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Argentina

Citrus

Annual

2006

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Report Highlights:
Citrus production in calendar year (CY) 2007 will remain at a level similar to that of CY 2006. Production is forecast at 2.48 million metric tons (MT). Overall citrus exports are forecast to decrease as domestic consumption is expected to increase slightly. 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]

Section I. Situation and Outlook

Production Areas

In Argentina, there are three citrus production areas: the North West (NOA), composed by the provinces of Salta, Jujuy and Tucuman, where the main production is grapefruit, oranges and lemons, respectively; the North East (NEA), which encompasses the provinces of Entre Rios, Corrientes y Misiones, where the main citrus production is oranges and tangerines; and the province of Buenos Aires, where there are mainly navel oranges.

In 2005, the government of the Province of Tucuman carried out a detailed census of all citrus farms. Tucuman is considered to have 95 percent of the lemon plantations of Argentina. The result of the study is as follows:

Tucuman Planted Area to Citrus		
	Planted Area (Ha)	Amount of trees
Lemons	34,000	9,400,000
Oranges	1,200	300,000
Tangerines	250	39,000
Grapefruit	150	8,000

Source: Tucuman Citrus Association

Production

Overall, calendar year (CY) 2007 citrus production is estimated to remain at CY 2006 level of 2.48 million metric tons (MT).

In CY 2007, lemon production is expected to remain the same as in CY 2006 have been at 1200 MT. Reports from the industry reveal that large lemon areas (5000 hectares) abandoned or have been converted into pastureland as a result of bad business conditions during the last five years for small farmers that do not have fresh fruit export quality. Despite the latter, new plantations will enter into production in CY 2007. The same sources state that the higher yield of these new plantations, together with the fact that weather conditions seem to have improved, will compensate the lost production of the old ones.

Argentine Citrus Production (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	1300	1200	1200
Oranges	770	730	730
Tangerines	430	400	380
Grapefruit	170	150	170
TOTAL	**2670**	**2480**	**2480**
Change from previous	- 4.49%	¯7.2%	=

The grapefruit crop in Northwestern Argentina (NOA) is forecast to increase in CY 2007 due to better weather conditions. Sources in the industry state that the CY 2006 harvest was 380,000 MT. Tangerine and orange crops for CY 2006 were poorer than the previous year, due to the effect of the drought and a series of frosts, the most severe frost on July 31, 2006, affected mainly the Murcot variety. Sources in the industry reported that losses in tangerines and oranges in the NEA area reached 70 percent in some of the varieties due to that frost. Air temperature fell to 23 degrees. For CY 2006, post estimates production at 400,000 MT for tangerines and 730,000 MT for oranges, seven and five percent less than in CY 2005, respectively.

Consumption

Domestic consumption of citrus is expected to increase slightly in CY 2007. While lemon and grapefruit domestic consumption is expected to remain at similar level than in CY 2006, tangerines will probably dropped somewhat due to less fruit in the market as a result of a poor crop. Oranges are forecast to increase due to less fruit being sent to the export market, mainly the Russian Federation.

Argentine Citrus Domestic Consumption (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	55	50	50
Oranges	450	410	430
Tangerines	310	270	260
Grapefruit	45	40	40
TOTAL	860	770	780
Change from previous year	¯1.63%	¯10.5%	-1.3%

Processing

Fresh citrus fruit sent to the processing sector in CY 2006 is forecast to remain at the same level as CY 2006 with decreases for oranges and increases for grapefruit. According to industry sources, grapefruit juice will continue to be a better business than the fresh market in CY 2007. One of the major crushing facilities will enlarge its capacity in 2007 in 10,000 MT per year.

Argentine Citrus to Process (1000 MT)			
	CY 2005	CY 2006	
Lemons	880	850	850
Oranges	170	150	140
Tangerines	45	40	40
Grapefruit	90	90	110
TOTAL	1185	1130	1140
Change from previous	-4.8%	¯5.0%	-0.9%

Trade

Overall CY 2007 exports of Argentine fresh citrus are the expected to fall again for all the species. Fresh orange and tangerine exports are expected to fall while the domestic market is expected to recover. Also, farmers are keener on this market since it is much less demanding in terms of sanitary requirements than export market. Fresh lemon exports are expected to fall again due to the partial recovery of the lemon juice and oil sectors. Grapefruit exports are expected to remain at a similar level than in CY 2006.

CY 2006 citrus exports are estimated to have fallen due to lower lemon, grapefruit, and orange shipments. Lemon exporters have been 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 are estimated to fall by 40 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 state that severe drought affected the quality (size) of tangerines; if not for the drought exports would have been even greater.

Argentine Citrus Exports (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	370	320	300
Oranges	170	180	160
Tangerines	71	90	80
Grapefruit	34	20	20
TOTAL	645	610	560
Change from previous year	**-10.5%**	**¯5.4%**	**¯8.2%**

Exports of citrus in CY 2005 were 645,000 MT, 10.5 percent more that that exported in CY 2004. As a commercial block, the European Union (EU) is still the main market for Argentine citrus. In CY 2005, the EU purchased 414,000 MT valued at US$167 million, three percent more than in CY 2004.

In CY 2005, lemon exports hit a record high of 370,000 MT due to unfavorable weather conditions in citrus producing countries, particularly Spain and Turkey. This situation changed in CY 2006 and Argentine fresh lemon exports returned to levels close to 320,000 MT.

In CY 2006, the Russian Federation continued to be the main single market for Argentine fresh citrus with 155,000 MT, worth US$62 million.

Citrus imports continued to be very small during CY 2006 and this trend is expected to continue. In the period from January through September 2006, total citrus imports were 500 MT, valued at US$200,000. Imports come mainly form the neighboring countries of Chile and Uruguay.

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

Domestic Prices Controls
In addition to the already established five percent export tax, and the goal of restraining inflation that has run at a rate of 12 percent per year in the last four years, the Argentine Government (GOA) has implemented a price control policy on all food goods that should remain in place until December 2007. In the case of citrus, as in the case of all fruits and vegetables, the GOA has imposed domestic reference prices, which cannot be surpassed.

Reference Prices (US$)		
	Wholesale	Retail
Lemons	0.23	0.345
Oranges	0.26	0.355
Tangerines	0.24	0.377
Grapefruit	0.26	0.365

Cost of Production
The following production cost corresponds to a 12 years old plantation in the province of Entre Rios. Data has been updated to September 2006.

Variety	Valencia	Navel	Satsuma	Clementine	Ellendale	Criolla
Production Cost (1 ha)	**1303**	**1585**	**1622**	**2074**	**1428**	**1473**
1. Direct Cost	946	1229	1265	1717	1071	1116
Fertilization	200	200	200	200	200	200
Weed control	50	50	50	50	50	50
Plant health	319	474	484	667	415	281
Ant and rodent control	20	20	20	20	20	20
Pruning	329	456	483	752	357	537
Other ag. Practices	29	29	29	29	29	29
2. Fixed Cost	**357**	**357**	**357**	**357**	**357**	**357**
Deprecations	250	250	250	250	250	250
Interest	69	69	69	69	69	69
Technical Advise	3	3	3	3	3	3
Taxes & Insurance	35	35	35	35	35	35
Yield in MT	31	31	26	31	31	26
Yield in cases 25 kg	1240	1240	1040	1240	1240	1040
Total cost per MT	42	51	62	67	46	57
Total cost per case	1.05	1.28	1.56	1.67	1.15	1.42

Source: National Agricultural Research Institute (INTA), adapted

Limits in Pesticides Residue

For CY 2007, contracts between the Argentine crushing sector that supplies one of the largest soda companies in the world will require zero tolerance for residues of pesticides such as highly aromatic emulsionable oils, organophosphates (Chlorpiriphos), a widely used insecticide, and carbamates (Mancozeb), a fungicide used in combination with copper to combat citrus canker and black spot. For those farmers that already were adjusted to the new rules, there will be premium prices paid by the companies that supply this market, but those lots found contain pesticide residues will be rejected.

Antidumping Petition On Lemon Juice from Argentina

On September 21, Sunkist Growers Inc., Sherman Oaks, CA (a U.S. Citrus Company) filed an antidumping petition 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 states that the margin of dumping by Argentine producers in 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).

Prices

Lemons	FOB Prices (US/MT)			
	2003	2004	2005	2006
January	0	300	300	360
February	0	590	490	550
March	350	410	420	410
April	430	420	420	380
May	390	410	410	380
June	380	400	410	380
July	380	410	400	380
August	390	390	390	380
September	390	370	380	390
October	420	340	360	
November	0	350	100	
December	170	350	290	
Average	367	395	364	

Oranges	FOB Prices (US/MT)			
	2003	2004	2005	2006
January	0	0	30	30
February	0	0	30	30
March	0	0	30	30
April	0	0	30	30
May	360	360	300	360
June	330	330	310	370
July	310	320	330	340
August	290	310	300	350
September	250	310	300	370
October	160	280	240	
November	190	220	210	
December	0	30	30	
Average	270	270	178.333	

Tangerines	FOB Prices (US/MT)			
	2003	2004	2005	2006
January	0	0	0	0
February	470	480	530	540
March	450	520	530	580
April	450	520	530	540
May	470	530	540	580
June	460	510	520	550
July	440	470	500	550
August	441	460	480	540
September	410	450	470	520
October	400	410	420	
November	N/A	N/A	230	
December	N/A	220	70	
Average	443	457	438	

Grapefruit	FOB Prices (US/MT)			
	2003	2004	2005	2006
January	0	0	0	40
February	0	0	0	0
March	0	0	390	480
April	310	380	380	380
May	300	360	370	390
June	330	350	380	420
July	330	340	380	480
August	330	370	440	450
September	180	350	370	300
October	0	0	0	
November	0	0	100	
December	0	0	40	
Average	297	358	293	

Lemons	Domestic Wholesale Prices (US/Kg)				
	2002	2003	2004	2005	2006
January	0.32	0.16	0.25	0.21	0.18
February	0.23	0.21	0.22	0.30	0.19
March	0.15	0.22	0.22	0.22	0.22
April	0.11	0.17	0.24	0.21	0.25
May	0.09	0.15	0.19	0.18	0.20
June	0.08	0.13	0.16	0.17	0.17
July	0.08	0.13	0.15	0.16	0.15
August	0.08	0.12	0.15	0.15	0.15
September	0.08	0.13	0.16	0.15	
October	0.11	0.14	0.16	0.15	
November	0.13	0.15	0.18	0.18	
December	0.14	0.25	0.20	0.17	
Average	0.13	0.16	0.19	0.19	

Oranges	Domestic Wholesale Prices (US/Kg)				
	2002	C2003	2004	2005	2006
January	0.12	0.18	0.18	0.15	0.12
February	0.09	0.26	0.24	0.21	0.16
March	0.13	0.25	0.36	0.15	0.27
April	0.10	0.25	0.41	0.17	0.30
May	0.09	0.21	0.21	0.17	0.28
June	0.10	0.16	0.17	0.18	0.22
July	0.09	0.16	0.14	0.17	0.21
August	0.08	0.14	0.15	0.15	0.19
September	0.09	0.15	0.15	0.15	
October	0.11	0.13	0.16	0.18	
November	0.15	0.18	0.19	0.19	
December	0.20	0.17	0.20	0.14	
Average	0.11	0.19	0.21	0.17	

Tangerines	Domestic Wholesale Prices (US/Kg)				
	2002	2003	2004	2005	2006
January	0.21	0.21	0.29	0.16	0.25
February	0.19	0.18	0.30	0.37	0.00
March	0.11	0.20	0.21	0.18	0.20
April	0.08	0.16	0.16	0.16	0.24
May	0.10	0.14	0.14	0.15	0.23
June	0.10	0.11	0.13	0.13	0.22
July	0.10	0.10	0.12	0.11	0.20
August	0.09	0.10	0.14	0.14	0.19
September	0.10	0.13	0.17	0.13	
October	0.11	0.14	0.20	0.14	
November	0.14	0.16	0.21	0.20	
December	0.19	0.25	0.20	0.22	
Average	0.13	0.16	0.19	0.17	

Grapefruit	Domestic Wholesale Prices (US/Kg)				
	2002	2003	2004	2005	2006
January	0.14	0.28	0.41	0.39	0.37
February	0.13	0.39	0.43	0.59	0.38
March	0.15	0.19	0.45	0.28	0.34
April	0.10	0.17	0.31	0.25	0.28
May	0.10	0.15	0.19	0.19	0.34
June	0.10	0.14	0.15	0.21	0.21
July	0.10	0.14	0.14	0.19	0.20
August	0.09	0.14	0.19	0.19	0.30
September	0.10	0.14	0.21	0.21	
October	0.11	0.14	0.27	0.20	
November	0.15	0.17	0.29	0.29	
December	0.19	0.39	0.32	0.28	
Average	0.12	0.20	0.28	0.27	

Domestic Retail Prices (US$ / Kg)								
	Lemons				Oranges			
	2003	2004	2005	2006	2003	2004	2005	2006
January	0.36	0.54	0.45	0.42	0.36	0.40	0.31	0.29
February	0.45	0.47	0.44	0.43	0.43	0.49	0.30	0.35
March	0.49	0.48	0.48	0.45	0.48	0.62	0.30	0.44
April	0.43	0.49	0.47	0.46	0.44	0.64	0.31	0.50
May	0.38	0.45	0.44	0.43	0.37	0.43	0.35	0.44
June	0.34	0.40	0.42	0.40	0.31	0.33	0.33	0.39
July	0.32	0.36	0.40	0.39	0.28	0.30	0.31	0.36
August	0.31	0.38	0.38	0.39	0.27	0.28	0.30	0.35
September	0.32	0.35	0.40	0.39	0.29	0.29	0.30	0.39
October	0.47	0.38	0.43	0.42	0.33	0.31	0.29	0.29
November	0.54	0.40	0.43		0.34	0.31	0.28	
December	0.54	0.42	0.43		0.35	0.31	0.31	
Average	0.41	0.43	0.43		0.35	0.39	0.31	

Section II. Statistical Tables

PSD Table										
Country	**Argentina**									
Commodity	**Lemons, Fresh**						**(HECTARES)(1000 TREES)(1000 MT)**			
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	44000	44000	44000	44000	44000	44000	0	0	44000	(HECTARES)
Area Harvested	43500	43500	43500	43500	43500	43500	0	0	43500	(HECTARES)
Bearing Trees	11000	11000	11000	11000	11000	11000	0	0	11000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	0	0	1000	(1000 TREES)
Total No. Of Trees	12000	12000	12000	12000	12000	12000	0	0	12000	(1000 TREES)
Production	1300	1300	1300	1200	1200	1200	0	0	1200	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1300	1300	1300	1200	1200	1200	0	0	1200	(1000 MT)
Exports, Fresh	380	380	370	390	390	320	0	0	300	(1000 MT)
Fresh Dom. Consumption	55	55	55	50	50	50	0	0	50	(1000 MT)
For Processing	865	865	875	760	760	830	0	0	850	(1000 MT)
Total Distribution	1300	1300	1300	1200	1200	1200	0	0	1200	(1000 MT)

PSD Table										
Country	**Argentina**									
Commodity	**Oranges, Fresh**					(HECTARES)(1000 TREES)(1000 MT)				
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	60000	60000	60000	57000	57000	57000	0	0	57000	(HECTARES)
Area Harvested	58000	58000	58000	56000	56000	56000	0	0	56000	(HECTARES)
Bearing Trees	20000	20000	20000	20000	20000	20000	0	0	20000	(1000 TREES)
Non-Bearing Trees	3000	3000	3000	3000	3000	3000	0	0	3000	(1000 TREES)
Total No. Of Trees	23000	23000	23000	23000	23000	23000	0	0	23000	(1000 TREES)
Production	770	770	770	700	700	730	0	0	730	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	770	770	770	700	700	730	0	0	730	(1000 MT)
Exports, Fresh	150	150	170	130	130	180	0	0	160	(1000 MT)
Fresh Dom. Consumption	450	450	430	420	420	410	0	0	430	(1000 MT)
For Processing	170	170	170	150	150	140	0	0	140	(1000 MT)
Total Distribution	770	770	770	700	700	730	0	0	730	(1000 MT)

PSD Table										
Country	**Argentina**									
Commodity	**Tangerines, Fresh**						(HECTARES)(1000 TREES)(1000 MT)			
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	38000	38000	38000	36500	36500	36500	0	0	36500	(HECTARES)
Area Harvested	33000	33000	33000	33000	33000	33000	0	0	33000	(HECTARES)
Bearing Trees	14000	14000	14000	14000	14000	14000	0	0	14000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	0	0	1000	(1000 TREES)
Total No. Of Trees	15000	15000	15000	15000	15000	15000	0	0	15000	(1000 TREES)
Production	430	430	430	380	380	400	0	0	380	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	430	430	430	380	380	400	0	0	380	(1000 MT)
Exports, Fresh	75	75	71	60	60	90	0	0	80	(1000 MT)
Fresh Dom. Consumption	310	310	310	270	270	270	0	0	260	(1000 MT)
For Processing	45	45	49	50	50	40	0	0	40	(1000 MT)
Total Distribution	430	430	430	380	380	400	0	0	380	(1000 MT)

PSD Table										
Country	**Argentina**									
Commodity	**Grapefruit, Fresh**						(HECTARES)(1000 TREES)(1000 MT)			
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	13000	13000	13000	12400	12400	12400	0	0	12400	(HECTARES)
Area Harvested	12000	12000	12000	12000	12000	12000	0	0	12000	(HECTARES)
Bearing Trees	3000	3000	3000	3000	3000	3000	0	0	3000	(1000 TREES)
Non-Bearing Trees	100	100	100	100	100	100	0	0	100	(1000 TREES)
Total No. Of Trees	3100	3100	3100	3100	3100	3100	0	0	3100	(1000 TREES)
Production	170	170	170	150	150	150	0	0	170	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	170	170	170	150	150	150	0	0	170	(1000 MT)
Exports, Fresh	37	37	34	40	40	20	0	0	20	(1000 MT)
Fresh Dom. Consumption	43	43	46	40	40	40	0	0	40	(1000 MT)
For Processing	90	90	90	70	70	90	0	0	110	(1000 MT)
Total Distribution	170	170	170	150	150	150	0	0	170	(1000 MT)