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Argentina

Canned Deciduous Fruit

Canned Peaches

2008

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Report Highlights:

CY 2009 peach production is estimated at 159,500 MT, of which 84,000 will be processed into canned peaches. Canned peach exports are expected to increase to 41,500 MT, compared to CY 2008, primarily due to increased production and because the local industry is actively working on gaining access to new foreign markets. Domestic consumption for CY 2009 is forecast to continue increasing gradually due to a higher purchasing power.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
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Table of Contents

Section I. Situation and Outlook.....	3
Executive Summary	3
Production areas	3
Production.....	3
Consumption	4
Trade	4
Import and Export Requirements.....	5
Fresh Peach Farm-Gate Prices.....	5
Production Costs	5
Domestic Retail Prices	6
International Prices.....	6
Section II. Statistical Table	7

Section I. Situation and Outlook

Executive Summary

Post forecasts an increase in production for CY 2009 of 1,000 MT to 84,000 MT due to higher efficiency and new plantations entering production. Domestic consumption is expected to increase as a result of a sustained recovery of purchasing power, and exports are also estimated to increase due to increased production and the search for access to new foreign markets.

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 2007 census carried out by the Rural Development Institute of Mendoza (IDR, in Spanish - a private/public sector entity closely related to the provincial Ministry of Economy) and the Processed Fruit Chamber of Mendoza (CAFIM, in Spanish), there are 1,129 producers, with an average farm size of 5.7 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 areas in the Province of Mendoza, called oases.

The oldest and most traditional production area, the southern zone, encompasses the departments (counties) of San Rafael and General Alvear. It has a total planted area of 2,724 hectares, of which the Mendoza Province accounts for 36 percent. Farms in this area are small, not over 3 hectares, and are generally subsistent in nature. Production is basically low tech with yields no higher than 14.9 MT per hectare.

The northern and eastern zones, with 2,080 hectares in production, have an average farm size of 8.7 hectares. Yields in this zone reach 15.1 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 2,813 hectares, the average farm size in this area is 16.5 hectares, and yields reach 31.6 MT per hectare.

According to a survey carried out by IDR together with two industry NGOs, in CY 2007, area planted to peaches decreased by 57 hectares in the northeastern zone and 438 hectares in the southern zone, and increased by 515 hectares in the Uco Valley. Also, 51 and 26 hectares of old plantations were eradicated in the northeastern and southern zones, respectively, while only 19 hectares were eradicated in the Uco Valley. Although the area planted remained stable, the quality of crops improved significantly.

Production

CY 2009 production is estimated to increase marginally to 159,500 MT, compared to the previous year, due to higher efficiency and new plantations entering production. Of that amount, 84,000 MT will be used for canned peaches. Post estimates total production for CY

2008 at 159,000 MT, of which 83,000 MT will be canned peaches. However, frosts may still occur in October; therefore, total peach production may vary largely depending on the weather conditions in the next few months.

Consumption

Total domestic consumption for 2009 is forecast to increase slightly to 43,000 MT due to a sustained recovery of purchasing power. In CY 2008, domestic consumption will also show a slight recovery, compared to the previous year. Annual per capita consumption is expected to reach 1.75 cans due to the improved economic situation. Total domestic consumption is forecast to increase in CY 2008 to 42,500 MT.

Trade

CY 2009 canned peach exports are estimated to increase marginally to 41,500 MT, primarily due to increased production and because the local industry is actively working on gaining access to new foreign markets. CY 2008 exports are forecast at 40,000 MT, down 2,000 MT compared to the previous year, as domestic consumption is competing strongly with exports.

Mexico and Brazil are the main markets for Argentine canned peaches. An agreement between the Governments of Argentina and Mexico establishes an annual quota of 10,000 MT at a zero tariff (the import tariff in Mexico is seven percent). This quota is allocated by the Secretariat of Agriculture of Argentina which gives priority to those canneries that have exported canned peaches to a third country in the past four years. Only 15 percent of the quota will be allocated to companies that have not previously exported their product. Representatives of the Federation of the Processed Peach Strategic Plan (FEPEDI, in Spanish) have recently traveled to Mexico to negotiate an increase of the 10,000 MT-zero tariff quota to 15,000 MT.

Canned Peach Exports						
Country	2005		2006		2007	
	USD	Quantity	USD	Quantity	USD	Quantity
Total	12382922	18187	25658833	34358	30587972	32473
Mexico	4403432	6319	7261170	9852	13466269	14295
Brazil	2059936	2718	9123252	11365	6189601	6306
Paraguay	928757	1393	1512748	2011	2968727	3033
Uruguay	1135662	1685	2072982	3042	2604076	2816
Bolivia	661444	895	947160	1207	1948130	1934
Thailand	485963	864	638678	1055	1472524	2109
Chile	579501	815	1556415	2052	788420	823
Guatemala	382063	561	500869	704	295017	311
Colombia	0	0	274912	319	274165	215
Peru	48215	56	60228	72	255583	209
United States	64747	97	1007814	1715	93780	162
Canada	0	0	11019	18	67515	93
Ecuador	57944	88	114564	149	43025	48
EU	104679	152	102726	142	38524	39

Panama	56568	89	190912	236	18438	10
Costa Rica	12403	18	25400	36	18109	25
Venezuela	4557	7	23946	35	17835	17
Puerto Rico	17235	20	23542	28	10276	13
Dominican Rep.	2648	4	15120	20	9600	9
Angola	36180	53	87563	134	1092	1
Honduras	13518	18	8441	11	0	0
Egypt	59400	106	0	0	0	0
South Korea	187337	300	10146	17	0	0
Taiwan	52258	89	0	0	0	0
Philippines	951864	1714	0	0	0	0
Russia	41415	71	72450	124	0	0
Others	35196	55	16776	14	7266	5

Source: Global Trade Atlas

Import and Export Requirements

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

Fresh Peach Farm-Gate Prices

Canned peach prices during January-July 2008 were between 10 percent (in April) and 47 percent (in January) higher than the same period in 2007. According to private sources, CY 2008 farm-gate prices are higher than in 2007, but net income for producers will decrease marginally, compared to CY 2007, due to a relatively high inflation rate and higher production costs. In CY 2008, farm-gate fresh fruit prices for canned peaches varied between US\$0.37 and US\$0.39 per kilogram.

Production Costs

The production costs that showed higher increases in CY 2008 were raw material, manual labor, tin plates, sugar, and corn syrup. In average, production costs increased by 25 percent.

Domestic Retail Prices

820-gram can (net weight)	September 2006 (1US\$ = 3.10AR\$)		September 2007 (1US\$ = 3.17AR\$)		September 2008 (1US\$ = 3.16AR\$)	
Brand	AR\$	US\$	AR\$	US\$	AR\$	US\$
La Campagnola	3.99	1.29	6.15	1.94	7.99	2.53
Arcor	3.49	1.12	5.8	1.83	n/a	n/a
Canale	3.99	1.29	6.2	1.96	7.29	2.31
Alco	3.59	1.16	5.99	1.89	6.59	2.09
Molto	4.29	1.38	6.5	2.05	n/a	n/a
Santa Isabel	3.39	1.09	5.4	1.70	n/a	n/a
Prima (Imported fm. Greece)	n/a	n/a	n/a	n/a	5.79	1.83
Average price	3.79	1.22	6.0	1.89	6.92	2.19

International Prices

Prices Table			
Country	Argentina		
Commodity	Peaches, Canned		
Prices in	US\$ FOB	per uom	MT
Year	2007	2008	% Change
Jan	675	993	47
Feb	927	1091	17.5
Mar	909	1117	23
Apr	980	1079	10
May	940	1109	18
Jun	955	1195	25
Jul	939	1174	25
Aug	937	n/a	-100%
Sep	926	n/a	-100%
Oct	986	n/a	-100%
Nov	933	n/a	-100%
Dec	1009	n/a	-100%
Exchange Rate	3.16	Local Currency/US \$	
Date of Quote	10/02/2008	MM/DD/YYYY	

Source: Global Trade Atlas

Section II. Statistical Table

Peaches, Canned Argentina	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
	Data			Data			Data		
Deliv. To Processors	160000	160000	158000			159000			159500
Beginning Stocks	2500	2594	2500			2500			3000
Production	80000	80000	84000			83000			84000
Imports	0	0	0			0			0
Total Supply	82500	82594	86500			85500			87000
Exports	41000	41000	42000			40000			41500
Domestic Consumption	40000	40000	42000			42500			43000
Ending Stocks	1500	1594	2500			3000			2500
Total Distribution	82500	82594	86500			85500			87000
TS=TD			0			0			0
Comments									
AGR Number									

Comments To Post

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