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Argentina

Canned Deciduous Fruit

Annual

2007

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Report Highlights:
Calendar Year (CY) 2008 peach production is forecast at 160,000 metric tons (MT), 80,000 MT will be processed. Exports are expected to increase to levels close to 41,000 MT. Imports will continue at low level. Domestic consumption is forecast to continue growing due to increased production.

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

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Section I. Situation and Outlook

Production areas

Canned peaches are mainly produced in Mendoza Province, located alongside the Andes mountains. According to up-to-date official numbers, 7,600 hectares are currently planted with cling peaches in this province. Based on data from the latest census carried out by the Mendoza Provincial Government, there are 1360 farmers, with an average farm size of 5.6 hectares.

Since Mendoza is a very dry province with an annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is snowmelt from the Andes. There are three main production zones in the province of Mendoza, called oases.

The oldest and most traditional production zone, the southern zone, encompasses the departments (counties) of San Rafael and General Alvear. It has a total planted area of 3,163 hectares, 41 percent of the total planted area in the Mendoza Province. Farms in this area are small, not over three hectares, and are generally subsistence in nature. Production is characteristically low tech with yields no higher than nine MT per hectare.

The northern and eastern zones, with 2,136 hectares in production, have an average farm size of five hectares. Yields in this zone reach 17 MT per hectare, which reflect the use of yield improving technology.

The last zone, the Uco Valley, is where more developed and active farmers have settled during the past 20 years. Also, larger plantations, most of them owned by canneries, have been established in this zone. With a total planted area of 1,550 hectares, the average farm size in this area is eight hectares, and yields reach 25 MT per hectare.

According to a survey carried out by the Rural Development Institute of Mendoza (a private/public sector entity closely related to the provincial Ministry of Economy) together with two industry NGOs, area planted to peaches increased in CY 2005 by 105 hectares in the Northeastern zone, and 245 hectares in the Uco Valley. Also, 10 and 41 hectares of old plantations will be eradicated in the northeastern and southern zones, respectively.

Production

Industry sources report that the current development of the CY 2008 crop will remain at a similar level to CY 2007 due to good weather conditions and new plantations entering production. However, in October frosts may still occur, therefore total peach production may vary largely depending on the weather conditions in the next months. Post estimates total production for CY 2007 at 160,000 MT (See statistical tables) of which 80,000 MT of peaches will be canned peaches.

Total production of fresh peaches in CY 2007 reached 160,000 MT. For CY 2006 total production for canned peaches was 67,000 MT.

Consumption

Domestic consumption is recovering and it is expected to reach 1.7 cans per capita in CY 2007, due to the ongoing economic recovery. Total domestic consumption is forecast to increase in CY 2007 to 80,000 MT.

Trade

CY 2008 canned peaches exports are forecast to reach 41,000 MT as domestic consumption is competing strongly with the export sector. Up until the end of July 2007, registered canned peach exports reached 12,600 MT. CY 2006 exports ended at 34,000 MT due to a larger worldwide demand and higher production. Mexico and Brazil are the main markets for the Argentine canned peaches. An Argentine agreement with Mexico establishes an annual quota of 10,000 MT at a zero tariff. The normal import tariff in Mexico is seven percent. This quota will be allocated by the Secretariat of Agriculture of Argentina which will give priority to those canneries that have exported canned peaches to a third country in the last three years. Only 15 percent of the quota will be allocated to companies that have not previously exported their product.

Canned Peaches Exports						
Country	2004		2005		2006	
	USD	Quantity	USD	Quantity	USD	Quantity
Total	17711905	24484	12382922	18187	25462052	34083
Brazil	1900000	2311	2059936	2718	9123252	11365
Mexico	4873073	6544	4403432	6319	7261170	9852
Uruguay	361626	472	1135662	1685	1979111	2903
Chile	1213997	1653	579501	815	1556415	2052
Paraguay	541181	706	928757	1393	1409838	1875
United States	518869	843	64747	97	1007814	1715
Bolivia	503987	629	661444	895	947160	1207
Thailand	936312	1499	485963	864	638678	1055
Guatemala	452459	616	382063	561	500869	704
Colombia	27800	35	0	0	274912	319
Panama	118582	216	56568	89	190912	236
Ecuador	291600	354	57944	88	114564	149
EU	4928602	7216	104679	152	102726	142
Others	1043817	1390	1462226	2511	354631	509

Imports and Exports Requirements

Canned Peaches 2008.70	
Outside the Mercosur Area	
Import Tariff	14 %
Statistical Tax	0.50%
Export Tax	5.00%
Rebates Containers with more than 2.5 kg. Containers with 2.5 kg. or less	 4.05% 6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Export Tax	5.00%
Rebate Containers with more than 2.5 kg. Containers with 2.5 kg. or less	 4.05% 6.00%

Fresh Peaches Farm-Gate Prices

According to sources in the industry, CY 2008 farm-gate prices will remain at CY 2007 levels by higher international prices as a consequence of lower stocks and production in the Northern Hemisphere. In CY 2007, fresh fruit prices for canned peaches were between US$0.25 per Kilo and US$ 0.30 per Kilo. There are however, some worries that these prices may increase if the crop yield is less than expected.

Domestic Retail Prices

850 grams net weigh can	September 2005 (1US$ = 2.90 AR$)		September 2006 (1US$ = 3.10 AR$)		September 2007 (1US$ = 3.17AR$)	
Brand	**AR$**	**US$**	**AR$**	**US$**	**AR$**	**US$**
La Campagnola	3.65	1.26	3.99	1.29	6.15	1.94
Arcor	3.30	1.14	3.49	1.12	5.8	1.83
Canale	3.00	1.03	3.99	1.29	6.2	1.96
Alco	3.29	1.13	3.59	1.16	5.99	1.89
Molto	2.59	0.89	4.29	1.38	6.5	2.05
Santa Isabel	3.20	1.10	3.39	1.09	5.4	1.70
Average price	3.17	1.09	3.79	1.22	6.0	1.89

International Prices

Prices Table			
Country	**Argentina**		
Commodity	**Peaches, Canned**		
Prices in	**US$ FOB**	**per uom**	**MT**
Year	**2006**	**2007**	**% Change**
Jan	700	675	-4%
Feb	688	924	34%
Mar	753	909	21%
Apr	705	980	39%
May	710	940	32%
Jun	727	956	31%
Jul	728	N/A	-100%
Aug	727	N/A	-100%
Sep	765	N/A	-100%
Oct	768	N/A	-100%
Nov	793	N/A	-100%
Dec	749	N/A	-100%
Exchange Rate	3.17	Local Currency/US $	
Date of Quote	10/01/2007	MM/DD/YYYY	

Production Cost

PEACH COST - CARTON 24 X 1 - LIGHT SYRUP (14-16° BRIX)		
STANDARD QUALITY		
Inputs	**CY 2006 US$**	**CY 2007 US$**
Raw material	0.150	0.200
Sugar	0.011	0.013
Corn syrup	0.010	0.012
Tin plate	0.165	0.180
Paperboard	0.013	0.015
Labels	0.009	0.011
Labor	0.042	0.050
Energy / Fuel	0.007	0.010
Subtotal	**0.407**	**0.500**
Other inputs	0.028	0.030
Total direct cost	**0.435**	**0.530**
Indirect cost	0.135	0.165
Freight to Buenos Aires	0.020	0.025
Total cost	**0.590**	**0.720**

Production cost will increase 18 percent in CY 2008 as seen in the previous table.

Section II. Statistical Tables

PSD Table

Country **Argentina**

Commodity **Peaches, Canned** (MT)(MT, Net Weight)

	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
Deliv. To Processors	140000	126000	140000	0	160000	160000	0	0	160000	(MT)
Beginning Stocks	1594	1500	1594	0	1000	594	0	1000	2594	(MT, Net Weight)
Production	65000	67000	65000	0	80000	80000	0	0	80000	(MT, Net Weight)
Imports	0	0	0	0	0	0	0	0	0	(MT, Net Weight)
Total Supply	66594	68500	66594	0	81000	80594	0	1000	82594	(MT, Net Weight)
Exports	26000	24000	34000	0	28000	40000	0	0	41000	(MT, Net Weight)
Domestic Consumption	40000	43500	32000	0	52000	38000	0	0	40000	(MT, Net Weight)
Ending Stocks	594	1000	594	0	1000	2594	0	0	1594	(MT, Net Weight)
Total Distribution	66594	68500	66594	0	81000	80594	0	0	82594	(MT, Net Weight)

Section III. Other Relevant Reports

Dried Fruits AR7017
Pomegranates AR7015