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Argentina

Citrus

Annual

2000

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Report Highlights:
Total citrus production in 2000 is forecast at 2.22 million metric tons, down slightly from the 1999 level, due to unfavorable climate. Total exports are expected to be lower as well, but shipments of lemons could increase due to an expected larger crop for that specific commodity.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Buenos Aires [AR1], AR

EXECUTIVE SUMMARY

Citrus production in Argentina is second in volume (after grapes) among the fresh fruits grown in the country. Total citrus production in 2000 is forecast to decrease slightly due to unfavorable weather; thus, total fresh citrus shipments are expected to be lower than in 1999 due to a combination of this lower production and the strong Argentine peso which resulted in fewer sales to the key European market. However, shipments of fresh lemons from Argentina are still expected to be world-leading as production for that specific crop expanded in 2000.

SECTION I: SITUATION AND OUTLOOK

Argentina citrus production in 2000 is forecast at 2.22 million metric tons, down slightly from the 1999 crop. Unfavorable weather and in some cases reduced input use are responsible for the decrease. Although fruit quality is expected to be slightly lower this season, due to mixed sizes, a larger lemon crop (by 6 percent year-to-year) and oranges (4 percent larger) are anticipated. As these two account for most of the citrus produced in Argentina, the decline in output is not as drastic as it could have been.

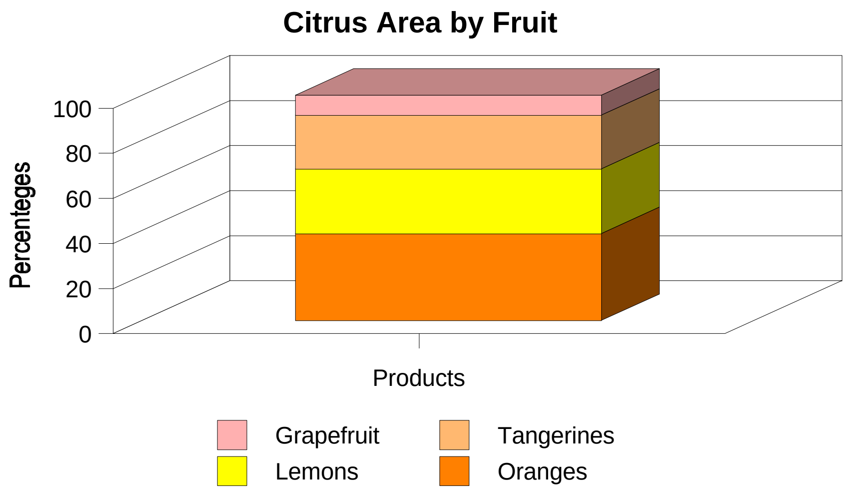
Most of Argentina's citrus is processed or consumed fresh by the domestic market. Thus, only about 15-16 percent of total citrus production, composed mainly lemons and oranges, is exported. During CY 1999, The Netherlands continued to be Argentine's principal citrus export market, followed by Russia, Spain and Asian Markets.

Fresh Citrus Area Planted

Argentine citrus is produced in seven provinces of Argentina. These are: Buenos Aires, Entre Rios, Corrientes, Misiones, Jujuy, Salta and Tucuman. During 1999 there were 146,175 hectares planted to citrus in Argentina.

By product, this area can be broken down as follows:

Graph 1. Citrus Area by Fruit



Although most fresh fruit is consumed internally, exports play a key role in the economic health of the industry. In this regard, it is important to highlight disease status. In Argentina, two main areas can be identified. They are as follows:

1) The Northwestern part of Argentina, the so-called NOA, is composed of the provinces of Tucuman, Salta, Jujuy, and Catamarca, and is considered free of canker, black spot, and orange scab diseases.

2) The Northeastern part of the country, the so-called NEA, includes the provinces of Entre Rios, Corrientes and Misiones. In these provinces the diseases mentioned above exist, although the National Service of Plant and Animal Health (SENASA), working jointly with citrus producers, started treatments a few years ago to eradicate them. Especially in the case of canker, SENASA is working very hard in order to eliminate this disease, as its presence causes problems in exporting to European countries.

Developments in Planted Area and Production Methods

Lemons:

In Tucuman Province, producers are attempting to increase the production of lemons by planting more dwarf trees instead of expanding area. During 1999 producers planted 20 percent more of Eureka, 20 percent of Frost Lisbon, 15 percent of Genova Nuclear and 40 percent more of Limoneira 8-A varieties. Every year about 2 percent of the plants are replaced. Planting density is about 250 trees per hectare.

Oranges:

Corrientes and Entre Rios are the two largest provinces for area planted to oranges, accounting for over 70 percent of the country's total. These orange areas could be divided in three groups: small producers who own about 15-40 hectares, medium producers with 50-150 hectares, and large producers who farm 200-1,500 hectares. Density of the plantations is about 400 plants per hectare. Old orange plants are uprooted and/or replaced with new varieties such as Newall and Navelina, Lane Late and Salustiana and late varieties with Valencia Seedless, Delta seedless and Midknight. The graft most used are Rangpur, Cleopatra, Citrange Troyer and to a smaller scale (extent) Citrumelo Swingle and Citrange Carrizo.

Grapefruit:

Total Argentine area planted to grapefruits is estimated at 12,634 hectares. Salta is the main producing province, accounting for 61 percent of the country's total, followed by Entre Rios with 14 percent. The average number of grapefruit plants is estimated at 250 per hectare. Of the 7,875 hectares planted with grapefruits in Salta, 31 percent are red, 63 percent are pink and the rest are white grapefruits. Among the red varieties the most important are Flame, Rio Red, Henderson and Rouge La Toma. Lately the varieties Red and Flame are increasing in relation to La Toma. The same is happening with Ruby variety which is being replaced by Flame and most recently by Burgundy.

Tangerines:

The latest available figure for total area planted to tangerines in Argentina is 34,565 hectares, with Entre Rios Province accounting for 59 percent of the total area, followed by Corrientes with 22 percent. During 1999 net new plantings of tangerine in Entre Rios were nil (for further analysis of influencing factors please see the production sections that follow), as some orchards were abandoned and others eradicated and the land used for forestry. However, some tangerines were planted towards the south of the province in the department of Concordia. Varieties grown are Clementina, Nova, Ellendale and Murcott. The first three are mainly grown for exports, while the latter is sold for internal market as better prices are obtained for that variety. Trifolio continues to be the best graft preferred by the nurseries working with tangerines.

Production - Fresh Lemon

Argentine lemons are produced year-around, with harvest commencing in April and continuing through September, with the peak taking place in June and July. This season, fresh lemon production is forecast at 1,050,000 metric tons, or 7,000 metric tons more than 1999. Mild temperatures, timely rains and lack of high humidity were the weather conditions prevailing during the spring of 1999, which caused plenty of fruit setting, greater quantity of sprouts and higher yields of good quality fruits. Consequently a greater-than-expected year-to-year increase in production was realized. On the negative side, the 2000 lemon harvest was delayed approximately 10 days due to excessive rains, especially during the months of February and March, adversely affecting fruit size. Therefore, more fruit will be destined to the processing industry. Nonetheless, if predicted output materializes, fresh lemon production in 2000 will be a record high.

Production - Fresh Orange

Total Argentine orange production (harvested from April through December) is forecast in CY 2000 at 663,000 metric tons. It is predicted that in the NOA provinces, orange output will be smaller than last year, as one of the largest companies is shifting some land to sugar due to lack of government assistance for citrus. Meanwhile, orange production in the NEA provinces is expected to be equal or less than a year ago for that same reason and also due to low international prices for fresh fruit.

Production - Fresh Tangerines

Fresh tangerine production in Argentina during CY 2000 is forecast at 340,000 metric tons, slightly less than a year earlier. Two factors were critical in causing this result. First, adverse climate, (late frosts followed by drought that lasted until August 1999) caused a reduction in output. Second, the bad financial situation that some producers are going through discourages them from properly maintaining their orchards; cultural practices such as pruning, fumigation and others are reduced or ignored. If producers do not receive government assistance, and/or bank loans at a low rate, it is rumored that small fruit farmers will sell their lands and that only family owned establishments will remain operating.

Production - Fresh Grapefruit

Grapefruit production in 2000 (harvested from April through November) is forecast at 165,000 metric tons or seven percent less than in 1999. As is happening with other provinces, the lack of monetary assistance by the government makes grapefruit producers in Salta (the leading province) less productive. The general inconvenience encountered in grapefruit production is the instability of internal and export market prices and more recent demand of good quality fruit required by the consumers. The land that was under special care to export grapefruits to the United States, once the market is opened, decreased to only 75 hectares, because most producers cannot afford to spend more money during such a long period of time in order to comply with U.S. requirements.

Fresh Citrus Exports

Marketing season for fresh oranges is from May through November with the bulk of exports taking place from August to September. In the case of tangerines, exporting season begins in May and ends in September with the heaviest export flow in August. Fresh grapefruits are shipped from May through September with the greatest volume in June.

During CY 1999 total fresh lemon exports reached 199,161 metric tons, valued at US$ 89.4 million. Principal markets, according to export volumes, were The Netherlands, Russia and Spain. During the same period orange exports totaled 74,847 metric tons, valued at US$ 27.6 million, and the most important markets for Argentina were the same as for lemons. In 1999 31,033 metric tons of Argentine fresh tangerines were exported. The three principal import markets were The Netherlands, United Kingdom, and Canada. Total export value was US$ 18.9 million. Argentine exported 21,391 metric tons of grapefruits in CY 1999 valued at US$ 9.6 million. Belgium, France and The Netherlands were among the three main buyers.

Total exports of all four fresh Argentine citrus products in 2000 are forecast to decrease to 301,000 metric tons versus 316,000 metric tons exported during 1999. Moreover, the 6 percent increase predicted in lemon production in 2000 is not enough to offset the decreases for the rest of the citrus production and exports.

Several factors are responsible for this reduction:

a) adverse weather;
b) devaluation the European currency versus the dollar.

Because of the second factor, Argentine citrus will be more expensive to importers than in the previous year; therefore, lemon exports in 2000 are expected to be 9 percent lower. Argentina will be selling first to Russia and Poland and there will be a delay in sending lemons to Rotterdam and Northern Europe, as export prices are near their internal costs to that destination therefore producers cannot reduce their prices more. In the case of oranges there are several pre-contracts made, but not yet closed, with Europe, due to the Euro devaluation. Argentine exporters would rather sell the fresh oranges to the internal market, as prices now are higher locally, than at the export price. When the Valencia orange variety is harvested within a month’s time, it will likely be exported to Europe in hope that the price will increase.

Fresh Citrus Imports

During 1999 Argentina imported 12,298 metric tons of citrus fruits distributed as follows: 243 metric tons of lemon, all from Spain; 5,105 metric tons of oranges of which 62 percent came from Spain and 22 percent from Israel; l,641 metric tons of tangerines, nearly all from Uruguay, and 6,309 metric tons of grapefruits of which Israel accounted for 58 percent and the rest came from Spain and Uruguay.

Fresh Citrus Consumption

Domestic consumption of all fresh fruits during 2000 is forecast to increase by three percent from 1999 levels, because it is more profitable to sell to the internal market. However, exporters do not want to loose foreign markets. Lemon domestic consumption is expected to increase by 5 percent and oranges by 3 percent due to good internal market prices. In the case of tangerines and grapefruit, consumption is expected to decrease by 5 and 7 percent, respectively, due to smaller supplies. Per capita consumption of fresh citrus fruit, in kilograms, during 1999 and 2000 is estimated in the following table.

Table 1. Consumption of Fresh Citrus:

Variety	1999	2000
Lemon	3.5	3.7
Tangerines	7.7	7.5
Orange	12.8	13.0
Grapefruit	3.3	3.1

Prices:

Monthly wholesale (weighted average) citrus prices in dollars per kilogram for 1999 and January-March 2000 are contained in the table below.

Table 2. Fresh Citrus Fruit Wholesale Prices

1999	Lemon	Tangerine	Orange	Grapefruit
January	0.40	1.22	0.36	0.53
February	0.29	0.38	0.49	0.58
March	0.34	0.48	0.52	0.61
April	0.31	0.32	0.45	0.39
May	0.26	0.26	0.28	0.27
June	0.24	0.27	0.26	0.25
July	0.23	0.25	0.29	0.27
August	0.22	0.27	0.29	0.27
September	0.27	0.31	0.30	0.27
October	0.29	0.36	0.42	0.37
November	0.27	0.42	0.35	0.46
December	0.28	0.35	0.46	0.44
2000				
January	0.43	0.36	0.61	0.59
February	0.53	0.53	0.75	0.71
March	0.41	0.39	0.72	0.53

SECTION II. STATISTICAL TABLES

Table 3. Fresh Lemons Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	31078	41571	31078	43000	0	43000
Area Harvested	28281	38500	28281	34000	0	34000
Bearing Trees	6784	9728	6784	9728	0	9728
Non-Bearing Trees	2797	3071	2797	5000	0	5000
TOTAL No. Of Trees	9581	12799	9581	14728	0	14728
Production	871	1025	980	1043	0	1050
Imports	0	0	0	0	0	0
TOTAL SUPPLY	871	1025	980	1043	0	1050
Exports	178	157	175	199	0	180
Fresh Dom. Consumption	116	157	116	124	0	130
Processing	577	711	689	720	0	740
TOTAL DISTRIBUTION	871	1025	980	1043	0	1050

Table 4. Fresh Lemon Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	C.Y.	Units:	M. Tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Netherlands	69,880	Netherlands	65,134
France	13,441	Russia	33,158
Spain	15,123	Spain	21,899
Russia	23,694	France	17,679
U.K.	9,599	Poland	14,003
Canada	5,396	Greece	10,186
Belgium	1,679	U.K.	10,005
Portugal	7,062	Canada	7,129
Yugoslavia	1,545	Belgium	6,941
British Territ.	1,200	British Territ.	3,407
Total for Others	148,619		189541
Others not Listed	7,312		9,720
Grand Total	155,931		199,261

Table 5. Fresh Lemon Imports

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	C.Y.	Units:	M. Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Uruguay	71	Spain	240
Chile	0	Cuba	3
Cuba	6		
Spain	86		
Total for Others	163		243
Others not Listed			
Grand Total	163		243

Table 6. Fresh Lemon Prices

Prices Table			
Country	Argentina		
Commodity	Fresh Lemons		
Prices in US$	FOB	per uom	boxes
Year	1999	2000	% Change
Jan	9.5	10	5.26%
Feb	10	10	0.00%
Mar	9	9	0.00%
Apr	9.5	9.5	0.00%
May	8	7	-12.50%
Jun	8	7	-12.50%
Jul	8	7	-12.50%
Aug	8	7	-12.50%
Sep	8	7	-12.50%
Oct	9	7	-22.22%
Nov	10	10	0.00%
Dec	10	10	0.00%
Exchange Rate	1 peso	Local currency/US $	1

Table 7. Fresh Orange Supply and Demand

PSD Table						
Country:	Argentina					
Commodity:	Oranges					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted		56722	56276	56276	0	56276
Area Harvested	53860	53860	46576	46576	0	46576
Bearing Trees	14273	14273	9698	9698	0	9698
Non-Bearing Trees	2862	2862	12575	12575	0	12575
TOTAL No. Of Trees	17135	17135	22273	22273	0	22273
Production	700	921	780	660	0	663
Imports	2	6	6	5	0	5
TOTAL SUPPLY	702	927	786	665	0	668
Exports	90	93	90	75	0	73
Fresh Dom. Consumption	482	638	566	460	0	475
Processing	130	196	130	130	0	120
TOTAL DISTRIBUTION	702	927	786	665	0	668

Table 8. Fresh Orange Exports

Export Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	C.Y.		
Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Netherlands	45450	Netherlands	25264
Spain	13083	Russia	16959
Russia	10994	Spain	13667
France	3900	U.K.	4254
Canada	2,300	France	3449
Poland	1936	Belgium	2796
Bolivia	800	Canada	1611
British Territ.	836	Sweden	1204
U.K.	13159	Bolivia	898
Portugal	238	Greece	881
Total for Others	92696		70983
Others not listed	51		3868
Grand Total	92747		74851

Table 9. Fresh Orange Imports

Import Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	C.Y.		
Imports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Spain	2,904	Spain	3,179
Mexico	1179	Israel	1,131
Uruguay	275	Uruguay	402
Brazil	1	Mexico	352
Israel	1362	Chile	37
		Brazil	4
Total for Others	5721		5105
Others not listed	0		0
Grand Total	5721		5105

Table 10. Orange Prices

Prices Table					
Country:					
Commodity:					
Year:	CY				
Prices in (currency)	US$	per (uom)	boxes		
Year	1999	2000	% Change		
Jan	0	0	n/a		
Feb	0	0	n/a		
Mar	0	0	n/a		
Apr	0	0	n/a		
May	8	7	-12.5%		
Jun	8.25	7.1	-13.9%		
Jul	8.5	7.5	-11.8%		
Aug	8.5	7.5	-11.8%		
Sep	8.25	7.25	-12.1%		
Oct	0	0	n/a		
Nov	0	0	n/a		
Dec	0	0	n/a		

Exchange Rate 1 peso=US dollar

Table 11. Fresh Tangerines Supply and Demand

PSD Table						
Country:	Argentina					
Commodity:	Fresh Tangerines					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	33613	33613	0	33257	0	33257
Area Harvested	31936	31936	0	25401	0	25401
Bearing Trees	12774	12774	0	8128	0	8128
Non-Bearing Trees	1681	1681	0	7856	0	7856
TOTAL No. Of Trees	14455	14455	0	15984	0	15984
Production	360	409	0	346	0	340
Imports	0	1	0	1	0	1
TOTAL SUPPLY	360	410	0	347	0	341
Exports	37	38	0	31	0	30
Fresh Dom. Consumption	293	312	0	277	0	275
Processing	30	60	0	39	0	36
TOTAL DISTRIBUTION	360	410	0	347	0	341

Table 12. Fresh Tangerine Exports

Export Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	CY		
Exports for	1998		1999
U.S.		U.S.	
Others		Others	
Netherlands	20,926	Netherlands	14,726
U.K.	6,831	U.K.	5,048
Canada	3,613	Canada	3,502
Poland	3,021	Russia	1,665
British Territ.	2,368	British Territ.	1,361
Russia	2668	Singapore	863
Philippines	504	Philippines	763
S. Arabia	474	Belgium	575
Singapore	415	Poland	554
A. Emirates	321	S. Arabia	468
Total for Others	41141		29,525
Others not listed	18		1508
Grand Total	41159		31033

Table 13. Fresh Tangerine Exports

Import Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	CY		
Imports for	1998		1999
U.S.		U.S.	
Others		Others	
Uruguay	268	Uruguay	359
Spain	136	Spain	194
Israel	93	Israel	88
Total for Others	497		641
Others not listed			
Grand Total	497		641

Table 14. Fresh Tangerine Prices

Prices Table					
Country:					
Commodity:					
Year:	CY				
Prices in (currency)	US$	per (uom)	boxes		
Year	1999	2000	% Change		
Jan	0	0	n/a		
Feb	0	0	n/a		
Mar	8	7.5	-6.2%		
Apr	8.25	8	-3.0%		
May	8.5	9	5.9%		
Jun	8	9.25	15.6%		
Jul	7	9	28.6%		
Aug	6	9	50.0%		
Sep	0	0	n/a		
Oct	0	0	n/a		
Nov	0	0	n/a		
Dec	0	0	n/a		

Exchange Rate 1 peso=1US dollar

Table 15. Fresh Grapefruit Supply and Demand

PSD Table						
Country:	Argentina					
Commodity:	Fresh Grapefruit					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	11702	11702	0	12679	0	12679
Area Harvested	11000	10290	0	10748	0	10748
Bearing Trees	2420	1412	0	2687	0	2687
Non-Bearing Trees	702	2058	0	1931	0	1931
TOTAL No. Of Trees	3122	3470	0	4618	0	4618
Production	200	229	0	178	0	165
Imports	8	6	0	6	0	6
TOTAL SUPPLY	208	235	0	184	0	171
Exports	30	30	0	21	0	18
Fresh Dom. Consumption	153	167	0	119	0	113
Processing	25	38	0	44	0	40
TOTAL DISTRIBUTION	208	235	0	184	0	171

Table 16. Fresh Grapefruit Exports

Export Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	C.Y.		
Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Netherlands	14,049	Belgium	7,904
France	7,265	France	7,340
U.K.	2,594	Netherlands	2,859
Belgium	2105	U.K.	2,174
Italy	791	Canada	454
Russia	674	Greece	231
Slovania	76	Chile	153
Singapore	65	Russia	143
Poland	223	Italy	81
Spain	109	Bolivia	31
Total for Others	27951		21370
Others not listed	184		21
Grand Total	28135		21391

Table 17. Fresh Grapefruit Imports

Import Trade Matrix			
Country:		Units:	M. Tons
Commodity:			
Time period:	C.Y.		
Imports for	1998		1999
U.S.	40	U.S.	40
Others		Others	
Spain	823	Israel	3674
Uruguay	1,089	Spain	1,025
Cuba	0	Uruguay	1488
Mexico	85	Mexico	51
Israel	5544	Chile	31
Chile	22		
Total for Others	7572		6269
Others not listed	0		0
Grand Total	7612		6309

Table 18. Fresh Grapefruit Prices

Prices Table					
Country:					
Commodity:					
Year:	CY				
Prices in (currency)	US$	per (uom)	boxes		
Year	1999	2000	% Change		
Jan	0	4	n/a		
Feb	0	4	n/a		
Mar	0	4	n/a		
Apr	7	6	-14.3%		
May	8.5	6.5	-23.5%		
Jun	8.5	7.5	-11.8%		
Jul	8.5	7.5	-11.8%		
Aug	8	7	-12.5%		
Sep	8	7	-12.5%		
Oct	0	0	0.0%		
Nov	0	0	0.0%		
Dec	0	0	0.0%		

Exchange Rate 1 peso=1US dollar

SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

Marketing

The Buenos Aires Wholesale Market is a public interstate entity assigned to market fruits and other products. It is the place for commercial trade and distribution, not only of the majority of the local products, but also of some others coming from Mercosur, Chile, or any other foreign country. The majority of fruit producers bring the fruit from the producing areas by truck to the Wholesale Market without a set price. At the Wholesale Market the price is agreed between the wholesaler and the retailer, depending on supply and demand. However, some of the hiper-supermarkets buy directly from the producers.

Negotiation meetings took place recently with Japanese citrus importers and Argentine delegations, and guidelines were set for future citrus fruit trade between the two countries. An official Japanese mission visited Argentina last November to continue negotiations.

China is also very interested in purchasing lemons from Argentina. Argentina shipped lemons to Hong-Kong and some of these were arriving in Chinese markets. Several Chinese companies have visited Tucuman and were said to be very impressed by the amount and good quality of the Argentine lemons.

Policy

Through Resolution 156/2000 the Secretariat of Agriculture announced the opening of an office for Argentine companies interested in quotas for exporting fresh citrus Taiwan, Penghu, Kinmen and Matsu during 2000.

By Resolution 257/2000, the GOA increased export rebates for fresh lemons only. Lemon packed in boxes up to 15 kilos receive a 10 percent rebate, and from 15 kilos up to 20 kilos receive a rebate of 8.1 percent. According to the Government, rebates (not subsidies) are intended to give back to the producers part of the taxes paid during the different stages prior to the export of the product. They are calculated on the price per metric tons, fob, declared by the exporter and controlled by the Argentine Customs Control Value Registry.