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Fresh Deciduous Fruit Semi-annual

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Report Highlights:
For CY 2012, Post forecasts a decrease in all three types of fresh deciduous fruit to 860,000 MT for apples, 760,000 MT for pears, and 110,000 MT for table grapes, compared to the previous year. Exports are expected to decrease to 180,000 MT, 380,000 MT, and 45,000 MT, respectively. Domestic consumption is projected to fall for apples and table grapes, and remain stable for pears.

Executive Summary:

Argentina's CY 2012 apple, pear, and table grape production is forecast to decrease to 860,000 MT, 760,000 MT, and 110,000 MT, respectively, due to unfavorable weather conditions, compared to CY 2011 and, in the case of apples and pears, as a result of the remaining effects of ash pollution from the eruption of Puyehue volcano in Chile. Exports are estimated to decrease to 180,000 MT for apples, 380,000 MT for pears, and 45,000 MT for table grapes, due to smaller production, more fruit availability in Northern Hemisphere competing countries, the economic crisis affecting export markets, such as the EU, and lower competitiveness of local fruit companies in foreign markets due to high costs. Domestic consumption is expected to decrease to 270,000 MT for apples and 65,000 MT for table grapes, and remain stable at 120,000 MT for pears, compared to the previous year.

Commodities:

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

Production:

Production and Area

CY 2012 fresh apple production is forecast to increase slightly to 860,000 MT and pear production is estimated to decrease to 760,000 MT from previous USDA official estimates. Production for both fruit is expected to decrease substantially, compared to CY 2011, as a result of unfavorable weather conditions, primarily hail storms during harvest, which affected fruit volumes and quality. Bee mortality, which prevented regular pollination as a result of ash contamination from the eruption of Puyehue volcano in Chile, also contributed to decrease production primarily in the Red Delicious variety and clones. In addition, the harvest was delayed as a consequence of small fruit size resulting from high temperatures, excess rain and strong winds, which affected seed formation. Fresh table grape production is estimated to decrease to 110,000 MT due to late frosts during springtime.

CY 2011 fresh apple production increased to 1.06 million MT, compared to previous official estimates, due to favorable weather conditions during the growing season of CY 2010 resulting in higher yields, and new plantations entering production. Fresh pear production decreased slightly to 830,000 MT as yields were lower than expected. The fruit quality was very good, both in size and color. Fresh table grape production decreased to 142,000 MT from previous USDA estimates. Although there was more rain than average, yields were high and the fruit quality was very good.

Apple juice concentrate (AJC) production in CY 2012 is expected to decrease to 53,000 MT, compared to CY 2011, due to smaller fruit supply for processing. AJC production in CY 2011 rebounded to 65,000 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.

Concentrated Apple Juice			
	CY 2010	CY 2011	CY 2012
Production	32,000	65,000	53,000
Exports	30,459	61,038	50,000
Imports	1,388	532	0
Domestic Consumption	3,000	3,500	3,200

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 35-40 percent of the total production is exported, and 70 percent of non-Mercosur overseas exports are dominated by only 5 companies. However, those firms concentrate about 20 percent of the domestic market and 25 percent of exports to Brazil. There are about 2,500 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 2011, organic exports totaled 17,734 MT for apples, compared to 24,000 MT in CY 2010, and 26,489 MT for pears, compared to 15,000 MT the previous year. 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, William's accounts for 45 percent of the Argentine total 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 2011 and 2012, 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 past 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. For the current season, the fruit sector obtained an additional salary increase of 12 percent, added to another increase in June 2011 of 10 percent.

-- According to private sources, in CY 2012, conventional fruit production costs increased by about 15 percent in dollar value, 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 $0.29 (apples) and $0.35 (pears), and exporters paid to the producer between $0.15-0.22 (the juice industry paid $0.11-0.15 for fruit for processing). As a result of the steep cost increase, some fruit was not harvested in CY 2011.

In addition, packers and exporters tend to produce and market their own fruit, minimizing the volumes of fruit purchased from smaller producers. This also affects larger companies, who are producers, packers, and exporters, who are becoming less competitive in the international market. Private sources forecast that, during the past 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 the current season, the situation worsened with costs that continue to increase and lower

income. Private sources estimate that the labor force of the fruit sector decreased by about 800-1,000 workers (from a total of 3,000), compared to the previous season as a result of the crisis affecting the sector.

-- High inflation rates of over 20 percent during the past few years, and estimated between 25 and 28 percent for CY 2012, decreased the competitiveness of the local fruit sector and discourage domestic and foreign investment.

Consumption:

Domestic consumption in CY 2012 is projected to remain stable at 270,000 MT for fresh apples, and it is expected to increase to 120,000 MT for fresh pears, compared to previous USDA estimates 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, 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 65,000 MT due to smaller production.

Domestic consumption of fresh apples in CY 2011 decreased slightly to 326,674 MT for apples, compared to the latest USDA official estimates, as a result of larger exports and more fruit devoted for processing. Fresh pear consumption increased slightly to 120,346 MT due to smaller exports and less fruit for processing. Table grape consumption increased to almost 86,000 MT, compared to previous estimates. However, consumption decreased from CY 2010, as a result of larger exports. 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 3,200 MT due to smaller production. In CY 2011, consumption increased to 3,500, compared to the previous year, as a result of larger production and the sustained expansion of the beverage industry.

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 180,000 MT for apples, and 380,000 MT for pears, compared to previous USDA official estimates, as a result of smaller production, more fruit availability in Northern Hemisphere competing countries, the economic crisis affecting significant export markets, such as the EU, and lower competitiveness of local fruit companies in international markets. Table grape exports are estimated to decrease to 45,000 MT due to reduced production. In addition, if import restrictions established by the Government of Brazil (GOB) are not lifted (see Policy Section), table grape producers will probably devote more fruit to raisin production in the following marketing season.

CY 2011 fresh apple exports increased slightly to 233,393 MT, compared to official estimates, as a result of larger production than expected, and fresh pear exports were revised down to 469,676 MT due to smaller production and larger domestic consumption. Table grape exports decreased to 56,417 MT, compared to CY 2010, as a result of smaller production and larger domestic consumption. Table grape exports are facing difficulties in some export markets, which have become more demanding in quality terms, due to competition with increasing fruit supply from Peru and Chile.

CY 2012 AJC exports are estimated to decrease to 50,000 MT as a result of smaller production and lower volumes of fruit for processing than the previous year. CY 2011 exports rebounded to 61,038 MT, compared to CY 2010, 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.

Fresh Apples Exports – Main Destinations

Partner Country	2009		2010		2011	
	USD	MT	USD	MT	USD	MT
World	146,351,724	207,195	139,040,600	178,825	188,443,0911	233,393
Brazil	37,297,717	50,646	39,626,154	48,778	63,805,115	73,781
EU	43,688,352	57,300	40,369,874	48,181	44,633,320	50,269
Russia	27,153,382	41,843	22,523,866	30,553	45,122,926	59,146
Algeria	23,956,896	34,588	15,395,645	20,064	15,222,443	20,415
Bolivia	2,284,841	5,290	3,043,088	6,055	3,542,661	6,594
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

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

Fresh Pears Exports – Main Destinations

Partner Country	2009		2010		2011	
	USD	MT	USD	MT	USD	MT
World	338,888,198	454,176	332,821,105	418,116	409,125,672	469,676
Brazil	101,985,818	132,485	121,356,135	152,368	136,739,877	148,824
EU	117,149,761	160,146	89,446,546	112,347	121,968,313	141,246
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		2011	
	USD	MT	USD	MT	USD	MT

World	58,949,466	46,265	71,090,071	50,142	83,438,481	56,417
EU	35,649,619	26,386	34,019,760	22,931	35,887,372	23,206
Russia	11,899,382	9,297	16,096,890	11,341	22,363,473	15,198
Brazil	8,123,176	7,502	15,950,412	11,580	19,875,477	13,497

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

Apple Juice Concentrate Exports – Main destinations

Partner Country	2009		2010		2011	
	USD	MT	USD	MT	USD	MT
World	41,412,014	42,182	32,285,295	30,459	103,725,464	61,038
U.S.	39,631,846	40,886	28,286,727	26,840	98,346,723	57,789
EU	279,837	237	3,035,516	2,761	1,981,347	1,300
South Africa	0	0	0	0	1,000,742	589
Trinidad & Tobago	359,021	393	403,389	427	664,402	464
Mexico	0	0	0	0	554,314	262
Uruguay	96,313	71	109,063	97	305,146	170
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 2011, Brazil remained the most significant fruit export market (by volume and value), followed by the EU. This was 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 23,206 MT and $35.9 million, followed by Russia (by volume and value). In CY 2011, the U.S. accounted for almost 95 percent of total AJC exports.

During the first part of the year, most apple and pear exports are usually devoted for overseas markets and, during the last part of the year, exports are oriented to Mercosur countries. During January-March 2012, exports of both apples and pears decreased by 30 percent, compared to the same period in 2011. There were two main factors that caused such decrease, namely, relatively high prices of local supply to cover increased costs, which some of the main export markets were not ready to pay, and smaller volumes of fruit for export, whose quality was affected by summer hail storms.

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 Paraguay, Uruguay, Peru, Colombia, and Venezuela. In CY 2011, exports to some 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 over 90 percent of total exports. In CY 2011, the U.S. share of Argentina's AJC exports rebound to 95 percent from the previous year, when it decreased to 88 percent 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 2011, Argentina imported 67 MT of apples from Chile, down from 2,396 MT in CY 2010; 22 MT of pears from Brazil, down from 60 MT the previous year; 397 MT of table grapes from Brazil and Chile, compared to 756 MT in CY 2010; and 532 MT of AJC from Chile and Brazil, from 1,388 MT in CY 2010. During CY 2011, imports of the three types of fruit and AJC decreased significantly, compared with the same period of CY 2010, due to larger local supply and government food import restrictions (see Policy section).

Policy:

Government Support to Producers

The government support programs for small and medium-size producers are 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 2010/2011 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 **iners of 1 liter or less**	5.00 6.00
Within the Mercosur Area	
Import tariff (%)	0.00
Export tax (%)	5.00
Export Rebate (%) Containers larger than 1 liter **iners of 1 liter or less**	5.00 6.00

Source: FAS Buenos Aires based on data from Tarifar

Export and Import Restrictions

As of February 2012, the GOA has established new trade restrictions affecting all imports. Although fresh apple and pear imports have traditionally been small, these policies have decreased imports significantly. Some of these policies require preapproval for imports weeks before beginning the importation process. Additional obstacles include the imposition of strict limits on foreign exchange transactions and restrictions against the payment of dividends and repatriation of profits, more widespread usage of non-automatic import licenses, and difficulties in obtaining certificates of country-of-origin for products to be imported. While part of the goal of these regulations is to protect Argentine industries, another motive is a desire to increase Central Bank dollar reserves. Under this scenario, it has been difficult for producers to obtain imported inputs, such as agrochemicals, and they were forced to purchase locally manufactured inputs at higher costs.

In mid May 2012, the GOB suspended automatic import licenses for a few Argentine fresh products, including apples, pears, table grapes, plums, wine, potatoes, wheat flour, and cheese. As a result, an import license for these products must be requested in advance, and it can take up to 60 days for approval (currently, exports under non-automatic import licenses account for about 70 percent of total Argentine exports to Brazil). This measure is expected to impact seriously in the local fruit sector with fruit oversupply exceeding the local processing capacity, and especially considering that Brazil is the primary export destination for Argentine apples and pears in the second semester of the year. In addition, a couple of months earlier, the GOB had prohibited fresh table grape and raisin imports from Argentina due to the detection of *Brevipalpus chilensis* in a shipment to Brazil (Brazil accounts for over 30 percent of Argentine total table grape exports).

Phytosanitary Issues

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 the 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.

Chinese authorities continue to require methyl bromide treatment for apples and pears, effectively keeping them out of the market as it 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 2011. However, they were not sufficient to cover costs, which resulted in increased financial difficulties for the local fruit sector. Average FOB prices of fresh apples, pears, and table grapes exceeded prices of CY 2010. For AJC, prices were significantly higher in CY 2011, compared to the previous year. In CY 2012, AJC prices are expected to remain relatively high due to smaller production in the main apple producing countries, and smaller stocks expected in China.

In CY 2012, smaller fruit volumes are projected to be exported to the primary markets for Argentine fruit, such as the EU, the U.S., and Russia (accounting for roughly 75 percent of total apple and pear exports), since so far the prices paid by those markets have remained lower than domestic costs.

The following tables show average export prices for CY 2009-2011:

FOB Prices ($/MT) Fresh Apples			
Month	**2009**	**2010**	**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	780
Sep	659	708	803
Oct	681	704	811
Nov	692	700	882
Dec	750	759	930
Average	703	760	810
Exchange rate	4.43	Local currency/US$1	
Date of Quote	05/10/2012		

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

FOB Prices ($/MT) Fresh Pears			
Month	**2009**	**2010**	**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	966
Sep	861	796	1,017
Oct	899	800	1,087
Nov	989	793	1,314
Dec	1,031	835	1,439
Average	818	806	991
Exchange rate	4.43	Local currency/US$1	
Date of Quote	05/10/2012		

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

FOB Prices ($/MT) Fresh Table Grapes			
Month	**2009**	**2010**	**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	500
Oct	0	500	500
Nov	1,829	500	0
Dec	1,581	1,547	1,724
Average	1,333	1,131	1,268
Exchange rate	4.43	Local currency/US$1	
Date of Quote	05/10/2012		

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	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	1,746
Oct	1,135	1,012	1,736
Nov	854	1,053	1,777
Dec	843	1,233	1,948
Average	1,082	1,097	1,668
Exchange rate	4.43	Local currency/US$1	
Date of Quote	05/10/2012		

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

Retail Prices (US$/kg) – May 2012		
	Variety	Price (US$/kg)
Pears	Packham's Triumph (Premium)	2.39
	Packham's Triumph (Standard)	1.91
	William's (Premium)	2.71
	Beurre Bosc	2.39
	Abate Fetel	1.45
Apples	Red Delicious (Premium)	3.16
	Red Delicious (Standard)	2.03
	Granny Smith (Premium)	2.93
	Granny Smith (Standard)	2.63
	Rome Beauty	2.26
Table Grapes	Red Globe (Premium)	4.29
	Superior Seedless (Premium)	3.12

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

Retail prices for fresh organic apples and pears may vary between 5-40 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			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	0.77	0.72	5.98
November	0.77	0.91	0	0.80	0.74	3.85	0.84	0.85	0
December	0.78	0.92	0	0.86	0.72	0	0.93	1.01	1.63
Annual Average	**0.63**	**0.61**	**0.54**	**0.76**	**0.72**	**1.93**	**0.74**	**0.64**	**2.03**

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 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30,000	30,000	30,000	30,000	0	30,000
Area Harvested	28,000	28,000	28,000	28,000	0	28,000
Bearing Trees	27,000	27,000	27,000	27,000	0	27,000
Non-Bearing Trees	5,000	5,000	5,000	5,000	0	5,000
Total Trees	32,000	32,000	32,000	32,000	0	32,000
Commercial Production	830,000	830,000	1,040,000	1,060,000	850,000	860,000
Non-Comm. Production	0	0	0	0	0	0
Production	830,000	830,000	1,040,000	1,060,000	850,000	860,000
Imports	2,396	2,396	410	67	1,000	0
Total Supply	832,396	832,396	1,040,410	1,060,067	851,000	860,000
Fresh Dom. Consumption	273,571	273,571	328,140	326,674	271,000	270,000
Exports	178,825	178,825	222,270	233,393	230,000	180,000
For Processing	380,000	380,000	490,000	500,000	350,000	410,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	832,396	832,396	1,040,410	1,060,067	851,000	860,000
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 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	28,000	28,000	28,000	28,000	0	28,000
Area Harvested	26,000	26,000	26,000	26,000	0	26,000
Bearing Trees	19,000	19,000	19,000	19,000	0	19,000
Non-Bearing Trees	4,000	4,000	4,000	4,000	0	4,000
Total Trees	23,000	23,000	23,000	23,000	0	23,000
Commercial Production	650,000	650,000	840,000	830,000	870,000	760,000

Non-Comm. Production	0	0	0	0	0	0
Production	650,000	650,000	840,000	830,000	870,000	760,000
Imports	193	193	320	22	400	0
Total Supply	650,193	650,193	840,320	830,022	870,400	760,000
Fresh Dom. Consumption	62,077	62,077	110,320	120,346	100,400	120,000
Exports	418,116	418,116	480,000	469,676	500,000	380,000
For Processing	170,000	170,000	250,000	240,000	270,000	260,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	650,193	650,193	840,320	830,022	870,400	760,000
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 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	10,000	10,000	10,000	10,000	0	10,000
Area Harvested	9,500	9,500	9,500	9,500	0	9,500
Commercial Production	140,000	140,000	145,000	142,000	130,000	110,000
Non-Comm. Production	0	0	0	0	0	0
Production	140,000	140,000	145,000	142,000	130,000	110,000
Imports	755	755	500	397	500	0
Total Supply	140,755	140,755	145,500	142,397	130,500	110,000
Fresh Dom. Consumption	90,612	90,612	80,000	85,980	65,500	65,000
Exports	50,143	50,143	65,500	56,417	65,000	45,000
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	140,755	140,755	145,500	142,397	130,500	110,000
HA, MT						