Required Report - public distribution

Date: 10/25/2013
GAIN Report Number:

Argentina

Fresh Deciduous Fruit Annual

2013

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Report Highlights:
For calendar year (CY) 2014, Post forecasts an increase in production and exports of apples and pears compared to the previous year. Domestic consumption of apples is also expected to increase, while pear consumption should remain stable. Frost in the main table grape growing region will cause production to decrease nearly 50 percent in CY 2014. In turn both exports and domestic consumption will fall. Production and consumption data is sourced through on the ground travel by Post analysts and interviews with both industry and government officials. In addition, data from the International Pear Conference held in Argentina in September 2013 was sourced.

Executive Summary:

Calendar year (CY) 2014 fresh apple and pear production is estimated to increase to 990,000 metric tons (MT) and 820,000 MT, respectively, compared to the previous year, due to good weather conditions which favored yields. Post forecasts a decrease of table grape production by almost half to 75,000 MT as a result of severe frosts. Both apple and pear exports are expected to increase to 190,000 MT and 460,000 MT, respectively, despite forecasts of large fruit supply in the Northern Hemisphere, as a result of larger production and strong international demand, especially for pears. Table grape exports are forecast to decrease to 20,000 MT due to smaller production. Domestic consumption is estimated to increase for apples to 300,000 MT as a result of larger production, and pear consumption is expected to remain stable at 110,000 MT. A significant decrease in table grape consumption is forecast from 118,000 MT in CY 2013 to 55,000 MT in CY 2014, as a result of a steep decrease in production.

Commodities:

Apples, Fresh
Pears, Fresh
Grapes, Table, Fresh

Production:

Production and Area

Calendar year (CY) 2014 fresh apple and pear production is estimated to rebound to relatively normal levels of 990,000 metric tons (MT) and 820,000 MT, respectively, due to favorable weather conditions which resulted in improved yields. However, production is projected to be slightly smaller than in CY 2011, which was a very good season, as pruning and other tasks are not being carried out appropriately, due to financial difficulties that producers are facing, and this might affect fruit volumes and qualities in the upcoming season. Table grape production is forecast to decrease almost by half from the previous year to 75,000 MT as a result of severe frosts in mid and late September 2013, which affected the main grape growing region of San Juan province.

CY 2013 fresh apple and pear production is estimated to remain constant at 910,000 MT and 780,000 MT, to USDA official estimates. Production was smaller than initially expected due to an intense hail storm which affected 8,000 hectares in the Alto Valle of Rio Negro Province in early March 2013. Between 80,000-100,000 MT of fruit were damaged, primarily apples, of which 50 percent will be devoted for processing, and the balance will be lost. The hail storm did not affect pears as much since the harvest was almost complete when the storm occurred. Table grape production is projected to remain unchanged from previous USDA estimates at 141,000 MT. It is expected to increase compared to the previous year due to favorable weather conditions, which favored yields. CY 2012 fresh apple, pear, and table grape production remained stable at 860,000 MT, 760,000 MT, and 110,000 MT, respectively, compared to latest USDA estimates.

For CY 2012, area planted to apples is revised down from 30,000 hectares to 29,000 hectares, compared to USDA estimates and according to estimates from the private sector. In CY 2013 and 2014 area is expected to continue to decrease to 28,600 hectares and 28,200 hectares, respectively, due to the economic and financial crisis affecting the main fresh deciduous fruit growing region of Argentina, Alto Valle and Valle Medio in the Province of Rio Negro, and also because 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, are selling 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 in fewer larger producers, but fruit production is not expected to decrease as the sector is forecast to become more efficient.

For CY 2014, area planted to pears is forecast to remain stable at 28,200 hectares, compared to the previous year. For CY 2013, area was revised down from 28,500 hectares to 28,200 hectares, as a result of latest estimate revisions. A decrease in area planted to pears is not expected in the near future, as international prices have been high for pears in the past few years and there continues to be strong demand for Argentine pears in international markets.

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 75 percent of non-Mercosur overseas exports are dominated by only 5 companies. There are about 2,300 producers and 60,000 workers in the fruit sector of Rio Negro and Neuquen Provinces.

About 90 percent of the total area planted to table grapes is concentrated in the Province of San Juan, Argentina. For CY 2014, area planted to table grapes is estimated to remain stable at 8,500 hectares from the previous year. In 2013, area is expected to remain unchanged at 8,500 hectares from previous estimates. It decreased from 9,000 hectares the previous year as a result of more area 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 about 95 percent is devoted to raisin production (most of this variety used to be devoted for table grapes).

The cost of production of a kilogram of apples or pears is about USD0.35. It is composed as follows:

Labor, 50 percent (35 percent, packing and 15 percent, production),
and the remaining 50 percent (energy, fertilization, transportation, packaging, Customs fees, pytosanitary and quality certifications, etc.)

Organics

According to private sources, between 8-10 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 2012, organic exports totaled 10,548 MT for apples, compared to 17,734 MT in CY 2011, and 21,353 MT for pears, compared to 26,489 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. 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, although in the current season a higher percentage of organic pears were sold as organic. 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. 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. 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 about 40 percent of the Argentine total pear production followed by Packham's Triumph. Other varieties are: Beurre D'Anjou, Abate Fetel, Red Bartlett, Beurre Bosc, Red Anjou, Conference, General Leclerc, and Forelle. 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 harvesters and packing plant operators started in early 2011 and have continued throughout 2011, 2012, and 2013, including strikes and road blockades. 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 (similar to increases given in the past few seasons which were close to annual inflation rates), significantly increasing labor costs for the sector. For CY 2013 season, the salary increase agreed upon with the fruit sector was 25 percent. Producers also protested on the roads about the continuous loss of competitiveness, and requested financial support from the government.

-- As reported by private sources, in CY 2013, conventional fruit production costs increased by about 25 percent in dollar value, 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). Table grape producers in the Province of San Juan have devoted more fruit to raisin and wine production in the current marketing season due to high costs and lack of financing for exports.

--Apple and pear production costs in dollar terms have doubled in the past six years while export prices only increased between 35- 50 percent, depending on the variety, as reported by the Argentine Chamber of Integrated Fruit Producers (CAFI, in Spanish).

--Since 2007 the fruit sector has been losing competitiveness in international markets because of increased costs, lower profitability, and decreased labor force. The economic and financial situation got worse year after year with costs that continued to increase and lower income. Private sources estimate that the labor force of the fruit sector decreased by about 3,100 workers in the past three seasons as a result of the crisis affecting the sector. Small companies are seriously affected by this 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 20-25 percent during the past few years, an overvalued peso, , and increasing production costs, has drastically decreased the competitiveness of the domestic fruit sector in international markets and discouraged domestic and foreign investment. The official exchange rate is 5.8 pesos to the USD. However, the black market rate is hovering around 10 pesos to the USD.

Consumption:

Domestic apple consumption in CY 2014 is estimated to increase to 300,000 MT, compared to CY 2013, due to an increase in production. Domestic pear consumption is expected to remain stable at 110,000 MT, despite increased production. , Table grape consumption is forecast to decrease substantially from 118,000 MT in CY 2013 to 55,000 MT in CY 2014 due to smaller production., given the affects of the frost during the growing season. Annual per capita consumption is estimated at 7-8 kg for apples and between 3-3.5 kg for pears. The overall trend is a slight decrease of apple domestic consumption and a gradual increase of pear consumption.

For CY 2013 It is estimated that, overall, higher volumes of fruit, especially apples and table grapes, will be devoted for the domestic market, in detriment of overseas markets, due to the inflation in dollar terms in Argentina. Consequently, production costs are expected to continue to go up making fruit exports less competitive in international markets. Domestic consumption in CY 2013 is forecast to increase for apples to 280,000 MT, 35,000 MT above USDA estimates as a result of smaller exports than previously estimated and less fruit devoted for processing. Pear consumption is estimated to increase to 110,000 MT, up 59,900 MT from official estimates, due to smaller exports and less fruit for processing. Table grape consumption is expected to increase to 118,000 MT due to smaller exports. (Note: table grape domestic consumption includes grapes

reallocated to raisin and wine production. In the PSD table, both volumes will be included under the "Domestic Consumption" category, increasing it above the normal consumption level).

Domestic consumption in CY 2012 remained stable from USDA official estimates at 279,337 MT for apples, and at 66,650 MT for table grapes. Consumption was increased for pears from 86,200 MT to 110,200 MT as a result of less fruit for processing.

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 is expected. Consumption of organic apples and pears is gradually growing in the domestic market, especially through upscale supermarket distribution channels.

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: (1) Large exporters from Alto Valle, which 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, 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 2014 exports are estimated to increase from the previous year to 190,000 MT for apples and 460,000 MT for pears as a result of larger production. For table grapes, exports are expected to decrease to 20,000 MT due to smaller production.

CY 2013 apple and pear exports are projected to decrease down from 160,000 MT to 150,000 MT (for apples) and from 470,000 MT to 450,000 MT (for pears), from USDA estimates, as a result of larger domestic consumption. Exports of both fruit increased from the previous year as a result of less fruit supply in Northern Hemisphere countries, and also due to high prices paid by export markets during the first quarter of CY 2013, especially countries in Northern Europe. Export prices remained high throughout the rest of the export season. In addition, local apple exports benefited from the strike carried out by Chilean terminal port workers from March 16 through April 7, which virtually stopped Chilean exports of fruit, wine, and copper to international markets. Table grape exports are estimated to decrease to 23,000 MT, compared to official estimates, due to lack of competitiveness of the local fruit sector in the international market. In 2013, Brazil began requiring bromide treatment for grapes, which decreased Argentine exports to Brazil by 50 percent and continues to have a negative effect on trade in 2014. (Brazil accounts for 30 percent of Argentina's total table grape exports).

CY 2012 exports totaled 130,713 MT for apples, slightly above USDA official estimates. Exports for both fruit decreased significantly from CY 2011 as a result of smaller production and lower competitiveness of local fruit companies in international markets due to the economic crisis affecting the Argentine fruit sector as the inflation in dollar terms makes fruit exports less profitable. Another important factor negatively affecting exports is Brazil's non-automatic import licenses (see Policy section). CY 2012 pear exports remained stable at 393,811 MT from latest official estimates. Table grape exports remained stable from official estimates at 43,500 MT. 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.

Fresh Apple Exports – Main Destinations						
Partner Country	2011		2012		Jan-Aug 2013	
	USD	MT	USD	MT	USD	MT
World	188,443,0911	233,393	116,330,113	130,713	129,361,110	132,862
Brazil	63,805,115	73,781	33,581,078	31,066	25,813,286	23,462
Russia	45,122,926	59,146	23,790,605	29,292	19,110,017	21,926
EU	44,633,320	50,269	28,092,704	28,965	49,598,468	47,186
Algeria	15,222,443	20,415	9,096,025	11,590	12,567,125	13,932
Bolivia	3,542,661	6,594	3,373,644	6,362	2,831,420	4,969
U.S.	3,411,593	4,495	4,437,231	4,670	7,802,092	7,783
Paraguay	1,232,953	5,019	1,163,159	4,445	703,254	2,718
Norway	5,132,649	5,774	3,933,202	4,408	4,187,767	3,922
Libya	219,912	296	3,018,385	3,576	2,862,207	3,131
Canada	93,772	100	119,028	115	1,556,134	1,433

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

Fresh Pear Exports – Main Destinations						
Partner Country	2011		2012		Jan-Aug 2013	
	USD	MT	USD	MT	USD	MT
World	409,125,672	469,676	361,908,283	393,865	374,225,724	399,246
Brazil	136,739,877	148,824	158,500,322	159,375	113,116,589	114,391
Russia	85,022,758	106,280	79,887,410	94,798	91,867,896	103,190
EU	121,968,313	141,246	64,972,146	75,825	98,882,161	108,929
U.S.	32,992,768	38,830	27,749,830	31,340	38,626,779	40,684
Peru	0	0	6,114,400	5,608	1,828,917	1,920
Algiers	3,611,187	4,442	4,552,812	5,469	4,033,971	4,643
Canada	5,448,048	6,044	3,989,759	4,335	7,810,962	7,355
Mexico	7,472,333	6,752	2,602,560	2,228	5,127,110	3,899
United Arab Emirates	0	0	1,437	1,618	2,995,663	3,120
Libya	0	0	779,639	864	1,749,313	1,742

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

Fresh Table Grape Exports – Main Destinations			
Partner Country	2011	2012	Jan-Aug 2013

	USD	MT	USD	MT	USD	MT
World	83,438,481	56,417	68,265,830	43,519	34,341,747	22,115
EU	35,887,372	23,206	31,449,606	18,719	10,444,514	6,723
Russia	22,363,473	15,198	16,184,474	10,555	11,441,231	7,797
Brazil	19,875,477	13,497	13,686,853	8,734	10,428,879	5,732

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

Currently, over 70 markets are open to Argentine apples and pears. In CY 2012, Brazil remained the most significant fruit export market for apples and pears (by volume), followed by Russia and the EU. This was primarily due to the relatively high value of the real, compared to the dollar. During January-August, 2013, those same markets continued to be the leading export destinations for Argentine pears. However, for apples, the EU became the first export market, followed by Brazil, and leaving Russia in the third place. Since the past couple of years, Russia has been losing interest in Argentine apples in favor of European apples, especially from Poland but also from Germany and Italy, as they arrive to Russia faster and at more competitive prices than Argentine apples (in CY 2011, Russia imported from Argentina 59,146 MT of apples, compared to 29,292 MT in 2012). The primary export destination for table grapes was the EU, followed by Russia.

During the first part of the year, most apple and pear exports are devoted for overseas markets (mainly Europe and the U.S.) 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 U.S., regarding the quality of the fruit they import. However, they are becoming increasingly demanding as an export market.

The U.K. and the U.S. are traditional markets for Argentine organic apples and pears. In the U.K. there is a broader 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 sometimes sold as conventional fruit.

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

Policy:

Government Support to Producers

During the first quarter of CY 2013, the Government of the Province of Rio Negro finalized the distribution of a $17 million Compensation Fund, which was assigned to the fruit sector in CY 2012, as follows:

- Compensation for hail damage ($3.75 million)
- Compensation for fruit pruning ($415/hectare)
- Compensation for fruit for processing which could not be sold and did not have insurance coverage ($1.55 million).

Throughout CY 2013 to date, the Government of the Province of Rio Negro has been assisting producers through the implementation of the following measures:

- Compensation Fund to overcome the effects of hail damage ($1.16 million).

- Compensation of employer's social security contributions ($0.45 million) for producers who paid January contributions on time. The government pays $11/daily wage.
- Compensation of employer's social security contributions ($0.52 million) for producers who paid February contributions on time, and January contributions out of time.

In addition, the National Government has allotted $5.8 million to create a Fruit Plan with the following primary goal: foster a competitive fruit sector with social equity, that supplies the national and international market with high quality fruit standards, provides the producer with reasonable profitability, and generates employment opportunities.

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.

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. 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. As of date, this program has not yielded the results anticipated.

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

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 5 percent and for citrus and vegetable are 2.5 percent. 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. 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, 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 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

Export and Import Restrictions

Starting in April 2010, the Argentine government has focused on discouraging imports of food products, particularly those that compete with local production. Although fresh apple and pear imports have traditionally been small, these policies have decreased imports. The government has used it control over the issuance of "certificates of free circulation" by the food regulatory agency INAL to delay imports and force importers to commit to export an equal amount. It has also used its control of non-automatic import licenses on consumer goods (non-agricultural) to press supermarkets to replace imported products with locally produced food products. In March 2011, the GoA directed the major supermarkets to present by the end of the month plans for replacing all imported food products. Importers reportedly need to meet with Secretary of Commerce Moreno and promise to export for the same value as they import in order to obtain the certificate of free circulation.

Last year the GoA raised tariffs on up to 100 product groups, the GoA significantly stepped up its controls on imports. Measures companies must comply with include requesting preapproval for an import 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, and difficulties in obtaining certificates of country-of-origin for products to be imported. 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 early May 2012, as a retaliation measure to Argentine import restrictions, the Government of Brazil (GOB) suspended automatic import licenses for a few Argentine fresh products, including apples, pears, table grapes, plums, wine, potatoes, wheat flour, and cheese, and in early June, an additional phytosanitary authorization was requested for Argentine apples, pears, quinces, and lemons entering Brazil. As a result, an import license for these products must be requested in advance. This measure has impacted 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. Private sources reported that, during May-September 2012, apple and pears exports to Brazil decreased by 50-60 percent.

Currently, pear and table grape exports are not being delayed, although table grape exports must undergo bromide treatment. However, the approval of import licenses for apples is still taking about 20 days. The request for a phytosanitary authorization was lifted.

Phytosanitary Issues

Argentina has been negotiating access to China for apples and pears for several years. Although China would allow imports from Argentina, they require methyl bromide treatment. Argentina does not treat with this chemical because it reduces fruit quality. Therefore, the fruit is kept out of the market. In addition, China does not recognize the Rio Negro and Neuquen area as free of fruit fly, where the majority of apples and pears are produced. Negotiations are on-going to work on these issues.

Marketing:

Prices

Overall, fresh fruit FOB prices were historically high during CY 2011, they were higher in CY 2012, and they continued to increase throughout CY 2013 (except table grapes prices, which fell by approximately 70% by the end of the CY 2012) due to less fruit supply in the Northern Hemisphere. However, for most companies, the high prices were not sufficient to cover costs, which resulted in increased financial difficulties for the local fruit sector.

The following tables show average export prices for CY 2010, 2011, and 2012:

FOB Prices ($/MT) Fresh Apples			
Month	**2011**	**2012**	**Jan-Aug 2013**
Jan	745	1,001	1,094
Feb	809	856	950
Mar	780	862	929
Apr	805	881	1,010
May	840	903	1,009
Jun	779	873	975
Jul	750	822	932
Aug	782	820	900
Sep	803	835	n/a
Oct	811	884	n/a
Nov	882	1,033	n/a
Dec	930	1,114	n/a
Average	810	907	n/a
Exchange rate	5.83	Local currency/US$1	
Date of Quote	10/15/2013		

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

FOB Prices ($/MT) Fresh Pears			
Month	**2011**	**2012**	**Jan-Aug 2013**
Jan	830	956	1,010
Feb	835	856	906
Mar	831	867	923
Apr	830	863	911
May	850	884	939
Jun	903	919	962
Jul	990	1,001	1,040
Aug	966	1,016	1,026
Sep	1,017	1,063	n/a
Oct	1,087	1,136	n/a
Nov	1,314	1,267	n/a
Dec	1,439	1,321	n/a
Average	991	1,012	n/a
Exchange rate	5.83	Local currency/US$1	
Date of Quote	10/15/2013		

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

FOB Prices ($/MT) Fresh Table Grapes			
Month	**2011**	**2012**	**Jan-Aug 2013**
Jan	1,461	1,626	1,525
Feb	1,378	1,494	1,583
Mar	1,382	1,488	1,719
Apr	1,329	1,561	1,544
May	1,397	425	1,360
Jun	1,468	568	953
Jul	2,311	425	0
Aug	500	0	0
Sep	500	0	n/a
Oct	500	0	n/a
Nov	0	0	n/a
Dec	1,724	1,556	n/a
Average	1,268	1,143	n/a
Exchange rate	5.83	Local currency/US$1	
Date of Quote	10/15/2013		

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

Retail Prices (US$/kg) – October 2012		
	Variety	Price (US$/kg)
Pears	Packham's Triumph	2.37
	William's	n/a
Apples	Red Delicious (Premium)	3.43
	Red Delicious (Standard)	2.40
	Granny Smith (Premium)	3.43
	Rome Beauty	3.41
	Golden Delicious	4.27
Table Grapes	Red Globe (Premium)	n/a
	Red Globe (Standard)	2.56
	Superior Seedless	2.39

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

Retail prices for fresh organic apples and pears may vary between 5-20 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.)									
	2011			2012			Jan-Sep 2013		
	Apples	Pears	Grapes	Apples	Pears	Grapes	Apples	Pears	Grapes
January	0.73	0.53	1.25	0.93	0.90	0.12	1.08	0.89	1.35
February	0.75	0.52	0.84	0.88	0.83	0.86	0.92	0.87	1.16
March	0.74	0.54	0.86	0.93	0.79	0.07	0.95	0.75	1.03
April	0.67	0.56	0.88	0.90	0.82	1.10	0.92	0.72	1.05
May	0.65	0.56	0.91	0.92	0.74	1.06	1.01	0.83	1.15
June	0.68	0.59	1.16	0.96	0.75	1.34	1.05	0.69	1.19
July	0.70	0.58	1.45	1.01	0.74	1.70	1.05	0.74	1.58
August	0.68	0.59	2.51	1.12	0.78	2.11	1.05	0.90	2.38
September	0.75	0.62	4.88	1.17	0.87	4.78	1.11	0.97	0
October	0.77	0.72	5.98	1.10	0.82	4.52	n/a	n/a	n/a
November	0.84	0.85	0	1.20	0.98	2.01	n/a	n/a	n/a
December	0.93	1.01	1.63	1.24	1.04	1.73	n/a	n/a	n/a
Annual Average	**0.74**	**0.64**	**2.03**	**1.03**	**0.84**	**1.78**	n/a	n/a	n/a

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

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

Production, Supply and Demand Data Statistics:

Apples, Fresh Argentina	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30,000	29,000	27,500	28,600		28,200
Area Harvested	27,000	27,000	26,000	26,600		26,200
Bearing Trees	27,000	26,500	25,000	26,100		25,700
Non-Bearing Trees	4,500	4,500	4,300	4,400		4,300
Total Trees	31,500	31,000	29,300	30,500		30,000
Commercial Production	860,000	860,000	910,000	910,000		990,000
Non-Comm. Production	0	0	0	0		0
Production	860,000	860,000	910,000	910,000		990,000
Imports	50	50	50	0		0
Total Supply	860,050	860,050	910,050	910,000		990,000
Fresh Dom. Consumption	279,350	279,337	245,050	280,000		300,000
Exports	130,700	130,713	160,000	150,000		190,000
For Processing	450,000	450,000	505,000	480,000		500,000
Withdrawal From Market	0	0	0	0		0
Total Distribution	860,050	860,050	910,050	910,000		990,000
HA, 1000 TREES, MT						

Pears, Fresh Argentina	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	28,000	28,000	28,500	28,200		28,200
Area Harvested	26,000	26,000	27,000	26,000		26,000
Bearing Trees	19,000	19,000	20,000	19,000		19,000
Non-Bearing Trees	4,000	4,000	4,000	4,000		4,000
Total Trees	23,000	23,000	24,000	23,000		23,000
Commercial Production	760,000	760,000	780,000	780,000		820,000
Non-Comm. Production	0	0	0	0		0
Production	760,000	760,000	780,000	780,000		820,000
Imports	100	100	100	50		0
Total Supply	760,100	760,100	780,100	780,050		820,000
Fresh Dom. Consumption	86,200	110,200	50,100	110,000		110,000
Exports	393,900	393,900	470,000	450,000		460,000
For Processing	280,000	256,000	260,000	220,050		250,000
Withdrawal From Market	0	0	0	0		0
Total Distribution	760,100	760,100	780,100	780,050		820,000
HA, 1000 TREES, MT						

Grapes, Fresh Argentina	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9,000	9,000	8,500	8,500		8,500
Area Harvested	8,500	8,500	9,300	8,100		8,100
Commercial Production	110,000	110,000	141,000	141,000		75,000

Non-Comm. Production	0	0	0	0		0
Production	110,000	110,000	141,000	141,000		75,000
Imports	150	150	200	0		0
Total Supply	110,150	110,150	141,200	141,000		75,000
Fresh Dom. Consumption	66,650	66,650	111,200	118,000		55,000
Exports	43,500	43,500	30,000	23,000		20,000
For Processing	0	0	0	0		0
Withdrawal From Market	0	0	0	0		0
Total Distribution	110,150	110,150	141,200	141,000		75,000
HA, MT						