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Argentina

Raisin Annual

2013

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Report Highlights:
Argentina's raisin production and exports for calendar year (CY) 2014 are expected to be similar to the previous year. Production is estimated at 34,000 MT, of which 31,000 MT are projected to be devoted for exports, and the balance to the domestic market.

Executive Summary:
Raisin production for calendar year (CY) 2014 is estimated to remain unchanged from the previous year at 34,000 MT. Raisin exports are expected to remain stable at 31,000 MT as there was no change in production, and domestic consumption is projected to remain stable at 3,010.

Commodities:
Raisins

Production:
Production Area

About ninety-five percent of Argentine raisins are produced in the Province of San Juan, which is located alongside the Andes Mountains in western Argentina. The balance is primarily produced in the Provinces of Mendoza and La Rioja. Based on private sources' estimates, for CY 2013, it is forecast that 6,000 hectares are planted to raisin grapes in the country. Area is expected to expand slightly in CY 2014 but at a slower pace. Post estimates area planted to raisins at 6,100 hectares next year, primarily due to more area devoted to Flame and Fiesta varieties.

Since the Province of San Juan is a very dry region, with an annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is melted snow from the Andes. Although there is still available land for raisin production in the province, area expansion depends largely on irrigation, and not all producers have access to irrigation due to its high cost.

Production

In CY 2014, grape production for raisins is expected to remain unchanged from the previous year, and it is estimated at 145,000 MT. Raisin production is forecast at 34,000. For CY 2013, grape production is projected at 145,000 MT, down 2,000 MT from the previous year. Raisin production is projected at 34,000. CY 2012 grape production is increased to 130,000 MT from previous estimates. Raisin production is increased to 31,500 MT, compared to previous official estimates of 24,000 MT, due to larger grape production. Although two major hail storms and late frosts affected blossoms, thus reducing yields, in the main grape growing region of San Juan Province, the effects on production were not as significant as initially expected.

One of the main challenges for the Argentine raisin sector is to increase production enough to meet international demand by improving yields and becoming more efficient. Another challenge producers currently face is high import tariffs established for Argentine raisins in some export markets. In addition, a major concern is the increase of production costs, especially of raw material, i.e. grapes used

for raisin production, labor, inputs, agrochemicals, energy, freight, and fuel. Salary increases for the past five years totaled around 150 percent.

Private investments in the raisin sector have been increasing during the past few years, and are primarily national capital. Investments were not only devoted to primary production, but also to the incorporation of new technology to obtain larger raisin volumes for processing and a higher-quality, more competitive product, to supply export markets. Import restrictions established by the Government of Argentina (GOA) in February 2012, have been discouraging producers from purchasing processing machinery abroad (see Policy Section). Currently, there are about 32 processing plants in the Province of San Juan.

Varieties

The main grape varieties destined for raisins are the seedless varieties *Flame Seedless* (over 40 percent of the total raisin production) and *Arizul (INTA C G 351)* (over 20 percent), which have attracted new investments in processing technology and storage facilities. Other varieties are: *Sultanina Blanca (Thompson Seedless), Superior Seedless, Torrontes Sanjuanino, Cereza, Emperador, Tinogastena,* and *Criolla Chica*.

Fiesta is a relatively new variety of U.S. origin, with very good yields, adaptability, and drying handling. It is estimated that the area planted to this variety will continue to increase in the near future.

The drying process

The drying process in Argentina is carried out mainly by utilizing the sun to dry grapes. Grapes are laid on racks, which are located over *ripieras*, pieces of land covered by stones, where they are sun-dried for a 15 to 30-day period depending on the grape variety. The final product has a moisture content of 15-20 percent. After the drying process is completed, vegetable oil is applied to raisins, which are then packed in 30-pound cases, in bulk, or in clusters. The Argentine Ministry of Agriculture established a protocol for certified raisins that includes Hazard Analysis and Critical Control Points (HACCP) as part of the process.

Consumption:

Raisin annual domestic consumption is very low, and it varies between 2,500 and 3,500 MT, depending largely on exports. Argentines do not have the habit of eating raisins on a daily basis, such as a snack or in bakery products. However, new applications for raisins are increasingly being used in the local ice cream, bakery, and confectionery (chocolate and cereal bars) food sectors. No significant increase in raisin domestic consumption is expected in the near future.

There are virtually no official statistics on raisin domestic consumption in Argentina. Based on private sources estimates, it is expected that domestic consumption for CY 2014 will remain unchanged from the previous year at 3,010 MT. For CY 2013, domestic consumption is estimated to decrease from the official estimate of 5,000 MT to 3,010 MT, as a result of smaller production and larger exports. For CY 2012, consumption decreased drastically from 4,000 MT to 2,373 MT due to larger exports.

Trade:

CY 2014 raisin exports are estimated to remain stable, compared to the previous year at 31,000 MT as a result of unchanged production. CY 2013 exports are expected to increase slightly to 31,000 MT, up 1,000 MT from official estimates, due to smaller domestic consumption. Exports in CY 2012 increased by almost half to 29,127 MT as production was significantly larger than initially expected.

In CY 2012, raisin main export destinations by volume were: Brazil (accounting for 67 percent of total exports), the U.S. (7 percent), Chile (6.8 percent), and the EU (4.8 percent). Exports to Brazil decreased slightly, compared to the previous year, the U.S. remained the second largest market for Argentine raisins, and Chile became the third largest market (from being the 9th market in CY 2011) leaving the EU as the fourth largest destination. Exports to South American non-traditional markets, such as Colombia, and Peru, increased primarily due to lower freight costs than those paid to ship to other export markets.

Argentina's main raisin export markets in CY 2012 were as follows:

Argentina Export Statistics – Primary Destinations						
Commodity: 080620, Grapes, Dried						
Calendar Year: 2008 - 2010						
Partner Country	**2010**		**2011**		**2012**	
	USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	**46,863,122**	**23,237**	**61,740,290**	**29,220**	**63,126,146**	**29,127**
Brazil	34,630,731	17,245	43,462,681	20,559	43,692,576	19,633
United States	935,355	402	4,807,942	2,385	4,005,792	2,049
Chile	755,137	383	614,825	339	3,353,491	2,001
EU	2,433,283	1,267	4,183,031	1,858	3,218,631	1,408
Colombia	1,931,373	984	1,840,934	917	2,082,006	982
Peru	599,107	292	918,640	421	1,550,900	681
Dominican Republic	1,395,244	629	883,928	414	1,309,741	540

Source: FAS Buenos Aires based on GTIS data

Policy:

Import and Export Regulations

The Argentine fruit sector is concerned about the numerous trade restrictions and requirements affecting imports which have been instituted by the GOA. These policies hamper producers in acquiring needed production and processing inputs. Other measures require pre-approval 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.

On December 22, 2008, President Cristina Fernandez de Kirchner announced a package of stimulus measures for the Argentine agricultural sector. The GOA established that the export tax for pears, apples, peaches, citrus fruit, grapes, blueberries, strawberries, dried fruit (including raisins), onions, frozen potatoes, beans and pulses be reduced by 50 percent (i.e. raisins currently pay a 2.5 percent export tax). The measures affecting fruit and vegetables were published in the Official Bulletin, Decrees Nos. 38/2008 and 40/2008 on December 31, 2008.

The changes announced did not have a significant impact on overall fruit production. Export taxes for these products were already relatively low (5 percent to 10 percent) and a reduction by half does not amount to a significant alleviation of tax burden. Furthermore, part of Argentina's 2.5 percent export tax on raisins is rebated depending on the size of the container.

Export and import tariffs for raisins are as follows:

Raisin 0806.20	
Outside the Mercosur Area	
Import Tariff	10 %
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg. Cases with 2.5 kg. or less	4.05% 6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg. Cases with 2.5 kg. or less	4.05% 6.00%

Source: FAS Buenos Aires based on data from Tarifar database

Marketing:

Overall, raisin export values in CY 2012 were higher than FOB prices the previous year (increases varied between 2.6 and 27.8 percent), due to less fruit availability in Northern Hemisphere raisin producing countries. That helped raisin producers facing a significant increase of production costs. FOB prices went up again in January 2013, and then fell between 5 and 10 percent in February and March. Prices were unstable the following two months.

The following are raisin FOB prices for CY 2011, CY 2012, and January-May 2013:

Raisin FOB Prices ($/MT)

Month/Year	2011	2012	Change % 2011-2012	2013	Change % 2012-2013
Jan	2,078	2,145	3.2	2,321	8.2
Feb	1,926	2,462	27.8	2,234	-5.6
Mar	1,948	2,371	21.7	2,121	-10.5
Apr	2,031	2,155	6.1	2,238	3.8
May	2,189	2,255	3	2,231	-1.1
Jun	2,154	2,068	-4	n/a	n/a
Jul	2,183	2,156	-1.3	n/a	n/a
Aug	2,176	2,139	-1.8	n/a	n/a
Sep	2,105	2,226	5.7	n/a	n/a
Oct	2,090	2,165	3.6	n/a	n/a
Nov	2,051	2,186	6.6	n/a	n/a
Dec	2,117	2,173	2.6	n/a	n/a
Exchange rate	5.46 Local Currency/US$1				
Date of Quote	07/24/2012				

Source: FAS Buenos Aires based on GTIS data

Production, Supply and Demand Data Statistics:

Raisins Argentina	2011/2012	2012/2013	2013/2014
	Market Year Begin: Jan	Market Year Begin: Jan	Market Year Begin: Jan

	2012		2013		2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	N/A	5,900	N/A	6,000		6,100
Area Harvested	N/A	5,300	N/A	5,400		5,500
Beginning Stocks	0	0	0	0		0
Production	24,000	31,500	35,000	34,000		34,000
Imports	0	0	0	10		10
Total Supply	24,000	31,500	35,000	34,010		34,010
Exports	20,000	29,127	30,000	31,000		31,000
Domestic Consumption	4,000	2,373	5,000	3,010		3,010
Ending Stocks	0	0	0	0		0
Total Distribution	24,000	31,500	35,000	34,010		34,010
HA, MT						