supply. For table grapes, the EU became the primary export destination after replacing Russia, followed by Brazil. Amid volatile export markets, the United States has remained a reliable market for Argentine apples and pears.

During CY 2014, apple and pear exports to Russia decreased by 41 percent and 9 percent, respectively, compared to the previous year, and exports to the EU fell by 26 percent for apples and 17 percent for pears, due to smaller production, more fruit availability in the Northern Hemisphere, and low competitiveness. Exports of table grapes decreased by 55 percent to both Russia and Brazil in CY 2014, due to a lack of competitiveness and the impact of Brazil's MB treatment requirement. During the first quarter of CY 2015, total exports decreased by an average of 30 percent, compared to the previous calendar year, due to the on-going loss of competitiveness by local companies.

During the first part of the year, most apple and pear exports are destined for overseas markets (mainly Europe and the United States) and, during the last part of the year, exports are oriented to Mercosur countries. Traditionally, Brazil has been more flexible than other markets, such as the EU and the

United States, regarding the quality of the fruit they import. However, they are becoming increasingly demanding as an export market, with a willingness to pay higher prices.

The United Kingdom and the United States are traditional markets for Argentine organic apples and pears**.** The U.K. market is projected to remain stable and the U.S. market to continue to grow. In the U.K. there is a broader distribution of organic fruit, while in the United States organic fruit is sold in specialty retail stores. Brazil is also becoming a 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 sometimes sold as conventional fruit.

India has recently opened its market to Argentine apples and pears but, to date, exports have not been significant. In addition, China is currently conducting a technical review in the apple and pear growing region and it is expected that it will conclude with the opening of the Chinese market.

Argentina is a net fruit producing and exporting country. Thus, fresh deciduous fruit imports have traditionally been negligible.

Policy:

Government Support to Producers

The Governments of the Provinces of Rio Negro and Neuquen have traditionally provided financial assistance to the local fruit sector through compensation funds for hail damage, fruit pruning and harvest, fruit for processing which could not be sold and did not have insurance coverage, employers' social security contributions, fuel and agrochemical costs, among other expenses. The funding granted has not traditionally been significant.

For the current season, due to the economic and financial crisis that has been affecting the local fruit sector over the past few years, the national government contributed US$ 7 million, and the governments of Rio Negro and Neuquen Provinces contributed with US$ 6 million each to help producers harvest the fruit which remained unharvested. However, this assistance was still insufficient for the sector to meet production costs.

Import and Export Regulations

Export taxes on fruits and vegetables are relatively low. In 2008 the GOA reduced these taxes by 50 percent. Currently export taxes for fresh deciduous and stone fruit is five percent and for citrus and vegetable are 2.5 percent. Part of Argentina's five percent export tax on apples, pears, and table grapes is rebated to the exporter depending on the size of the container. The fruit industry, through the provincial government, is currently requesting the GOA to suspend or reduce fruit export taxes to overcome the economic crisis affecting them. Moreover, industry continues to request that the GOA pay rebates on a timely basis but, to date, no progress has been made on these issues.

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

Fresh Apples (0808.10) & Pears (0808.30)

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 2.5 Kg. - 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 2.5 Kg. - 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 2.5 Kg. - 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 2.5 Kg. - 20 Kg.	4.05
Cases containing 2.5 Kg. or less	6.00

Source: FAS Buenos Aires based on data from *Tarifar*

Export and Import Restrictions

In 2010, the GOA began implementing an import substitution policy which focused on reducing imports and supporting the domestic production of goods. Under this policy, it has been difficult for producers

to obtain imported inputs, such as agrochemicals, and agricultural machinery and equipment, which necessitated the purchase of locally manufactured products (when available), often at higher costs.

As of January 2014, the EU raised import tariffs on Argentine apples and pears from approximately four percent for apples and five percent for pears, depending on the time of the year that they are exported, to a fixed 7.2 percent rate. This is due to a revision of the Generalized System of Preferences that the EU maintains with several countries and economic blocks, such as Mercosur. As reported by private sources, this measure represents about $0.12/kg that the producer loses to the import tariff increase, which has a more serious impact on his/her competitiveness if compared with the zero tariff paid to export to the EU by all other competing countries.

As of February 2, 2014, and until July 2015, the EU decided to reduce the Maximum Residue Level (MRL) of Diphenylamine and Ethoxyquin for fruit entering its territory. For Diphenylamine, the limit was reduced from 5 mg/kg for apples and 10 mg/kg for pears to 0.1 mg/kg. As of that date, it will be prohibited. For Ethoxyquin, the current MRL is 3 mg/kg. Until recently, both chemical products were being used to treat post-harvest quality problems, such as storage scald, but its usage is increasingly being discontinued to meet EU requirements. (Codex MRL for Diphenylamine is 10 mg/kg for apples, and 5 mg/kg for pears. Codex MRL for Ethoxyquin is 3 mg/kg for pears.)

Phytosanitary Issues

In SENASA Resolution No. 98/2015, dated March 17, 2015, the President of SENASA declared Phytosanitary Emergency due to reiterated Fruit Fly (Ceratitis capitata Wied.) findings in Villa Regina, Province of Rio Negro. SENASA has already implemented the corresponding phytosanitary measures, per SENASA Resolution No. 152/2006, including cold treatment (in transit or at destination) to all shipments originating in the regulated area.

Marketing:

Prices

Overall, fresh fruit FOB prices were high during CY 2013. However, for most fruit companies, the high prices paid were not sufficient to cover costs, which resulted in increased financial difficulties for the local fruit sector. During CY 2014, apple and pear international prices went down, decreasing Argentine exporters' competitiveness, and table grape prices increased, compared with CY 2013.

The following tables show average export prices for CY 2012, 2013, and 2014:

FOB Prices (US$/MT) Fresh Apples			
Month	**2012**	**2013**	**2014**
Jan	1,001	1,094	906
Feb	856	950	909
Mar	862	929	929
Apr	881	1,010	972
May	903	1,009	1,016
Jun	873	975	1,022
Jul	822	932	932
Aug	820	896	929
Sep	835	907	878
Oct	884	883	897
Nov	1,033	896	913
Dec	1,114	936	941
Average	**907**	**951**	**937**

Source: FAS Buenos Aires, based on data from the *Global Trade Atlas*
Note: Exchange Rate: Argentine Pesos 8.87/US$1
Date of Quote: 04/16/2015

FOB Prices (US$/MT) Fresh Pears			
Month	**2012**	**2013**	**2014**
Jan	956	1,010	967
Feb	856	906	897
Mar	867	923	900
Apr	863	911	897
May	884	939	920
Jun	919	962	989
Jul	1,001	1,040	992
Aug	1,016	1,024	965
Sep	1,063	1,033	948
Oct	1,136	1,059	998
Nov	1,267	1,114	1,081
Dec	1,321	1,105	1,126
Average	**1,012**	**1,002**	**973**

Source: FAS Buenos Aires, based on data from the *Global Trade Atlas*
Note: Exchange Rate: Argentine Pesos 8.87/US$1
Date of Quote: 04/16/2015

FOB Prices (US$/MT) Fresh Table Grapes

Month	2012	2013	2014
Jan	1,626	1,525	1,676
Feb	1,494	1,583	1,583
Mar	1,488	1,719	1,582
Apr	1,561	1,544	1,567
May	425	1,360	1,357
Jun	568	953	0
Jul	425	0	0
Aug	0	0	0
Sep	0	0	0
Oct	0	0	0
Nov	0	0	1,341
Dec	1,556	1,729	1,667
Average	**1,143**	**1,487**	**1,539**

Source: FAS Buenos Aires, based on data from the *Global Trade Atlas*
Note: Exchange Rate: Argentine Pesos 8.87/US$1
Date of Quote: 04/16/2015

Retail prices are as follows:

Retail Prices (US$/kg) – April 2015		
	Variety	Price (US$/kg)
Pears	Beurre Bosc	2.25
	William's Premium	2.25
	Abate Fetel	2.25
	D'Anjou	2.25
Apples	Red Delicious (Premium)	3.09
	Red Delicious (Standard)	2.24
	Granny Smith (Premium)	3.04
	Golden Delicious	2.25
	Royal Gala	1.90
Table Grapes	Red Globe	3.37
	Cereza	2.24

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

For fresh organic apples and pears, retail prices may vary between 5-20 percent higher than 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.)									
	2012			2013			2014		
	Apples	Pears	Grapes	Apples	Pears	Grapes	Apples	Pears	Grapes
January	0.93	0.90	0.12	1.08	0.89	1.35	0.94	0.81	0
February	0.88	0.83	0.86	0.92	0.87	1.16	0.91	0.83	0
March	0.93	0.79	0.07	0.95	0.75	1.03	0.83	0.98	0
April	0.90	0.82	1.10	0.92	0.72	1.05	0.83	0.80	0
May	0.92	0.74	1.06	1.01	0.83	1.15	0.98	0.88	0
June	0.96	0.75	1.34	1.05	0.69	1.19	1.01	0.96	0
July	1.01	0.74	1.70	1.05	0.74	1.58	1.21	0.93	0
August	1.12	0.78	2.11	1.05	0.90	2.38	1.21	0.94	0
September	1.17	0.87	4.78	1.11	0.97	0	1.24	0.90	3.68
October	1.10	0.82	4.52	1.01	0.87	0	1.36	0.92	0
November	1.20	0.98	2.01	1.07	0.97	0	1.48	0.97	1.94
December	1.24	1.04	1.73	1.09	1.03	0	1.62	1.00	1.61
Annual Average	**1.03**	**0.84**	**1.78**	**1.03**	**0.85**	**1.36**	**1.14**	**0.91**	**2.41**

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 Market Begin Year Argentina	2012/2013 Jan 2013		2013/2014 Jan 2014		2014/2015 Jan 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	27,500	27,500	27,000	27,000	27,000	25,500
Area Harvested	26,000	26,000	25,500	25,500	25,500	24,000
Bearing Trees	25,000	25,000	24,500	24,500	0	23,100
Non-Bearing Trees	4,300	4,300	4,200	4,200	0	4,000
Total Trees	29,300	29,300	28,700	28,700	0	27,100
Commercial Production	860,000	860,000	630,000	630,000	860,000	640,000
Non-Comm. Production	0	0	0	0	0	0
Production	860,000	860,000	630,000	630,000	860,000	640,000
Imports	0	0	0	0	0	0
Total Supply	860,000	860,000	630,000	630,000	860,000	640,000
Fresh Dom. Consumption	277,900	277,900	230,000	235,700	195,000	280,000
Exports	162,100	162,100	150,000	144,300	145,000	140,000
For Processing	420,000	420,000	250,000	250,000	520,000	220,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	860,000	860,000	630,000	630,000	860,000	640,000
HA, 1000 TREES, MT						

Pears, Fresh Market Begin Year Argentina	2012/2013 Jan 2013		2013/2014 Jan 2014		2014/2015 Jan 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	28,500	28,500	28,500	28,500	28,500	27,500
Area Harvested	27,000	27,000	27,000	27,000	27,000	26,000

Bearing Trees	20,000	20,000	20,000	20,000	20,000	19,300
Non-Bearing Trees	4,000	4,000	4,000	4,000	4,000	3,800
Total Trees	24,000	24,000	24,000	24,000	24,000	23,100
Commercial Production	780,000	780,000	690,000	690,000	820,000	610,000
Non-Comm. Production	0	0	0	0	0	0
Production	780,000	780,000	690,000	690,000	820,000	610,000
Imports	40	40	100	110	100	0
Total Supply	780,040	780,040	690,100	690,110	820,100	610,000
Fresh Dom. Consumption	81,340	81,340	95,100	95,110	110,100	110,000
Exports	438,700	438,700	380,000	408,700	430,000	340,000
For Processing	260,000	260,000	215,000	186,300	280,000	160,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	780,040	780,040	690,100	690,110	820,100	610,000
HA, 1000 TREES, MT						

Grapes, Fresh Market Begin Year	**2012/2013**		**2013/2014**		**2014/2015**	
	Jan 2013		**Jan 2014**		**Jan 2015**	
Argentina	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Planted	8,500	8,500	10,500	10,500	10,500	10,500
Area Harvested	8,300	8,300	10,200	10,200	10,200	10,200
Commercial Production	120,000	120,000	70,000	70,000	140,000	130,000
Non-Comm. Production	0	0	0	0	0	0
Production	120,000	120,000	70,000	70,000	140,000	130,000
Imports	0	0	100	0	0	0
Total Supply	120,000	120,000	70,100	70,000	140,000	130,000
Fresh Dom. Consumption	96,700	96,700	58,100	52,500	118,000	108,000
Exports	23,300	23,300	12,000	17,500	22,000	22,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	120,000	120,000	70,100	70,000	140,000	130,000
HA, MT						