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Argentina

Citrus

Annual

2007

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Report Highlights:
Citrus production for calendar year (CY) 2008 will increase nearly eight per cent to 2.93 million metric tons (MT). Overall citrus exports are forecast to increase as the supply will be larger. Imports will continue to remain low as in previous years, with only seasonal purchases of grapefruit.

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

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Section I. Situation and Outlook

Production

Overall, calendar year (CY) 2008 citrus production is estimated to increase to 2.93 million metric tons (MT) as a larger production of all four types of citrus is expected due to better yields and more plants entering production.

In CY 2008, lemon production is expected to increase to 1.4 million MT due to better yields and better management. According to sources in the industry, many small farmers whose management capabilities have been limited by the lack of scale have rented their groves to larger firms who apply better agricultural techniques and improve yields.

Despite the effects of the severe frost of July 10, 2007 which affected blossoms in some production areas, orange production is forecast to increase to 850,000 MT in CY 2008 as a result of better yields in Northwestern Argentina (NOA) where the effect of cold whether is offset by the protection of the mountains.

Tangerine production in CY 2008 is expected to increase less than expected in to 460,000 MT, since a hail storm on October 27, 2007 affected most of the production area in Northeastern Argentina (NEA). Sources in the industry report that the hail storm has decreased yields up to 50 percent on some farms.

Grapefruit production is forecast to increase to 220,000 MT, mainly due to more land put into production in NOA.

CY 2007 has been a great year for the Argentine citrus production. According to sources in the industry, production of oranges, tangerines and grapefruit went well in terms of yields, quality and prices.

In CY 2007, lemon production was 1.25 million MT, seven per cent down with respect to CY 2006 due to a combination of factors. Sources in the industry state that many small farmers whose fruit quality was suitable only for industrial purposes had to leave the business as a result of poor industrial use prices of the last three years. That land was planted with other crops. Despite the latter, new plantations entered into production in CY 2007. The same sources state that the higher yield of these new plantations partially compensated the production of those that went out of production. Another factor that affected lemon production in CY 2007 was the July 10 severe frost that accelerated the maturation of the fruit and shortened the season. Sources in the industry report that there will be fewer summer lemons this year for domestic consumption.

The grapefruit crop in NOA increased in CY 2007 due to better weather conditions. Sources in the industry state that CY 2007 was better in terms of yields but quality has been severely affected buy unfavorable climatic events. Too much rain in the spring of 2006 and the summer of 2007 resulted in development of cryptogamic diseases such as citrus canker. Industrial sources report that the crushing capacity was overwhelmed by the larger amount of fruit that is being channeled to industrial usage due to the symptoms of that disease.

The tangerine crop increased 12 per cent in volume in CY 2007. Industrial sources informed that Clementines and Nova varieties were the stars of CY 2007, while Murcott and Ellendale failed since they were affected by a severe frost on July 10. The orange crop was also better than in CY 2006. Production increased nearly nine per cent to 800,000 MT. CY 2006 production was 400,000 MT for tangerines and 730,000 MT for oranges.

Argentine Citrus Production (1000 MT)			
	CY 2006	CY 2007	CY2008
Lemons	1350	1250	1400
Oranges	730	800	850
Tangerines	400	450	460
Grapefruit	150	200	220
TOTAL	**2630**	**2700**	**2930**
Change from previous	**¯1.5%**	**-2.6%**	**-7.8%**

Consumption

Domestic consumption of citrus is expected to increase slightly in CY 2008. Domestic consumption of oranges is forecast to increase due to enhanced production, while lemon, grapefruit and tangerines domestic consumption is expected to remain at a level similar to that of CY 2007.

Argentine Citrus Domestic Consumption (1000 MT)			
	CY 2006	CY 2007	CY2008
Lemons	50	40	40
Oranges	410	460	480
Tangerines	270	300	300
Grapefruit	40	40	40
TOTAL	770	820	860
Change from previous	**¯10.5%**	**-6.0%**	**-4.65%**

Processing

Fresh citrus fruit sent to the processing sector in CY 2008 is forecast to increase in all categories but tangerines. According to industry sources, grapefruit juice will continue to be a better business than the fresh market in CY 2008. Poor quality in CY 2007 due to more symptoms of diseases on the peels will also increase crushing.

Argentine Citrus to Process (1000 MT)			
	CY 2006	CY 2007	CY2008
Lemons	988	850	1000
Oranges	150	175	190
Tangerines	40	50	50
Grapefruit	90	131	150
TOTAL	1268	1206	1390
Change from previous	**¯7.0%**	**¯4.9%**	**-13.2%**

Trade

CY 2008 citrus exports are forecast to grow in almost all categories due to more production and better quality. The National Citrus Program developed by the Argentine National Plant Health Agency (SENASA) is having very positive results with no interceptions in Europe this year.

Overall CY 2007 exports of Argentine fresh citrus have increased for all types of citrus except for oranges. Fresh orange exports fell due to quality problems from frost damage. Fresh lemon exports increased as prices stayed at high levels. Lemon shipments in 2007 were interrupted by the rains that delayed the harvest.

Argentine Citrus Exports (1000 MT)			
	CY 2006	CY 2007	CY2008
Lemons	312	360	350
Oranges	175	165	180
Tangerines	81	100	110
Grapefruit	19	29	30
TOTAL	587	654	670
Change from previous year	**‾9.0%**	**-10%**	**-2.4%**

Citrus exports fell in CY 2006 due to lower lemon and grapefruit shipments. Lemon exporters were more cautious than in CY 2005 with regards to the quantity of fruit shipped to the EU. In CY 2006, grapefruit producers found the processing sector more attractive than the fresh market, and therefore exports of fresh grapefruit fell by 44 percent. Orange exporters found good prices in the EU, but as a result of a severe drought, did not have quality fruit. Contrary to what was expected at the beginning of the CY 2006, tangerine exports did not decrease, but actually increased in CY 2006 as a consequence of better international prices. Sources in the industry stated that severe drought affected the quality (size) of tangerines; if not for the drought exports would have been even greater.

Citrus imports continued to be very small during CY 2007 and this trend is expected to continue. In CY 2007, total citrus imports were 958 MT, valued at US$588,000. Imports came mainly form the neighboring countries of Chile and Uruguay but also from Spain (oranges) and Israel (grapefruits).

Export and Import Regulations	
For countries outside MERCOSUR AREA	
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	5.00
Rebate for cases containing less than 16 Kg.	5.00
Rebate for cases containing 16 – 20 Kg.	4.05
Rebate for cases containing more than 20 Kg.	2.70
For countries within MERCOSUR AREA	
Import Tariff	0.00
Export tariff	5.00
Rebate for cases containing less than 16 Kg.	5.00
Rebate for cases containing 16 – 20 Kg.	4.05
Rebate for cases containing more than 20 Kg.	2.70

Factors Affecting the Industry Structure

Antidumping Petition on Lemon Juice from Argentina

The lemon juice antidumping investigation initiated in 2006 was suspended in an agreement published on September 10, 2007. Two Argentine companies will be subject to review to ensure they don't sell below the minimum selling price. Sunkist Growers Inc., Sherman Oaks, CA (a U.S. Citrus Company) filed an antidumping petition on September 21, 2006 against imports of lemon juice from Argentina and Mexico, alleging that such imports have been sold in the United States at unfair prices, below both their own third country prices and their own cost of production, and that such imports have caused material injury to the domestic lemon juice industry. The petition stated that the margin of dumping by Argentine producers was approximately 153 percent. The United States International Trade Commission (USITC) preliminarily determined that there is reasonable indication that an industry in the United States has been materially injured by reason of imports of lemon juice from Argentina and Mexico that allegedly are sold in the United States at less than fair value (LTFV).

Fresh lemon exports to the U.S. market

The Animal and Plant Inspection Service of the USDA (APHIS) published for public comment the Pest Risk Assessment (PRA) on Tucuman lemons in August 2007 as part of the process for reopening the market for Argentine lemon exports to the U.S. That document included all the diseases that affect lemons in Tucuman area including Citrus Canker, Black Spot, and fruit flies. The inclusion of fruit flies as a pest that affects lemons was a surprise for the Argentine citrus industry, since lemons had not previously been considered to be hosts of this insect. APHIS requires cold treatment for fruits that are considered to be hosts and this type of treatment damages the quality of fresh lemons. The Argentine citrus industry and SENASA (the Argentine inspection service) are expected to submit comments to APHIS on this issue.

Tucuman exported to the U.S. 6,000 tons of fresh lemons in 2000 and 20,000 tons of fresh lemons in 2001. In 2001, a Federal Court in California ruled that the pest risk assessment carried out by APHIS had some mistakes and blocked Argentine exports. APHIS and SENASA have been working since then to reopen the market. The Argentine citrus industry believes that they could export between 50,000 and 60,000 tons per year to the U.S.

Prices

Lemons	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	300	300	360	0
February	590	490	550	482
March	410	420	410	477
April	420	420	380	473
May	410	410	380	469
June	400	410	380	464
July	410	400	380	469
August	390	390	380	465
September	370	380	390	N/A
October	340	360	400	N/A
November	350	100	1000	N/A
December	350	290	0	N/A
Average	395	364	418	

Oranges	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	30	30	54
February	0	30	30	77
March	0	30	30	37
April	0	30	30	67
May	360	300	360	371
June	330	310	370	427
July	320	330	340	435
August	310	300	350	440
September	310	300	370	N/A
October	280	240	336	N/A
November	220	210	237	N/A
December	30	30	70	N/A
Average	270	178	213	

Tangerines	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	0	0	909
February	480	530	540	741
March	520	530	580	592
April	520	530	540	589
May	530	540	580	612
June	510	520	550	622
July	470	500	550	607
August	460	480	540	627
September	450	470	520	N/A
October	410	420	497	N/A
November	N/A	230	70	N/A
December	220	70	0	N/A
Average	457	438	414	

Grapefruit	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	0	40	705
February	0	0	0	1187
March	0	390	480	489
April	380	380	380	468
May	360	370	390	439
June	350	380	420	430
July	340	380	480	451
August	370	440	450	460
September	350	370	300	N/A
October	0	0	52	N/A
November	0	100	0	N/A
December	0	40	52	N/A
Average	358	293	254	

Lemons	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.16	0.25	0.21	0.18	N/A
February	0.21	0.22	0.30	0.19	N/A
March	0.22	0.22	0.22	0.22	N/A
April	0.17	0.24	0.21	0.25	N/A
May	0.15	0.19	0.18	0.20	N/A
June	0.13	0.16	0.17	0.17	N/A
July	0.13	0.15	0.16	0.15	N/A
August	0.12	0.15	0.15	0.15	N/A
September	0.13	0.16	0.15	0.15	N/A
October	0.14	0.16	0.15	0.24	N/A
November	0.15	0.18	0.18	0.29	N/A
December	0.25	0.20	0.17	N/A	N/A
Average	0.16	0.19	0.19	0.20	

Oranges	Domestic Wholesale Prices (US/Kg)				
	C2003	2004	2005	2006	2007
January	0.18	0.18	0.15	0.12	N/A
February	0.26	0.24	0.21	0.16	N/A
March	0.25	0.36	0.15	0.27	N/A
April	0.25	0.41	0.17	0.30	N/A
May	0.21	0.21	0.17	0.28	N/A
June	0.16	0.17	0.18	0.22	N/A
July	0.16	0.14	0.17	0.21	N/A
August	0.14	0.15	0.15	0.19	N/A
September	0.15	0.15	0.15	0.24	N/A
October	0.13	0.16	0.18	0.31	N/A
November	0.18	0.19	0.19	0.31	N/A
December	0.17	0.20	0.14	N/A	N/A
Average	0.19	0.21	0.17	0.24	

Tangerines	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.21	0.29	0.16	0.25	N/A
February	0.18	0.30	0.37	0.00	N/A
March	0.20	0.21	0.18	0.20	N/A
April	0.16	0.16	0.16	0.24	N/A
May	0.14	0.14	0.15	0.23	N/A
June	0.11	0.13	0.13	0.22	N/A
July	0.10	0.12	0.11	0.20	N/A
August	0.10	0.14	0.14	0.19	N/A
September	0.13	0.17	0.13	0.21	N/A
October	0.14	0.20	0.14	0.25	N/A
November	0.16	0.21	0.20	0.28	N/A
December	0.25	0.20	0.22	N/A	N/A
Average	0.16	0.19	0.17	0.21	

Grapefruit	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.28	0.41	0.39	0.37	N/A
February	0.39	0.43	0.59	0.38	N/A
March	0.19	0.45	0.28	0.34	N/A
April	0.17	0.31	0.25	0.28	N/A
May	0.15	0.19	0.19	0.34	N/A
June	0.14	0.15	0.21	0.21	N/A
July	0.14	0.14	0.19	0.20	N/A
August	0.14	0.19	0.19	0.30	N/A
September	0.14	0.21	0.21	0.27	N/A
October	0.14	0.27	0.20	0.31	N/A
November	0.17	0.29	0.29	0.33	N/A
December	0.39	0.32	0.28	N/A	N/A
Average	0.20	0.28	0.27	0.30	

Domestic Retail Prices (US$/Kg)								
	Lemons				Oranges			
	2004	2005	2006	2007	2004	2005	2006	2007
January	0.54	0.45	0.42	0.95	0.40	0.31	0.29	0.50
February	0.47	0.44	0.43	0.75	0.49	0.30	0.35	0.50
March	0.48	0.48	0.45	0.68	0.62	0.30	0.44	0.48
April	0.49	0.47	0.46	0.60	0.64	0.31	0.50	0.49
May	0.45	0.44	0.43	0.55	0.43	0.35	0.44	0.44
June	0.40	0.42	0.40	0.52	0.33	0.33	0.39	0.37
July	0.36	0.40	0.39	0.46	0.30	0.31	0.36	0.32
August	0.38	0.38	0.39	0.48	0.28	0.30	0.35	0.32
September	0.35	0.40	0.39	0.51	0.29	0.30	0.39	0.33
October	0.38	0.43	0.45	N/A	0.31	0.29	0.43	N/A
November	0.40	0.43	0.55	N/A	0.31	0.28	0.45	N/A
December	0.42	0.43	0.71	N/A	0.31	0.31	0.47	N/A
Average	0.43	0.43	0.45		0.39	0.31	0.41	

Section II. Statistical Tables

PSD Table

Country **Argentina**

Commodity **Lemons, Fresh** (HECTARES)(1000 TREES)(1000 MT)

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Planted	44000	44000	44000	44000	44000	44000	0	0	42000	(HECTARE
Area Harvested	43500	43500	43500	43500	43500	43500	0	0	41000	(HECTARE
Bearing Trees	11000	11000	11000	11000	11000	11000	0	0	15000	(1000 TRE
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	0	0	1000	(1000 TRE
Total No. Of Trees	12000	12000	12000	12000	12000	12000	0	0	16000	(1000 TRE
Production	1350	1350	1350	1250	1250	1250	0	0	1400	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1350	1350	1350	1250	1250	1250	0	0	1400	(1000 MT)
Exports, Fresh	312	312	312	300	300	360	0	0	350	(1000 MT)
Fresh Dom. Consumption	50	50	50	50	50	40	0	0	50	(1000 MT)
For Processing	988	988	988	900	900	850	0	0	1000	(1000 MT)
Total Distribution	1350	1350	1350	1250	1250	1250	0	0	1400	(1000 MT)

PSD Table

Country **Argentina**

Commodity **Oranges, Fresh** (HECTARES)(1000 TREES)(1000 MT)

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Planted	57000	57000	57000	57000	57000	57000	0	0	57000	(HECTARE
Area Harvested	56000	56000	56000	56000	56000	56000	0	0	56000	(HECTARE
Bearing Trees	20000	20000	20000	20000	20000	20000	0	0	20000	(1000 TRE
Non-Bearing Trees	3000	3000	3000	3000	3000	3000	0	0	3000	(1000 TRE
Total No. Of Trees	23000	23000	23000	23000	23000	23000	0	0	23000	(1000 TRE
Production	730	730	730	760	760	800	0	0	850	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	730	730	730	760	760	800	0	0	850	(1000 MT)
Exports, Fresh	180	180	180	160	160	165	0	0	180	(1000 MT)
Fresh Dom. Consumption	410	410	410	450	450	460	0	0	480	(1000 MT)
For Processing	140	140	140	150	150	175	0	0	190	(1000 MT)
Total Distribution	730	730	730	760	760	800	0	0	850	(1000 MT)

PSD Table

Country **Argentina**

Commodity **Tangerines/Mandarins, Fresh** (HECTARES)(1000 TREES)(1000 MT)

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2006	04/2006		04/2007	04/2007		04/2008	04/2008	MM/YYYY
Area Planted	36500	36500	36500	36500	36500	36500	0	0	36000	(HECTARE
Area Harvested	33000	33000	33000	33000	33000	33000	0	0	34000	(HECTARE
Bearing Trees	14000	14000	14000	14000	14000	14000	0	0	14000	(1000 TRE
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	0	0	1000	(1000 TRE
Total No. Of Trees	15000	15000	15000	15000	15000	15000	0	0	15000	(1000 TRE
Production	400	400	400	450	450	450	0	0	460	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	400	400	400	450	450	450	0	0	460	(1000 MT)
Exports, Fresh	90	90	90	90	90	100	0	0	110	(1000 MT)
Fresh Dom. Consumption	270	270	270	310	310	300	0	0	300	(1000 MT)
For Processing	40	40	40	50	50	50	0	0	50	(1000 MT)
Total Distribution	400	400	400	450	450	450	0	0	460	(1000 MT)

PSD Table

Country **Argentina**

Commodity **Grapefruit, Fresh** (HECTARES)(1000 TREES)(1000 MT)

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Planted	12400	12400	12400	12400	12400	12400	0	0	12000	(HECTARE
Area Harvested	12000	12000	12000	12000	12000	12000	0	0	11500	(HECTARE
Bearing Trees	3000	3000	3000	3000	3000	3000	0	0	4500	(1000 TRE
Non-Bearing Trees	100	100	100	100	100	100	0	0	500	(1000 TRE
Total No. Of Trees	3100	3100	3100	3100	3100	3100	0	0	5000	(1000 TRE
Production	150	150	150	170	170	200	0	0	220	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	150	150	150	170	170	200	0	0	220	(1000 MT)
Exports, Fresh	20	20	20	20	20	29	0	0	30	(1000 MT)
Fresh Dom. Consumption	40	40	40	40	40	40	0	0	40	(1000 MT)
For Processing	90	90	90	110	110	131	0	0	150	(1000 MT)
Total Distribution	150	150	150	170	170	200	0	0	220	(1000 MT)