

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Raisin Annual

RAISIN ANNUAL 2019

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Report Highlights:

Argentina's raisin production is forecast stable at 44,000 metric tons (MT) in CY 2020. Exports are forecast up to 40,000 MT on higher production over last year, however, overall Argentina raisins face loss of competitiveness due to economic conditions.

Executive Summary: Raisin production for CY 2020 is projected stable at 44,000 metric tons (MT) due to favorable conditions during the production season. Raisin exports are estimated at 40,000 MT with Brazil receiving 80 percent of exports. Raisin producers' continue to face increasing production costs, such as high inflation rates, thus diminishing margins and competitiveness in international markets.

Production:

Area Planted

Over ninety percent of Argentine raisins are produced in San Juan Province alongside the Andes mountains in western Argentina, with the remainder in La Rioja and Mendoza provinces. According to industry sources, area planted to raisin grapes will increase slightly in CY 2020 due to an estimated 7,300 hectares of vineyards converted to raisin production in the near future. As the main raising production area is quite dry, with an annual average rainfall of eight inches or less, raisin production is irrigated, an aspect that limits available area expansion for some producers due to the high cost of irrigation.

Production

For CY 2020, industry sources expect raisin production will rebound to 44,000 MT, 11.40 percent higher compared to CY 2019 due to favorable growing conditions and cyclical expansion. After a CY 2018 record production level of 48,600 MT, CY 2019 production is forecast down 9,100 MT from official estimated to 39,500 MT, due to the natural lifecycle of grape plants which deliver stronger yields one year and weaker ones the next. High quality fruit is expected in CY 2019 as the fruit ripening is more concentrated due to a smaller production.

A key production challenge for the Argentine raisin sector is to improve efficiencies and yields to capture international demand. The efficiency target is complicated by a lack of infrastructure, as well as rising production costs, especially for labor (approximately 70 percent of total production costs) and inputs, energy, freight, fuel and high inflation rates.

In response to these challenges, the raisin sector has benefitted from some domestic capital investment in the past several years, not only for primary production (e.g. conversion of vineyards), but also for the incorporation of new technology to obtain larger raisin volumes for processing and a higher-quality, more competitive product for export. This investment includes the incorporation of laser and x-ray technology to improve speed, efficiency, and accuracy for mechanical harvesting and processing. Private investments have also focused on irrigation systems to optimize water usage. Post estimates 1,800 MT of carry-over stocks for both CY 2019 and CY 2020 due to producer's historical trend of storing some production to time maximum returns.

Varieties

Seedless grape varieties for raisins, such as Flame Seedless (54 percent share of total production) Arizul (INTA C G 351) (18 percent share), Sultanina Blanca (Thompson Seedless), Superior Seedless, Torrontes Sanjuanino, Black Seedless, and Cereza are popular with Argentine growers. Fiesta, a U.S. origin variety in use since 2008, has shown positive results in yield, adaptability and drying handling with approximately 1,000 hectares planted in San Juan Province. Area planted to the Arizul variety has been increasing in the past few years while Sultanina has been decreasing. Senna Pit is another U.S. origin variety which is planted, albeit at a slower pace, for use in the Dried-On-Vine (DOV) drying system.

The Drying Process

Over thirty Argentine companies dry grapes for raisins. Grapes are laid on racks located over *ripieras*, pieces of land covered by stones, and sun dried for a 15 to 30 day period, depending on the grape variety, to an optimal moisture target of 15-20 percent. After the drying process is completed, vegetable oil or Vaseline is applied to raisins which are then packed in 30-pound bulk cases or clusters. The Argentine Ministry of Agro-Industry has established a protocol for certifying raisins that includes Hazard Analysis and Critical Control Points (HACCP).

The DOV system is increasingly in use by producers due to its lower labor costs, (half of traditional technique) and improved quality. Private sources estimate that, in ten year's time, about half of the area planted to raisin grapes will be using the DOV system. Currently, approximately 200 hectares in San Juan Province are dried under this system.

Consumption:

Post estimates domestic consumption remains somewhere between 4,000 and 5,000 MT per year, depending largely on domestic supply. No significant increase in raisin domestic consumption is expected in the near future although Argentines are starting to use raisins more often as a snack or confectionary ingredient.

Private sources estimate domestic consumption for CY 2020 at 4,000 MT, up 300 MT from the previous year. For CY 2019, consumption will decrease to 3,700 MT from official estimates, following the decrease in production. For CY 2018 consumption is estimated at 4,300 MT due to record production levels which supports more product in the local market.

Trade

CY 2020 raisin exports are forecast to increase to 40,000 MT compared to CY 2019's 35,000 MT due to larger production and stronger demand from export markets on lower global supplies. Exports are expected to decrease in CY 2019 by 20 percent, compared to official estimates, due to lower production. Exports in CY 2018 are increased to 44,300 MT, compared to USDA official estimates, due to higher production.

In CY 2018, the main raisin export destination by both volume and value was Brazil, accounting for 80 percent of total exports. The second largest market for Argentine raisins was the United States.

Argentina's main raisin export markets in CY 2017 were as follows:

Argentina Export Statistics – Primary Destinations						
Commodity: 080620, Grapes, Dried						
Calendar Year: 2016 – 2018						
Partner Country	2016		2017		2018	
	USD	Quantity	USD	Quantity	USD	Quantity
World	53,360,952	34,246	49,346,571	27,455	75,555,345	38,891
Brazil	34,805,224	23,259	34,169,545	19,526	43,716,276	23,707
United States	4,523,064	2,751	2,375,677	1,221	17,094,564	7,824
Colombia	2,711,091	1,889	4,578,376	2,684	6,724,454	3,664
Peru	2,944,581	1,776	2,189,500	1,132	4,324,702	2,038
EU	2,519,789	1,007	1,475,038	618	966,133	413

Source: FAS Buenos Aires based on GTIS data

Due to declining competitiveness in international markets, the result of high production costs and high inflation rates, local exporters are struggling to compete with other exporting countries, such as Turkey.

Policy:

Import and Export Regulations

In December 2015, the Argentine government lifted export taxes on all fruits and other commodities and one year later, increased export rebates for several products, including raisins. Although welcomed by local producers, these policy changes do not seem to have had a significant impact in Argentina's international competitiveness for raisins.

Export and import tariffs for raisins are as follows:

Raisin 0806.20	
Outside the Mercosur Area	
Import Tariff	10%
Statistical Tax	2.50%
Export Tax	12%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg	2.50%
Cases with 2.5 kg. or less	3.25%
Inside the Mercosur Area	
Import Tariff	0.00%
Statistical Tax	2.50%
Export Tax	12%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg.	2.50%
Cases with 2.5 kg. or less	

	3.25%
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Source: FAS Buenos Aires based on data from Tarifar database

Marketing:

Two Argentine raisin companies have received Protected Designation of Origin (PDO) certification, a value-added quality guarantee from the San Juan provincial government. In addition, four raisin firms have obtained the *Alimentos Argentinos* seal from Argentina's Ministry of Agroindustry for producing high-quality, value added products. Some producers have shown interest in organic raisin production.

Prices

Raisin export values recuperated and were 18 percent higher in CY 2018 than FOB prices the previous calendar year due to lower fruit supply in the Northern Hemisphere.

The following are raisin FOB prices for CY 2016, CY 2017 and 2018:

Month/Year	2016	2017	2018
Jan	1,514	1,802	1,979
Feb	1,325	1,740	1,839
Mar	1,476	1,750	1,848
Apr	1,441	1,720	1,821
May	1,516	1,689	1,937
Jun	1,475	1,794	1,924
Jul	1,502	1,745	1,900
Aug	1,554	1,730	1,984
Sep	1,585	1,794	1,991
Oct	1,611	1,917	2,025
Nov	1,789	1,849	1,969
Dec	1,589	1,888	1,970
Average	1,531	1,635	1,932

Source: FAS Buenos Aires based on GTIS data
Exchange rate: 44.60 Local Currency/US\$1
Date of Quote: 08/05/2019

Commodities:

Raisins