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Pomegranates

Voluntary Report

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Report Highlights:

While pomegranate production in Argentina is in its infancy, a cautious growing interest generated by United States demand can now be seen in many potential production areas of the country. A few metric tons of the Wonderful variety have been exported to the United States in CY 2006 and CY 2007 with excellent results. Uncertainties about the potential magnitude of this export market are keeping important investments out of this business for the moment. Although this fruit is very well known in Argentina, domestic consumption is reduced to the Asian communities, given Asian culture and traditions.

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Situation and Outlook

Production Regions

Traditionally, pomegranate plants have been scattered planted all over Argentina as immigrants brought them from their home countries took them to their places of settlement. In Argentina, many gardens have pomegranate trees. Apart from the ornamental function of this plant, in some grape production areas, farmers used to plant pomegranates as hedges between vineyards. Thus, around 50,000 plants can be found in the southern region of Mendoza Province. These plantations have never been of the commercial type and plants have never received much care. Therefore, the appearance of the fruit is not good, though the taste is very good. In accordance with this tradition, the table grape producing company of the Province of San Juan called Fincas de Rio Negro, introduced the Wonderful variety from California in 2001. It planted 3000 plants on the farm boundary and in between the grape fields. In 2003, this company multiplied this original genetic material and planted another 3000 plants in another location in the province of San Juan. This plantation has four meters between rows and three meters between plants distribution. Currently, this is the only commercial plantation in production in Argentina currently. Other company located also in the province of San Juan started a pomegranate plantation in CY 2006. Utilizing the same material originally brought by Fincas de Rio Negro, ENAV, a concentrate grape juice company, has recently closed deals with a number of farmers in order to plant 50 hectares. However, their plans are to expand this area to 350 hectares in the next two years. Also, the local media has recently mentioned other potential production areas. However, according to sources in this nascent industry, only San Juan and Mendoza have the capability and capacity to produce commercially in Argentina.

Production

In San Juan Province, the harvest time for this crop varies according to the geographical location of the plantation. Groves located by the mountains at 800 meters above sea level on rocky soils mature at the end of February, while those on flat areas on light soils take a little longer and are ready to harvest by mid April. Commercial pomegranate production in CY 2007 was 100 metric tons (MT). Sources in the industry informed about an increase in production by CY 2009, which could reach 2000 MT. As mentioned before, current plant distribution is 4x3 meters, but producers informed that future generations would be better if a 5X4 meters scheme were. Plants need four years to start to produce commercially and they reach their production potential in the ninth year. There are discrepancies between experts about future yields. While some assert that the commercial yield is about 10 MT per hectare, others assure that yields can reach 25 MT per ha.

As mentioned above, the south of Mendoza Province also has a tradition for local variety planting of pomegranates. According to one of the sources in the industry, hedged-planted pomegranates in San Rafael and Alvear regions may currently yield a 400 MT annual production. After a tasting session with a pomegranate expert, the results for this local variety were excellent. Although not attractive in appearance, most likely due to the lack of care and treatment, the taste of the juice was outstanding, and the internal structure of the fruit seemed to be perfect for their fresh consumption.

Domestic Consumption

The pomegranate fruit is well known in Argentina since it has been planted in gardens for many years. Its consumption however is not widespread, as no commercial grove existed until a few years ago. In CY 2007 five pallets (5 MT) with fruit were sold in the Buenos Aires Fruit Central Market. Asian immigrants were the targets. Industrial sources do not believe that domestic consumption could expand significantly in Argentina.

Trade

Exports of pomegranates for CY 2006 and 2007 were 60 MT for each year. All exports went to the United States. According to the exporter, they could export three times as much as they did. However, they are unsure about the future strength of this market and would rather be cautious at the time to expand their business. The destination of these few shipments was California so that the containers were transported by truck from the east coast to the west coast. The fruit was utilized for the production of juice and for direct fresh consumption.

Import and Export Requirements

The fruit that is exported to the United States must receive a cold treatment in order to eliminate any likely fruit fly infestation. In CY 2006, the three containers that were sent to the United States got cold treatment while in transit. However, when they reached the port of Philadelphia the thermographs indicated that the temperature of the fruit had risen above the require temperature before the 18 days period had expired. The result of this first experience was such that the three containers needed to repeat the cold treatment at one of the port's cold facilities. In CY 2007, the company decided that their fruit would receive the cold treatment directly on the Philadelphia port upon its arrival. The fruit arrived fine in California.

Factors Affecting Industry Structure

Currently, the handful of companies that have embarked on this business are very careful about going too fast. They see the potential of the business but do not want to risk 100 per cent of the investment. Fincas de Rio Negro for instance, is doubtful about how many hectares they will plant this year. They stated that they could fill 20 hectares alone, which would mean a 200 MT production.

ENAV is more aggressive about planning their future business activities. With 350 grape farmers currently delivering their grapes to its grape juice plant, ENAV has proposed to these farmers that they start a new business with pomegranates. So far ENAV has succeeded in gathering a few farmers who were willing to plant a total of 50 hectares (30 with Wonderful variety and 20 with a local variety they call Alvear). ENAV signed a 20 years contract with these farmers, which includes the supply of the plants on the ENAV side and the farmer commitment to grow them and deliver their production at a fixed minimum price. ENAV plans to plant 100 hectares in October 2007 and 200 hectares in October 2008. The main objective of this company will be the production of pomegranate concentrated juice.