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Argentina

Fresh Deciduous Fruit Annual

Apples, Pears, and Table Grapes

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Report Highlights:
For 2017/2018, production of all three types of fresh deciduous fruit is forecast to rise to 550,000 MT for apples, 600,000 MT for pears, and 45,000 MT for table grape due to higher yields because of favorable weather conditions. Apple and pear exports are expected to increase to 80,000 and 280,000 MT, respectively, and will decrease to 4,000 MT for table grapes. Domestic consumption for the three types of fruit is expected to grow due to the production increase and the lack of competitiveness of local exporters in the international market.

Executive Summary:

Apple, pear, and table grape production in 2017/2018 is estimated to increase to 550,000 MT, 600,000 MT, and 45,000 MT, respectively, due to good weather conditions, but it will remain below historical averages due to the lack of profitability for Argentine producers and exporters.

Apple and pear exports are estimated to increase to 80,000 MT and 280,000 MT, respectively, and table grape exports will decrease to 4,000 MT. Exports will remain below historical levels for the three fruits due to lack of competitiveness of Argentine exporters in international markets.

Apple and pear domestic consumption will increase for all three fruits to 270,000 MT for apples, 120,000 MT for pears, and 43,000 MT for table grapes due to an increase in production and the difficulties that local exporters are facing to compete in the export market.

Commodities:

Apples, Fresh
Pears, Fresh
Grapes, Table, Fresh

Production:

Apples and Pears

For Calendar Year (CY) 2018, production of fresh apples and pears is forecast to increase to 550,000 MT and 600,000 MT, respectively, due to higher yields because of favorable weather conditions. However, it is estimated to be lower than historical averages due to lack of profitability of the local fruit sector.

For CY 2017, Post's estimate for apple production is projected to remain unchanged at 530,000 MT, from official estimates, and pear production is increased from 500,000 to 530,000 MT. Production volumes for both types of fruit are expected to be lower than normal due to adverse weather conditions, such as hail storms and late frosts, and a decline in planted area. An estimate of 5,000 hectares of both fruit was affected by summer hail, and 14,000 hectares were affected by frosts during the spring of 2016. As a result, both volumes and quality diminished. A smaller volume of apples (200,000 MT) are expected to be devoted to processing, compared to official estimates, as a result of larger exports, low prices paid by the juice industry, and lack of competitiveness of local players in the international market of concentrated juice. For pears, larger fruit volumes for processing are projected due to larger production and lower exports than initially expected.

For CY 2016, Post fresh apple and pear production estimates remain unchanged at 600,000 MT and 580,000 MT, respectively, from official estimates. Production of both fruits is down from historical average of 1.5 MMT (for both apples and pears) due to various hail storms throughout the summer and the decline in planted area from the previous calendar year.

The cost of production for a kilogram of apples or pears is between USD 0.30-0.35. The cost is composed of: labor at 60 percent (40 percent, packing, and 20 percent, production), and a combination of capital, input, and service costs at 40 percent (energy, fertilization, transportation, packaging, customs fees, phytosanitary and quality certifications, etc.). The producer is paid about USD 0.25/kg while the retail price for a kilogram of fruit is about USD $3.

About 90 percent of total apple and pear production is concentrated in the Provinces of Rio Negro (80 percent) and Neuquen (10-15 percent), and the remaining 5-10 percent is produced primarily in Valle de Uco, Province of Mendoza. There are 220 packing houses and 260 cold-storage facilities in the Upper Valley of Rio Negro and Neuquen, and approximately 2,400 producers and 60,000 direct-hire employees. In contrast, fifteen years ago, fruit producers totaled approximately 9,000.

Apples and Pears Planted Area

For CY 2018 and CY 2017, area planted for apples and pears is revised upwards to 20,000 hectares (for apples) and 26,500 hectares (for pears), following a revision made by provincial governments. Despite the rise, planted area for both fruits has been decreasing as the enterprise became increasingly profitable in the past few years.

For CY 2016, area planted for apples and pears remained unchanged at 22,000 hectares and 23,500 hectares, respectively. Overall, planted area has been following a downward trend during the past few years, especially for apples, because of plant abandonment due to urbanization and the lack of financial resources needed for pruning, fumigation, etc. It is estimated that about 30-40 percent of total plantations was not pruned in CY 2016, especially apple trees (the estimated cost of pruning is USD $750/hectare). In addition, in the past three years, 40 percent of orchards was removed and, in CY 2016, 35 percent of orchards was abandoned.

Argentina's economic problems in the past decade have led to reduced profitability in the sector, resulting in area gradually falling in the main fresh deciduous fruit growing regions of Argentina, i.e. Alto Valle and Valle Medio in the Province of Rio Negro, and in the Provinces of Neuquen and San Juan. In addition, land that was traditionally used for apple production in the Province of Mendoza is being devoted to wine grapes 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, they are purchased for real estate projects. Although the fruit sector had become increasingly concentrated among fewer and larger producers, some of them have also been affected by the economic crisis which has forced them to reduce their operations and, in some cases, leave the business.

Table Grapes

Marketing Year (MY) 2017/2018 fresh table grape production is forecast to increase by almost 13 percent to 45,000 MT, compared to 40,000 MT in MY 2016/2017, due to relatively good weather conditions. Excess rain affected fruit quality but not the volume.

MY 2016/2017 table grape production remained at 40,000 MT, in line with USDA official estimates and down 20,000 MT from the previous marketing year. Production will be down from historical levels of 100,000 MT as a result of a late frost in September 2016, a hail storm in late November 2016, and increasingly unfavorable

economic conditions which have forced producers to either devote most of their production to raisin or grape juice production or leave the business.

CY 2016 table grape production remained unchanged at 60,000 MT from USDA official estimates. Production was down by half from the previous year as a significant portion of table grape area was converted to raisin production during the season, and also as a result of the loss of export competitiveness due to strong competition from other grape producing countries, and phytosanitary restrictions established by Brazil.

Table Grapes Planted Area

About 90 percent of the total area planted for table grapes is concentrated in the Province of San Juan, Argentina. For MY 2017-2018, area planted for table grapes is estimated to remain unchanged at 8,000 MT from the previous season. For CY 2017, planted area is revised down from 8,500 hectares to 8,000 hectares. Area has been going down gradually due to the lack of economic resources for many producers to carry out maintenance activities in their vines, such as pruning.

Table grape area is increasingly being devoted to raisin production, especially the Flame Seedless variety, and wine grape or grape juice production. This conversion became particularly prevalent in the 2016 season as producers realized, after they planted table grapes, that it was more profitable to harvest them as grapes for raisins or divert them to wine or grape juice production. This trend continued during 2017. It is estimated that about 3,000 hectares are dedicated to Flame Seedless grapes in San Juan Province, of which over 95 percent is devoted for raisin production, which is in stark contrast to its historical use for table grapes.

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 varieties, especially for apples.

The main apple varieties are Red Delicious Clones (40 percent of total apple planted area), Red Delicious Standard (22 percent), Granny Smith (15 percent), and Gala and Clones (14 percent). The main pear varieties are William's, Packham's Triumph and Beurre D'Anjou (81 percent of total pear planted area). Some varieties have increased share in the past few years, such as Abate Fetel, Red Barttlet, Beurre Bosc, and Beurre Giffard.

Source: *Rio Negro – Fruticultura*, *Secretaria de Fruticultura, Gobierno de Rio Negro*

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

-- Since 2007 the fruit sector has been losing competitiveness in international markets because of increased costs, high taxes, lower profitability, and a decrease in the labor force. This economic situation got worse year after year as costs continued to increase and incomes declined. Smaller producers have been seriously affected by the overall economic situation since large companies tend to produce and market their own fruit, minimizing the volumes of fruit purchased from smaller producers. However, during the past couple of years, some of the larger companies have also been affected by the crisis and they are currently reducing their infrastructure/operations to lower costs.

-- High inflation rates (estimated at 23 percent for CY 2017), a relatively uncompetitive peso, and increasing production costs, have drastically reduced the competitiveness of the domestic fruit sector in international markets and discouraged domestic and foreign investment. However, as of December 2015, local apple and pear producers became more competitive in international markets as a result of the new economic measures taken by the new Macri administration - a five percent export tax elimination, devaluation of the Argentine peso, and a seven percent export rebate for fruit shipped from Patagonian ports (no longer in effect). During the past two years, this competitiveness was lost to high inflation rates, and a significant cost increase primarily in labor, inputs, and energy.

--Besides the lack of profitability affecting most fruit producers in the country, smaller table grape producers are facing an additional challenge: water availability. Producers who do not have the economic resources to incorporate technology, such as drip irrigation, are being forced to leave the business.

--Our contacts report that, for the fresh deciduous fruit sector to become more efficient and profitable in the next few years, the following challenges will have to be addressed:

a. Overall, the sector needs to undergo a structural change, led by investment in mechanization to improve yields, and the development of new varieties.

a. Only efficient players will survive this crisis, i.e. vertically integrated companies which produce high-quality fruit for demanding markets that pay higher prices. Those companies that are environmentally sustainable and make the best use of water, land and other natural resources will be in a better position to succeed.

a. Financial assistance is needed from the national government to invest in technological improvements.

a. Regaining competitiveness in export markets, becoming more efficient, increasing production (less area with higher yields), and obtaining higher volumes of fruit for packing purposes per hectare.

a. Improvement/construction of public infrastructure, such as roads, communications, energy, social housing, among others.

Organics

As reported by the National Service of Agricultural and Food Health and Quality (SENASA, in Spanich), over 44,000 hectares are certified as organic in the Upper Valley, and organic apples and pears are produced in most of them. In addition, in CY 2016, area devoted for organic production increased by 52 percent in Rio Negro Province and 16 percent in Neuquen Province, compared to CY 2015.

Private sources estimate that about 10 percent of the total production of fresh apples and pears in the Upper Valley is certified as organic, and about 15 percent is exported as organic. This region concentrates 65 percent of the total organic fruit harvested area in the country. In CY 2016, organic apple production destined for export markets increased by 2 percent, and organic pear production, decreased by 11 percent (exports totaled 18,000 MT for apples and 27,000 MT for pears). Organic production and exports are expected to grow in the next few years fostered by prices paid for organic fruit, which can be 40-50 percent higher than for conventional fruit. The main destination for both organic apples and pears was the United States. Higher organic production costs are primarily due to the manual pruning of fruit, biological weed control, and certification fees. More

successful organic apple producers are those who grow varieties such as Cripps Pink (Pink Lady), Granny Smith, and Gala. For organic pears, all varieties are demanded by export markets. An increasing volume of organic fruit is utilized for the manufacturing of organic juices and specialty food products, such as cereal bars. Exports of organic table grapes are negligible.

Consumption:

Apples and Pears

Domestic consumption in CY 2018 is forecast to increase to 270,000 MT for apples and 120,000 MT for pears, as a result of larger production and difficulties faced by producers to supply international markets due to lack of competitiveness of Argentine exporters.

CY 2017 apple and pear domestic consumption increased by 23 percent for both fruits, from USDA estimates, totaling 260,000 MT for apples and 105,400 MT for pears. CY 2016 apple and pear domestic consumption remained unchanged at 282,200 MT and 100,600 MT, respectively.

Table Grapes

For MY 2017-2018, fresh table grape consumption is forecast at 43,000 MT due to a production increase and smaller exports.

MY 2016-2017 table grape consumption is expected to increase to 38,350 MT, from the official estimate of 32,600 MT, as a result of smaller exports and larger imports. For MY 2015-2016, consumption remained unchanged at 49,550 MT from official estimates.

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

Distribution Channels

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. 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 on 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:

Apples and Pears

For CY 2018, fresh apple and pear exports are projected to increase from 76,000 MT to 80,000 MT (for apples), and from 260,000 MT to 280,000 MT (for pears), although exports for both fruits will remain below historical levels due to lack of competitiveness by Argentine producers.

For CY 2017 apple and pear exports are forecast to decrease to 76,000 MT and 260,000 MT, respectively, compared to official estimates, as a result of lower fruit supply. In addition, diminished competitiveness in export markets will continue to negatively affect exports. Besides lack of competitiveness, exports for both fruit types are projected to remain lower than normal levels as a result of economic difficulties in major export markets, such as Brazil. In addition, Brazil has been restricting imports due to phytosanitary issues.

Exports in CY 2016 remained stable for both fruits, compared to official estimates, and totaled 90,900 MT for apples and 310,000 MT for pears.

Fresh Apple Exports – Main Destinations						
Partner Country	2015		2016		Jan-Aug 2017	
	USD	MT	USD	MT	USD	MT
World	85,728,506	106,326	73,728,574	90,909	65,614,519	64,316
EU	14,976,630	14,453	15,287,934	14,718	21,962,230	17,210
Russia	12,821,074	16,172	73,806,692	9,731	8,729,692	10,985
U.S.	13,598,583	13,856	11,923,921	10,738	14,755,360	9,930
Paraguay	3,639,471	11,960	4,302,383	13,850	3,160,239	7,638
Brazil	22,498,634	24,058	20,769,058	21,928	6,729,561	6,648

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

Fresh Pear Exports – Main Destinations						
Partner Country	2015		2016		Jan-Aug 2017	
	USD	MT	USD	MT	USD	MT
World	283,076,504	333,090	270,040,941	310,011	230,266,706	252,740
Brazil	106,045,472	119,284	88,839,559	99,467	68,224,283	77,234
Russia	50,400,484	68,661	48,270,683	64,831	54,937,641	68,311
EU	48,732,386	59,262	55,475,021	63,983	45,834,899	48,265
U.S.	44,276,791	47,093	41,220,029	42,366	38,676,072	34,960

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

Total fresh apple and pear exports during January-August 2017 decreased by approximately 28 percent and 19 percent, respectively, compared to the same period of CY 2016, due to lower production , especially for apples, but also to the ongoing loss of competitiveness by local companies. Moreover, SENASA export data show that, during the first nine months of 2017, pear exports went down by 16 percent, and apple exports decreased by 24 percent, reaching the lowest export levels of the past 30 years.

Argentina exports apples and pears to about 60 export markets. In CY 2016, Brazil remained the most significant fruit export market for apples and pears (by volume), followed by the EU and Paraguay (for apples), and Russia and the EU (for pears). Brazil is a traditional market for Argentine pears, especially during second half 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. After audits were carried out by Brazilian phytosanitary inspectors in the main apple and pear growing region of the country, on June 17, 2015, the Brazilian market was reopened. However, the local

fruit sector considers the protocol negotiated by the Argentine and Brazilian phytosanitary authorities to be too stringent, which hinders shipment flows. That has forced many local fruit companies to restrict themselves from exporting to Brazil. CY 2016, apple and pear exports to Brazil decreased by 9 percent and 17 percent, respectively, compared to the previous calendar year.

After Russia imposed an import ban on EU fruit in August 2014 (which was recently extended to December 31st, 2018) Russia sought other sources of supply. However, Argentina was unable to take advantage of the opportunity to increase exports to the Russian market, especially for pears, due to the lack of competitiveness of local producers (e.g. unfavorable exchange rate) and the devaluation of the ruble followed by a recession in the Russian economy. During CY 2016, apple exports to Russia decreased by 40 percent and pear exports decreased by 6 percent, compared to the previous year, and exports to the EU increased slightly by 2 percent for apples and 7 percent for pears, due less fruit availability in the Northern Hemisphere. Paraguay was the third largest market for Argentine apples as it is less stringent than traditional markets such as the U.S. and the EU in its quality demands.

Amidst volatile export markets, the United States remains a reliable and stable market for Argentine apples and pears, especially for organic fruit, whose demand continues to grow steadily.

During the first part of the calendar year, most apple and pear exports are destined for overseas markets (mainly Europe and the U.S.) and, during the last semester, 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 United Kingdom and the United States are traditional markets for Argentine organic apples and pears**.** Overall, the British 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 U.S. organic fruit is primarily sold in specialty retail stores.

India opened the market to Argentine apples and pears in CY 2016 but exports have been negligible. In addition, the Chinese market was opened in 2014 although shipments have not been significant so far due to stringent import requirements.

Argentina is a net fruit producing and exporting country. Thus, fresh deciduous fruit imports have traditionally been negligible. In January-August 2017, 5,700 MT of apples were imported, mainly from Chile. This was due to lower production, poor fruit quality and high production costs.

Table Grapes

Fresh table grape exports for the 2017-2018 marketing season are projected at 4,000 MT, down from 4,400 MT during the previous season, as a result of the lack of competitiveness of exporters in international markets. The activity has become less profitable in the past few years, which has prevented table grape companies from having the necessary resources to focus on the export market.

For MY 2016/2017, table grape exports are estimated at 4,400 MT, down by 45 percent from USDA estimates, as a result of smaller production than initially expected. Moreover, exports are projected to remain lower than historical levels since producers are becoming increasingly less competitive in international markets. For CY 2016, table grape exports remained unchanged at 10,900 MT from official estimates. During this season, table

grape exports to traditional markets, such as the EU and Russia, decreased by 50 percent and 30 percent, respectively.

Fresh table grape production is currently at risk as major companies have left the business due to lack of profitability, and medium-size and smaller producers that remain in the activity are devoting the fruit that is not exported for raisin production or the domestic market.

In August 2017, the Governments of Argentina and China signed a Strategic Plan and Phytosanitary Protocol for the exportation of Argentine table grapes to China. However, the private sector stated that, besides the difficult situation that local producers are facing in terms of competitiveness, Argentina does not have the quality and varieties needed to supply the Chinese market.

Fresh Table Grape Exports – Main Destinations

Partner Country	2014		Oct 2014-Sep 2015 (*)		Oct 2015-Sep 2016 (*)	
	USD	MT	USD	MT	USD	MT
World	28,992,966	17,571	31,484,584	19,803	14,462,563	10,874
Brazil	4,876,197	2,775	6,066,177	3,801	5,472,135	3,763
EU	16,324,848	9,421	15,953,979	9,154	4,631,069	3,380
Russia	5,885,184	3,963	7,915,392	5,328	2,897,456	2,165

Source: FAS Buenos Aires, based on data from the Global Trade Atlas
(*) Marketing year was changed from January-December to October-September.
Note: Export data for the period October 2016-September 2017 is not available.
Exports during October 2016-August 2017 totaled 4,392 MT.

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 also facing difficulties in some export markets, which have become more demanding in quality terms, due to competition from rising fruit supplies from Peru, Chile, and South Africa.

Stocks:

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 a variety of things including hail damage, fruit pruning, and harvest, unsold processing fruit, insurance coverage, employers' social security contributions, fuel and agrochemical costs, among other expenses.

During the past season, the national government contributed USD7 million, and the governments of Rio Negro and Neuquen Provinces contributed USD6 million each to help producers harvest the fruit which remained unharvested (during CY 2015, the provincial government's contribution totaled over USD20 million). The sector lobbied for additional financial assistance from the national government to implement an updated phytosanitary program and cover costs of fruit pruning.

As for the current season, the national government has provided assistance at USD10 million with the Province of Rio Negro (GRN) providing USD3.5 million. The GRN is also providing subsidies to smaller producers whose farms have been seriously affected by hail storms, of USD320/hectare to producers with 50-100 hectares, and USD290/hectare to producers with 0-50 hectares. In addition, they are implementing a program which is focused towards the eradication of 3,000 hectares of abandoned fruit orchards or plantations with phytosanitary problems that pose a risk to the region. The plant clearance program will be carried out at no charge to producer. To finance the program, the provincial government will contribute with USD1 million.

On May 1, 2017, an Agricultural Emergency Law targeting the apple and pear sector in the Provinces of Rio Negro and Neuquen was implemented for a one-year period to help producers face the on-going crisis. Among other measures, it provides for an extension of tax and social security payments. Although this measure will assist the sector financially, a significant structural change is urgently needed to make the activity profitable.

Import and Export Regulations

In December 2015, the new government lifted export taxes on all fruits and other commodities. In addition, one year later, export rebates were increased for several products, including apples, pears, and table grapes, and they depend on the size of the container. The goal is to provide support to regional rural economies. Initially, the removal of export taxes had a significant impact in international markets as it made Argentine agricultural commodities more competitive. However, that benefit has largely been offset by high inflation rates and production cost increases. In addition, the government had established a seven percent export rebate for fruit shipped from Patagonian ports which was recently removed.

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 (%)	0.00
Export Rebate (%) Bulk (apples)	6.90
Export Rebate (%) Bulk (pears)	6.20
Export Rebate (%) Cases containing between 2.5 Kg. and 20 Kg.	8.50
Cases containing 2.5 Kg. or less	9.50
Within the Mercosur area	
Import tariff (%)	0.00
Export tax (%)	0.00
Export Rebate (%) Bulk (apples)	6.90
Export Rebate (%) Bulk (pears)	6.20
Export Rebate (%) Cases containing between 2.5 and 20 kg.	8.50
Cases containing 2.5 kg. or less	9.50

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 (%)	0.00
Export Rebate (%) Bulk	3.50
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 (%)	0.00
Export Rebate (%) Bulk	3.50
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

In 2010, the GOA began implementing an import substitution policy which focused on reducing imports and supporting 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. Since 2015, with the new government administration, imports have been gradually returning to previous levels, but continue to be restricted.

Phytosanitary Issues

Under 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. In addition, by SENASA Resolution No. 170/2016, dated April 6, 2016, the President of SENASA declared a Phytosanitary Emergency due to reiterated Fruit Fly findings in Neuquen Province. SENASA has implemented the corresponding phytosanitary measures including cold treatment (in transit or at destination) to all shipments originating in the regulated area.

Marketing:

Prices

For all three types of fresh deciduous fruits, during January-August 2017, average FOB prices were higher compared to 2016 prices, and still not sufficient to cover costs resulting in increased financial difficulties for the local fruit sector and damaging Argentine exporters' competitiveness in export markets. The following tables show average export prices for apples, pears, and table grapes:

FOB Prices (USD/MT) Fresh Apples			
Month	**2015**	**2016**	**Jan-Aug 2017**
Jan	756	696	632
Feb	791	705	857
Mar	839	805	939
Apr	909	862	1,080
May	885	904	1,098
Jun	876	891	1,132
Jul	831	874	1,061
Aug	696	655	753
Sep	615	667	n/a
Oct	604	721	n/a
Nov	678	752	n/a

Dec	623	671	n/a
Average	**759**	**767**	n/a

Source: FAS Buenos Aires, based on data from the Global Trade Atlas
Note: Exchange rate: Argentine Pesos 17.97/USD1
Date of Quote: 10/27/2017

FOB Prices (USD/MT) Fresh Pears			
Month	**2015**	**2016**	**Jan-Aug 2017**
Jan	921	794	880
Feb	858	866	924
Mar	840	850	911
Apr	849	880	903
May	850	893	895
Jun	824	927	906
Jul	863	914	932
Aug	881	874	924
Sep	878	834	n/a
Oct	792	841	n/a
Nov	835	892	n/a
Dec	836	883	n/a
Average	**852**	**871**	n/a

Source: FAS Buenos Aires, based on data from the Global Trade Atlas
Note: Exchange rate: Argentine Pesos 17.97/USD1
Date of Quote: 10/27/2017

FOB Prices (USD/MT) Fresh Table Grapes					
Month	**2015 (*)**	**Oct 2015-Sep 2016 (*)**		**Oct 2016-Sep 2017 (*)**	
Jan	1,569	**Oct**	0	**Oct**	1,496
Feb	1,473	**Nov**	0	**Nov**	0
Mar	1,523	**Dec**	1,172	**Dec**	1,384
Apr	1,460	**Jan**	1,320	**Jan**	1,498
May	0	**Feb**	1,370	**Feb**	1,502
Jun	0	**Mar**	1,401	**Mar**	1,460
Jul	0	**Apr**	1,273	**Apr**	971
Aug	0	**May**	1,047	**May**	0
Sep	0	**Jun**	2,188	**Jun**	0
Oct	0	**Jul**	0	**Jul**	1,796
Nov	0	**Aug**	0	**Aug**	1,796
Dec	1,172	**Sep**	0	**Sep**	N/A
Average	**1,439**		**1,396**		**N/A**

Source: FAS Buenos Aires, based on data from the Global Trade Atlas
Note (a): Exchange rate: Argentine Pesos 17.97/USD1

Date of Quote: 10/27/2017

Note (b): (***) 2015 prices were calendar year prices.**

Prices for October 2015-September 2016, and October 2016-September 2017 reflect marketing year prices.

Retail prices are as follows:

Retail Prices (USD/kg) – October 2017		
	Variety	**Price (US$/kg)**
Pears	Packham Triumph (Premium)	2.10
	Packham (Standard)	1.50
	Beurre Bosc (Premium)	1.83
	Beurre Bosc (Standard)	0.94
Apples	Red Delicious (Premium)	3.33
	Red Delicious (Standard)	1.94
	Granny Smith	2.67
	Rome	3.33
	Pink Lady	2.22
Table Grapes	Superior Seedless	6.68
	Red Globe	5.20

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 (USD/kg)									
	2015			**2016**			**January-September 2017**		
	Apples	**Pears**	**Grapes**	**Apples**	**Pears**	**Grapes**	**Apples**	**Pears**	**Grapes**
January	0.98	0.70	0.71	1.26	0.58	1.18	1.36	0.80	1.44
February	0.93	0.67	0.68	1.07	0.76	0.92	1.27	0.95	1.02
March	0.72	0.65	0.71	0.98	0.83	0.86	1.09	0.84	1.01
April	0.74	0.63	0.76	0.91	0.64	0.70	1.11	0.91	1.42
May	0.72	0.52	1.10	0.86	0.55	0.96	1.17	0.76	1.80
June	0.83	0.53	1.63	0.90	0.51	1.25	1.21	0.77	1.99
July	0.85	0.47	1.99	1.03	0.55	2.78	1.21	0.80	2.36
August	0.93	0.50	2.34	1.12	0.54	3.68	1.29	0.88	2.70
September	0.96	0.49	2.42	1.26	0.56	2.76	1.41	0.94	3.34
October	1.07	0.50	2.69	1.22	0.61	3.22	N/A	N/A	N/A
November	1.11	0.60	0	1.40	0.65	4.46	N/A	N/A	N/A
December	1.22	0.65	1.48	1.50	0.72	3.08	N/A	N/A	N/A

Annual Average	**0.92**	**0.58**	**1.50**	**1.13**	**0.63**	**2.15**	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	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	22000	22000	18000	20000	0	20000
Area Harvested	18600	18600	16700	14000	0	14000
Bearing Trees	16900	16900	16400	18000	0	18000
Non-Bearing Trees	2900	2900	2800	3000	0	3000
Total Trees	19800	19800	19200	21000	0	21000
Commercial Production	600000	600000	530000	530000	0	550000
Non-Comm. Production	0	0	0	0	0	0
Production	600000	600000	530000	530000	0	550000
Imports	3100	3100	2000	6000	0	6000
Total Supply	603100	603100	532000	536000	0	556000
Fresh Dom. Consumption	282200	282200	212000	260000	0	270000
Exports	90900	90900	90000	76000	0	80000
For Processing	230000	230000	230000	200000	0	206000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	603100	603100	532000	536000	0	556000
(HA) ,(1000 TREES) ,(MT)						

Pears, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	23500	23500	24000	26500	0	26500
Area Harvested	22200	22200	22700	22000	0	22000
Bearing Trees	18200	18200	18600	20500	0	20500
Non-Bearing Trees	3500	3500	3400	3700	0	3700
Total Trees	21700	21700	22000	24200	0	24200
Commercial Production	580000	580000	500000	530000	0	600000
Non-Comm. Production	0	0	0	0	0	0
Production	580000	580000	500000	530000	0	600000
Imports	600	600	200	400	0	400
Total Supply	580600	580600	500200	530400	0	600400
Fresh Dom. Consumption	100600	100600	85200	105400	0	120000
Exports	310000	310000	300000	260000	0	280000
For Processing	170000	170000	115000	165000	0	200400
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	580600	580600	500200	530400	0	600400
(HA) ,(1000 TREES) ,(MT)						

Grapes, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9000	9000	8500	8000	0	8000
Area Harvested	8700	8700	8200	7500	0	7500
Commercial Production	60000	60000	40000	40000	0	45000
Non-Comm. Production	0	0	0	0	0	0
Production	60000	60000	40000	40000	0	45000

Imports	450	450	600	2750	0	2000
Total Supply	60450	60450	40600	42750	0	47000
Fresh Dom. Consumption	49550	49550	32600	38350	0	43000
Exports	10900	10900	8000	4400	0	4000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	60450	60450	40600	42750	0	47000
(HA) ,(MT)						