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Argentina

Fresh Deciduous Fruit

Annual

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Report Highlights:

Argentine production of apples and pears in 2001 is forecast at 2.03 million metric tons (mmt) up dramatically from the 1.29 million produced in calendar year 2000. This increase is due to good weather conditions, in contrast to the unfavorable weather (frosts and hail storms) recorded during the previous season.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1], AR

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Executive Summary

Argentine production of apples and pears in 2001 is forecast at 2.03 million metric tons (mmt) up dramatically from the 1.29 million produced in calendar year 2000. This increase is due to good weather conditions, in contrast to the unfavorable weather (frosts and hail storms) recorded during the previous season.

Total apple and pear PS&D for 2000 and 2001 in metric tons follows:

Apples and Pears	2001	2000
Production	2,038,800	1,289,450
Consumption	495,000	119,600
Exports	490,000	374,000
Processing	1,061,700	582,200

Section I: Situation and Outlook

APPLES

Production

Production of apples in 2000 (harvested February-March) is estimated to have dropped about 50 percent to 786,800 metric tons due to unfavorable weather and after a large harvest the previous season. The Argentine harvest for 2001 is reportedly somewhat delayed due to cold weather which delays the color and the ripeness of the fruit. Nonetheless, if good weather condition prevails from now until the harvest time an apple harvest of nearly 1.4 million tons is predicted for CY 2001.

Fertilizers, pesticides, spraying, pruning, and irrigation are used by the larger producers who have cultural practices similar to other fruit producers in the world. However, in Argentina the larger producers are relatively few in number. Small and medium growers produce the majority of fruit and cannot afford to use all the inputs necessary to maintain the orchard in good shape. There are reports that at least 6,000 hectares with apple and pear trees as old as 50 years will be uprooted. Reportedly, this space will be used for other types of fruits. However, last year many growers replanted orchards with higher yielding strains such as Lady Pink, Jonagold, Pacific Rose, etc. which will be coming into production within four years from now. Thus, with the same land Argentina will be more competitive due to greater yields.

Revised apple production by zone for 2000 and forecast for 2001 are as follows in metric tons:

A P P L E S

Zone **2000** **2001**

Rio Negro	527,800	984,160
Neuquen	136,000	219,736
Mendoza	115,000	185,000
Others	8,000	10,000
TOTAL	786,800	1,398,896

Trade

Argentina's heaviest apple export period is from March through May. During CY 1999 Argentina exported 179,723 metric tons of apples valued at US\$ 95.3 million. During the first nine months of 2000 (latest data available) Argentina exported 85,432 metric tons of fresh apples, valued at US\$ 48.7 million. During this period, Brazil was the principal customer taking 18,969 metric tons, followed by Belgium with 17,929, metric tons, the Netherlands with 10,544 metric tons, Russia with 9,756 metric tons, Norway with 8,485 metric tons, Sweden with 3,703 metric tons, Portugal with 3,218 metric tons, Spain with 2,909 metric tons, Poland with 1,354, Germany with 1,593 and others with 5,147 metric tons. Total Argentine apple exports in 2000 are

estimated at 104,000 metric tons and are projected to reach 190,000 metric tons in 2001. Argentine exporters believe that during 2001 more apples could be shipped to the United States and Europe

Apple imports during January-September 2000 reached 9,400 metric tons, with Chile shipping nearly 88 percent of total imports. The United States shipped to Argentina 79 metric tons during the above-mentioned period. Total Argentine apple imports in 2000 are estimated at 10,000 metric tons and are predicted to decrease by 8 percent during 2001, due to the expected bumper apple crop.

Pre-financing the 2001 export season in the apple-pear industry: Reportedly, every year between the end of November and December, some US\$ 50 million is paid directly or indirectly to the industry in the form of pre-purchase money or pre-shipment financing funds. These funds are cash advances received by packer-exporters from international operators' mostly European importers and others like Del Monte, San Miguel, Chiquita, etc. in order to secure business for the season. This is a personal agreement between shipper and foreign importer, and there are neither bank nor other kinds of guarantees backing it up. That means that the importer takes on the lending risk.

For this year, the rough situation through which the sector is passing due to high expected production and lower prices has become a deterrent to concluding agreements that by this time last year were already under way. The large drop in production in 2000 has also caused greater caution in companies extending this season's cash advances to fresh-fruit-packers. Sales of certain apple and pear varieties in some cases were not sufficient to cover the pre-shipment money advances received by fresh-packers. In most cases the pre-financing comes to the fresh-fruit-packer as money in cash, but some payments are in the form of packing materials or other products used in the packing operation.

Consumption

Argentine consumption of fresh apples in CY 2000 is estimated at 246,000 metric tons and is projected to increase by 46 percent in 2001 due to an expected larger fresh output. Per capita consumption in 2001 is forecast at 9.7 kgs. versus an estimated 6.7 kgs. in 2000.

CONCENTRATED APPLE JUICE

Production

During CY 1999, 817,998 metric tons of apples were used by the industry. Of that volume 630,631 metric tons were processed for concentrated apple juice (CAJ) 71 degrees brix, 139,567 metric tons used for the production of cider and 47,800 metric tons for other products. In 2000 it is estimated that 446,800 metric tons of apples will be sent to the industry, of which 340,000 metric tons will be processed for CAJ, 78,800 metric tons for cider and 28,000 metric tons for other uses. Reportedly, in 2001 the industry will use 856,895 metric tons of apples. Of this total, 639,000 will be processed for CAJ, 168,000 metric tons for cider and 49,000 for other purposes. Production of CAJ in 1999 was estimated at 91,396 metric tons, the forecast for 2000 is 49,275 metric tons and production in 2001 is projected at 92,600 metric tons.

Trade

The United States is the largest single market for Argentine CAJ imports. During CY 1999 Argentina exported 82,119 metric tons of CAJ of which the United States absorbed 99 percent of total shipments. During January-September 2000 (latest data available) Argentine shipped 29,573 metric tons of CAJ. Ninety seven percent of the above volume went to the United States, and the remainder to Brazil, Trinidad Tobago and Uruguay. Total CAJ exports in 2000 are calculated at 45,500 metric tons. Argentine CAJ exports in 2001 are projected at 83,000 metric tons, up nearly, 87 percent from the previous season, and close to the level in 1999 due to a larger volume of fresh fruit for processing resulting from an expected bumper apple crop.

Argentine imports of CAJ during January-September 2000 reached 2,875 metric tons, of which 89 percent was supplied by Brazil. Imports in CY 2000 are estimated at 3,100 metric tons and are calculated to decline to 1,000 metric tons in 2001 due to Argentina's expected larger availabilities.

The apple juice manufacturing sector faces the same troublesome environment in which the Argentine fruit industry in general is finds itself. Fierce competition and above all the high Argentine costs (telephone communications, taxes, lack of overall growth, etc.) are obstacles to conducting business.

In CY 2000 the price of CAJ started at about US\$ 1.500 per ton CIF and ended at US\$ 1.200 while this season (2001) local sources do not expect it to exceed US\$ 900 - 950 per ton.

PEARS

Production

Argentine production of fresh pears in 2000 (harvested during January-February) is estimated at 502,650 metric tons, down 9 percent from the previous season, because of abnormal weather. Production of fresh apples in 2001 is forecast to increase by 27 percent to 640,000 metric tons, as weather in general has been good.

Revised pear production by zone for 2000 and forecast for 2001 are as follows in metric tons:

P E A R S

Zone	2000	2001
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Rio Negro	383,110	484,038
Neuquen	60,905	79,305
Mendoza	56,135	75,000
Others	2,500	3,000
TOTAL	502,650	641,345

Trade

The fresh pear marketing season is year-around with the bulk of the fruit exported in February through April. Exports of pears during January-September 2000 totaled 264,760 metric tons valued at US\$ 162 million. Brazil was Argentina's main market accounting for 27 percent of total shipments, followed by Italy with 18 percent, the United States with 17 percent, the Netherlands with 11 percent, Belgium with 10 percent, and the rest absorbed by Russia, Canada, France, Portugal, Germany and the U.K. Exports of fresh pears in 2000 is estimated at 270,000 metric tons, and is forecast to increase to 300,000 metric tons in 2001 due to the expected larger crop.

During the above period Argentina imported 742 tons of fresh pears, of which Brazil supplied 67 of the fruits. Total fresh pear imports in 2000 are estimated at 750 metric tons and are projected at only 700 metric tons for 2001.

Consumption

Domestic consumption of fresh pears in 2000 is estimated at 95,000 metric tons and is calculated to reach the 135,000 metric tons in 2001. Per capita consumption in 2001 is forecast at 3.6 kgs against 2.6 kgs. in 2000.

POLICY (APPLES, PEARS & CONCENTRATED APPLE JUICE)

Importers of apples and pears pay a 13 percent import tax, except on product coming from Mercosur countries which pay zero percent. In addition, all countries pay a 0.5 percent statistical tax.

By Resolution 257/00, the GOA increased export rebates for fresh fruits and CAJ. As can be seeing in the following table, the newest varieties are granted a higher rebate.

APPLES	BOXES 9NET WEIGHT0	NEW REBATES
Varieties: Granny Smith, Fuji, Gala, Royal Gala, Pink Lady, Chanar, Braebum	in boxes containing 2.5 kilos or less,	12 percent
Idem	in boxes containing above 2.5 kilos and less or equal to 20 kilos,	8.1 percent
All others		6.8 percent
Pears	in boxes containing 2.5 kilos or less,	12 percent
Pears	in boxes containing above 2.5 kilos and less or equal to 20 kilos,	8.1 percent
All others		5.4 percent
Concentrated apple juice	in tetra brix package of 1 liter	12 percent
	in other containers	10 percent

The additional rebates for Patagonian Ports that was established by law 24490 will be maintained. As of January 1, 2000 from San Antonio Este Port the rebate is 6 percent and at the beginning of each year it will drop 1 point until its removal by January 1, 2006.

Section II: Statistical Tables

Table 1: Apple Supply & Demand

PSD Table						
Country	Argentina					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	54	54	54	54	0	54
Area Harvested	53	53	53	53	0	53
Bearing Trees	27100	27100	27100	27100	0	27100
Non-Bearing Trees	4000	4000	4000	4000	0	4000
Total Trees	31100	31100	31100	31100	0	31100
Commercial Production	1288174	1316035	1005027	786800	0	1398800
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	1288174	1316035	1005027	786800	0	1398800
TOTAL Imports	4000	11858	5000	10000	0	8000
TOTAL SUPPLY	1292174	1327893	1010027	796800	0	1406800
Domestic Fresh Consump	361530	330172	347000	246000	0	360000
Exports, Fresh Only	175969	179723	173000	104000	0	190000
For Processing	754675	817998	490027	446800	0	856800
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1292174	1327893	1010027	796800	0	1406800

Table 2: Apple Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Apples		
Time period	C. Year	Units:	Metric tons
Exports for:	1998		1999
U.S.	1205	U.S.	2959
Others		Others	
Brazil	100493	Brazil	51431

Netherlands	39172	Netherlands	28114
Belgium	26464	Belgium	26498
Norway	11536	Russia	23295
Spain	5740	Norway	12344
Russia	19451	Portugal	8776
Sweden	5488	Spain	7590
Germany	4537	Sweden	5234
Portugal	6028	Germany	3995
Poland	1523	Bolivia	1805
Total for Others	220432		169082
Others not Listed	6384		7682
Grand Total	228021		179723

Table 3: Apple Imports

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Apples		
Time period	C. Year	Units:	Metric tons
Exports for:	1998		1999
U.S.	1205	U.S.	2959
Others		Others	
Brazil	100493	Brazil	51431
Netherlands	39172	Netherlands	28114
Belgium	26464	Belgium	26498
Norway	11536	Russia	23295
Spain	5740	Norway	12344
Russia	19451	Portugal	8776
Sweden	5488	Spain	7590
Germany	4537	Sweden	5234
Portugal	6028	Germany	3995
Poland	1523	Bolivia	1805
Total for Others	220432		169082
Others not Listed	6384		7682
Grand Total	228021		179723

Table 4: Apple Prices

Prices Table			
Country	Argentina		
Commodity	Fresh Apples		
Prices in	Pesos	per kilo	
Year	1999	2000	% Change
Jan	0.67	0.88	31.34%
Feb	0.62	0.66	6.45%
Mar	0.48	0.51	6.25%
Apr	0.48	0.56	16.67%
May	0.51	0.57	11.76%
Jun	0.53	0.57	7.55%
Jul	0.53	0.6	13.21%
Aug	0.51	0.61	19.61%
Sep	0.58	0.69	18.97%
Oct	0.59	0.74	25.42%
Nov	0.63	0.75	19.05%
Dec	0.72		-100.00%
Exchange Rate	1 peso = IUS\$		

Table 5: Concentrated Apple Juice Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Deliv. To Processors	754675	630631	400000	340000	0	639000
Beginning Stocks	0	883	3154	3154	0	1529
Production	76700	91396	57970	49275	0	92600
Imports	0	1494	2000	3100	0	1000
TOTAL SUPPLY	76700	93773	63124	55529	0	95129
Exports	68000	82119	50000	45500	0	83000
Domestic Consumption	8700	8500	8500	8500	0	8500
Ending Stocks	0	3154	4624	1529	0	3629

TOTAL DISTRIBUTION	76700	93773	63124	55529	0	95129
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Table 6: Concentrated Apple Juice Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Concentrated Apple Juice		
Time period	C. Year	Units:	M. Tons
Exports for:	1998		1999
U.S.	60099	U.S.	80872
Others		Others	
Japan	1202	Japan	480
Uruguay	282	Uruguay	308
Paraguay	50	Trinidad Tobago	183
Trinidad Tobago	112	Puerto Rico	132
Brazil	439	Chile	29
Spain	100	Paraguay	25
		Venezuela	
			6
Total for Others	2185		1247
Others not Listed	21		
Grand Total	62305		82119

Table 7: Concentrated Apple Juice Imports

Import Trade Matrix			
Country	Argentina		
Commodity	Concentrated Apple Juice		
Time period	C. Year	Units:	Metric tons
Imports for:	1998		1999
U.S.	14	U.S.	9
Others		Others	
Brazil	1170	Brazil	1395

Chile	56	Chile	17
Paraguay	269	Paraguay	66
France	58	Thailand	6
Total for Others	1553		1484
Others not Listed	54		1
Grand Total	1621		1494

Table 8: Pear Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	18	18	18	18	0	18
Area Harvested	18	18	18	18	0	18
Bearing Trees	9036	9036	9036	9036	0	9036
Non-Bearing Trees	1200	1200	1200	1200	0	1200
Total Trees	10236	10236	10236	10236	0	10236
Commercial Production	579911	582960	479115	502650	0	640000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	579911	582960	479115	502650	0	640000
TOTAL Imports	1500	312	2000	750	0	700
TOTAL SUPPLY	581411	583272	481115	503400	0	640700
Domestic Fresh Consump	145455	128956	118700	95000	0	135000
Exports, Fresh Only	277409	286397	275000	270000	0	300000
For Processing	158547	167919	87415	138400	0	205700
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	581411	583272	481115	503400	0	640700

Table 9: Pear Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Pears		
Time period	C. Year	Units:	Metric Tons
Exports for:	1998		1999
U.S.	34951	U.S.	44790
Others		Others	
Brazil	124932	Brazil	95071
Italy	38026	Italy	44416
Belgium	28971	Belgium	29283
Netherlands	32256	Netherlands	32296
France	4990	France	5426
Portugal	3977	Portugal	5957
Germany	4395	Germany	5069
Sweden	3124	Sweden	3321
Russia	9356	Russia	10379
Spain	872	U. Kingdom	3353
Total for Others	250899		234571
Others not Listed	5061		6636
Grand Total	290911		285997

Table 10: Pear Imports

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Pears		
Time period	C. Year	Units:	Metric Tons
Imports for:	1998		1999
U.S.	0	U.S.	44
Others		Others	
Brazil	545	Brazil	176
Uruguay	17	Chile	92
Chile	104		

Total for Others	666		268
Others not Listed			
Grand Total	666		312

Table 11: Pear Prices

Prices Table			
Country	Argentina		
Commodity	Fresh Pears		
Prices in	Pesos	per kilo	
Year	1999	2000	% Change
Jan	0.66	0.52	-21.21%
Feb	0.37	0.46	24.32%
Mar	0.48	0.52	8.33%
Apr	0.48	0.53	10.42%
May	0.5	0.52	4.00%
Jun	0.61	0.49	-19.67%
Jul	0.71	0.47	-33.80%
Aug	0.55	0.5	-9.09%
Sep	0.59	0.58	-1.69%
Oct	0.63	0.69	9.52%
Nov	0.81	0.43	-46.91%
Dec	0.75		
Exchange Rate	1 peso = 1 US\$		