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Report Name: Fresh Deciduous Fruit Annual

Country: Argentina

Post: Buenos Aires

Report Category: Fresh Deciduous Fruit

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Report Highlights:

Post projects a slight increase in fresh apple production in Marketing Year (MY) 2024/25, forecast at 488,000 metric tons (MT), while pear production is expected to decrease to 655,000 MT from the previous year. Favorable weather conditions, with mild temperatures and scattered frosts, have not significantly affected crop development to date. Apple exports are anticipated to increase to 82,000 MT, whereas pear imports are projected to remain stable at approximately 330,000 MT, consistent with prior years. The number of fruit producers in the country continues to shrink, driven by escalating production costs, persistently low fruit prices, and increased competition for land from other sectors.

Executive Summary

Post forecasts Marketing Year (MY) 2024/25 fresh apple production to increase to 488,000 metric tons (MT) due to favorable weather conditions, while pear production is expected to see a modest decrease to 655,000 MT.

Exports for both deciduous fruits are anticipated to remain steady, with apples reaching 82,000 MT and pears at 330,000 MT. Domestic consumption is forecasted at 409,000 MT for apples and 325,300 MT for pears.

Argentine fresh deciduous fruit producers continue to face substantial challenges, mainly due to the strained domestic economy, which has negatively impacted their competitiveness. The country's high inflation rate complicates long-term business planning, forcing growers to postpone essential investments in equipment upgrades and the introduction of new varieties for replanting.

Production

Río Negro province is the leading producer of apples and pears in Argentina. In 2022, it accounted for approximately 82 percent of the country's total production of these fruits, according to official national statistics. Neuquén province followed with 15 percent, while the Uco Valley in Mendoza Province contributed the remaining 3 percent.

The number of apple and pear producers in Argentina has significantly declined in recent years. According to the National Food Safety and Quality Service (SENASA), there were about 9,000 producers in 2005, but by 2023, that number had dropped to just 1,605 producers. This sharp reduction can be attributed to multiple factors, including rising production costs, urbanization of agricultural areas, and an aging workforce. However, the remaining producers in the industry tend to be more financially secure and stable.

One of the primary drivers behind the decrease in producer numbers is the rising cost of production. Land, water, and labor expenses have surged in recent years, making it increasingly difficult for small-scale producers to compete in domestic and international markets. The shrinking domestic market for apples and pears and declining international prices have also forced many small producers out of business.

Another major challenge is the aging workforce. Many skilled workers in apple and pear production are nearing retirement age, leading to a shortage of qualified labor, which has strained producers' ability to maintain operations. Moreover, urbanization has reduced the amount of land dedicated to fruit production, as real estate development has become more profitable in certain regions.

Despite these challenges, the remaining apple and pear producers have adapted by investing in new technologies and production methods, focusing on producing high-quality fruit for domestic and international markets. The sector is supported by a network of 260 packing plants and 198 cold storage facilities, which handle the fruit's cleaning, sorting, grading, packaging, and storage. Approximately half

of the sector's 60,000 direct-hire employees are seasonal migrant workers, primarily from the northern provinces, who travel to the region for the harvest, typically from November to March.

Irrigation plays a crucial role in the region's agriculture. The Ingeniero Ballester Dam, constructed in 1916 on the Neuquén River, provides artificial irrigation for the Río Negro and Neuquén valleys. A 130-kilometer canal distributes water via gravity-fed ditches, irrigating orchards while providing a natural defense against frost. This system operates without electric pumps, making it highly efficient.

The recent consolidation of Argentina's apple and pear sector has created a need for increased public and private investment in technological advancements, such as mechanization, improved logistics, and enhanced communication networks. However, such investments are unlikely in the near term due to persistently low prices and high production costs. Limited access to capital for reinvesting in orchard health and efficiency further hampers productivity improvements. Many orchards still grow older fruit varieties that are less competitive in the global market than the newer varieties produced by Chile and China, particularly in the apple sector. Increasing Argentina's efficiency and reducing production costs will be crucial for maintaining competitiveness in international markets.

Several ongoing challenges threaten the long-term viability of the industry. These include the government's active management of the peso exchange rate, rising labor and energy costs, and the increasing price of refrigerated containers amid the global container shortage. According to industry sources, the estimated cost to plant a hectare with new fruit varieties, including hail protection and dual-purpose irrigation (for watering and frost prevention), is approximately USD 50,000. The production cost for apples and pears is estimated at USD 0.37 per kilogram, with 60 percent of this cost attributed to labor (40percent for packing and 20 percent for production), and the remaining 40 percent allocated to capital, inputs, and services, including energy, transportation, packaging, and phytosanitary certifications.

The COVID-19 pandemic has significantly impacted the fruit sector, mainly due to a shortage of shipping containers, which has driven up freight prices. This issue and rising energy costs have made it difficult for producers to get their products to market, reducing profitability.

Innovation within the agricultural sector has become essential in addressing key challenges such as disease resistance, pest control, and drought tolerance while ensuring water availability and maintaining fruit quality. With market saturation and an incursion of new fruit varieties, reshaping traditional commercial strategies is critical for survival. New protective membranes have recently been introduced to shield crops from hail and intense sunlight. Frost, combined with extreme heat, has damaged pears, affecting their size and appearance, while apples have experienced changes in color due to rising temperatures.

In 2024, the Argentine government implemented a liberalized import policy, removing stringent controls. This has introduced new challenges for domestic producers, who must compete with imported goods. However, it also presents opportunities to adopt foreign technologies, new fruit varieties,

agrochemicals, fertilizers, machinery, and packaging materials to enhance competitiveness in both domestic and international markets.

Apples

For MY 2024/25, fresh apple production in Argentina is forecast to increase to 488,000 MT. This slight increase from the previous MY is attributed to favorable weather patterns, which result in better yields.

Post's estimate of apple production for MY 2023/24 is adjusted to 485,000 MT, 2,000 MT less than USDA official estimates.

Varieties

The primary apple varieties cultivated are Red Delicious, Granny Smith, and Gala. Collectively, these three varieties comprise almost 90 percent of the country's apple production.

Pears

For MY 2024/25, fresh pear production is projected at 655,000 MT. Due to suitable weather conditions without frosts, pear production is estimated to increase to 658,000 MT for MY 2023/24.

Post's estimate of pear production for MY 2022/23 remains unchanged at 654,000 MT, following USDA estimates.

Varieties

Argentina continues to grow a handful of pear varieties, with few significant developments in recent years due to the tight economic constraints faced by producers, which limit their ability to experiment with new varieties. The Williams variety continues to dominate, accounting for 40 percent of cultivated area and pear exports. Following closely is the Packham, representing one-third of the market share, while the D'Anjou holds a 15 percent share. The Abate variety accounts for just 5 percent of the market.

Organic Production

In Marketing Year (MY) 2024/25, the certified organic apple and pear orchards in the provinces of Río Negro and Neuquén covered an area of 5,500 hectares, unchanged from previous years. While organic production growth has been driven by rising international demand for organic fruit, this demand has recently begun to decelerate.

Despite the higher production costs associated with organic farming, such as manual pruning, biological weed control, and certification fees, producers expect the area dedicated to organic production to remain stable in the coming years.

Planted Area

The area planted to apples and pears in MY 2024/25 is forecasted at 17,500 hectares for apples and 19,000 hectares for pears. This is based on the expectation of maintaining last year's demand for both fruits. The planted area for apples in MY 2023/24 is forecast at 18,000 hectares due to favorable weather conditions and more accurate supply and demand information for this fruit. The planted area for apples in MY 2022/2023 is forecast unchanged from the last USDA estimate at 19,000 hectares. The planted area for pears in MY 2023/24 and MY 2022/23 is forecasted unchanged from the previous USDA estimate to 19,000 hectares.

In MY 2024/25, the harvested area for apples is forecast at 16,700 hectares. The harvested area for pears is forecast at 17,500 hectares due to the uncertainty in the national economy. In MY 2023/24, the harvested area for apples is forecast to remain unchanged at 17,000 hectares from the last official USDA estimates. The harvested area for pears is also forecast to remain unchanged at 18,200 hectares. For MY 2022/23, the harvested area for both fruits also remained unchanged, in line with USDA official estimates.

The decline in apple and pear production in Argentina in recent years is a complex issue driven by several key factors. One of the most significant is the rising cost of production. Land, labor, and production inputs, such as fertilizers and pesticides, have seen substantial price increases, making it difficult for many producers to remain profitable. Additionally, limited access to international markets poses a severe challenge to Argentine fruit growers. The country's geographic distance from major markets and high shipping costs have made it increasingly challenging for small-scale farmers to sustain their orchards, leading many to abandon their land or switch to other crops.

Another critical factor is the persistently low apple prices and pears on the global market. International competition in the fruit sector is fierce, and prices have remained stagnant for many years. This has put considerable financial pressure on Argentine growers, some of whom have opted to sell their land to larger producers or industries such as oil and gas.

The expansion of Argentina's cattle sector has also contributed to the decline of apple and pear production. After northern Patagonia was declared free of Foot-and-Mouth disease without vaccination in 2013, feedlots began to proliferate, increasing the demand for forage crops. As a result, some apple and pear orchards were converted to forage production to meet this demand.

Urban development and the rising popularity of craft beer have further reduced the availability of land for fruit production. Urban expansion has paved over agricultural areas, while the growing demand for hops used in craft beer has led to the conversion of some apple and pear orchards to hop cultivation in key production regions.

Over the past eight years, approximately one-third of Argentina's fruit growers have exited the industry, with small-scale farmers disproportionately affected. Large-scale producers, who account for only 2.5 percent of all fruit growers, control 45 percent of the land used for fruit production. In contrast, small-

scale farmers, 75 percent of the agricultural population, own just 28 percent of the land. Mid-sized producers hold the remaining 27 percent. Most small and medium-sized growers rely on cooperatives to market and sell their production.

Consumption

Domestic consumption of fresh apples is forecast to reach 409,000 MT in MY 2024/25. In line with USDA official estimates, domestic consumption of fresh apples is expected to remain at 410,000 MT and 455,000 MT in MY 2023/24 and MY 2022/23, respectively.

Fresh pear consumption is estimated at 325,300 MT for MY 2024/25, a slight increase from the previous MY 2023/24, which is estimated at 322,300 MT, showing a 6.5 percent increase from USDA official estimates. This adjustment in production is due to favorable weather conditions for the crop.

Organic Consumption

In recent years, the popularity of fresh organic products has shown an upward trend in affluent areas within Buenos Aires and other major cities in the interior of Argentina. However, due to higher prices, domestic demand for organic products remains relatively low compared to that of northern hemisphere markets.

Fresh organic produce is sold in high-end supermarkets and health food stores, targeting upscale consumers. In addition, food manufacturers are increasing the volume of organic fruit in their processed products, such as cereal bars and organic juices.

Trade

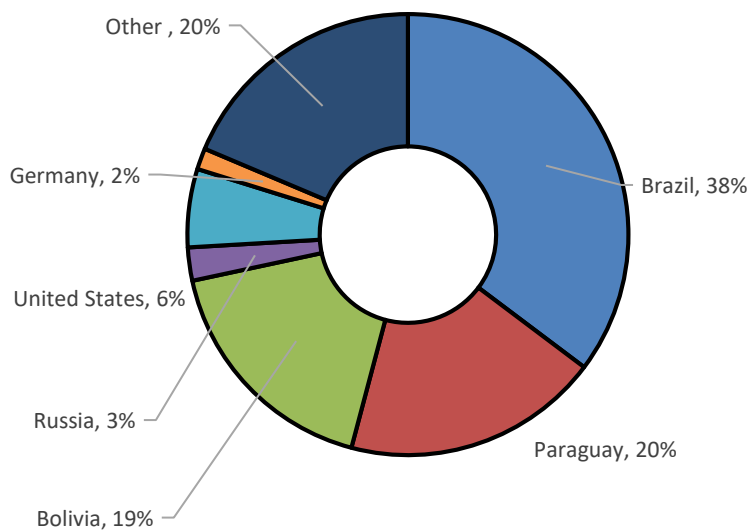
Exports

Apple exports are expected to rise to 82,000 MT for MY 2024/25 due to increased demand from Latin American countries. This compensates for some decrease in nontraditional markets from the last official USDA estimate.

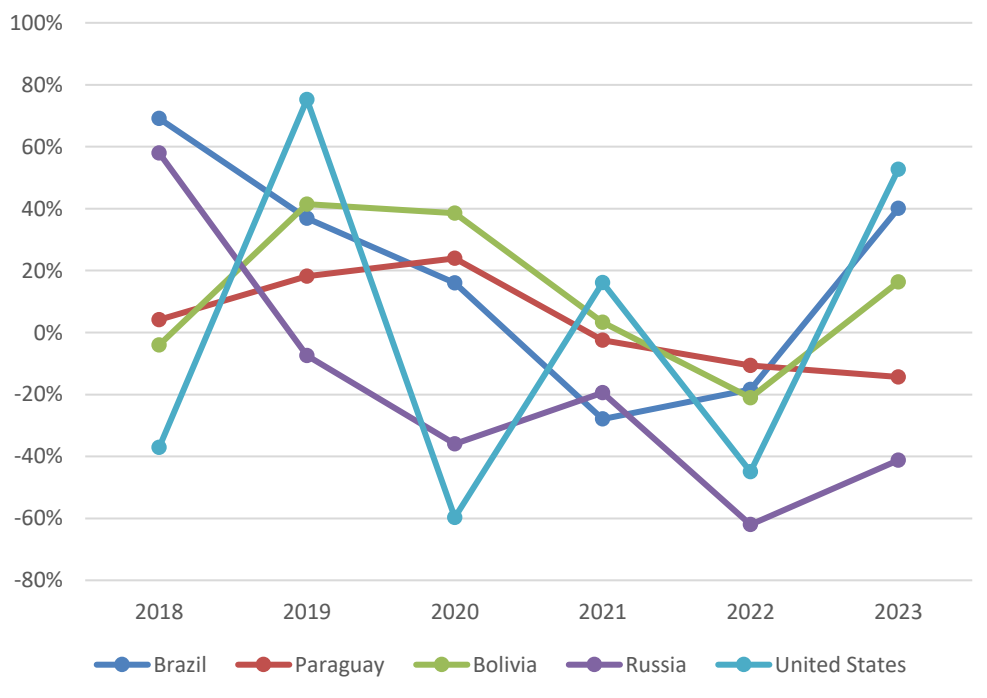
Pear exports from MY 2024/25 are expected at 330,000 MT. Argentina's ability to reach its export targets will depend on its ability to successfully maintain the traditional international markets and expand business to Latin American countries.

Figure 2: Principal Destinations of Argentine Exports of Fresh Apples and Interannual Quantity Variations

Argentine Fresh Apples Exports 2023



Argentina's Apple Principal Export Destinations Dynamics.
Interannual quantity variations

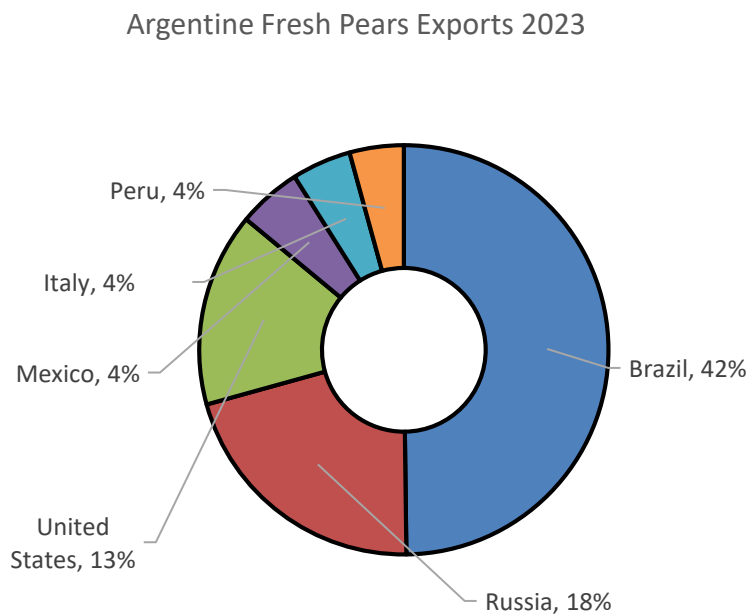


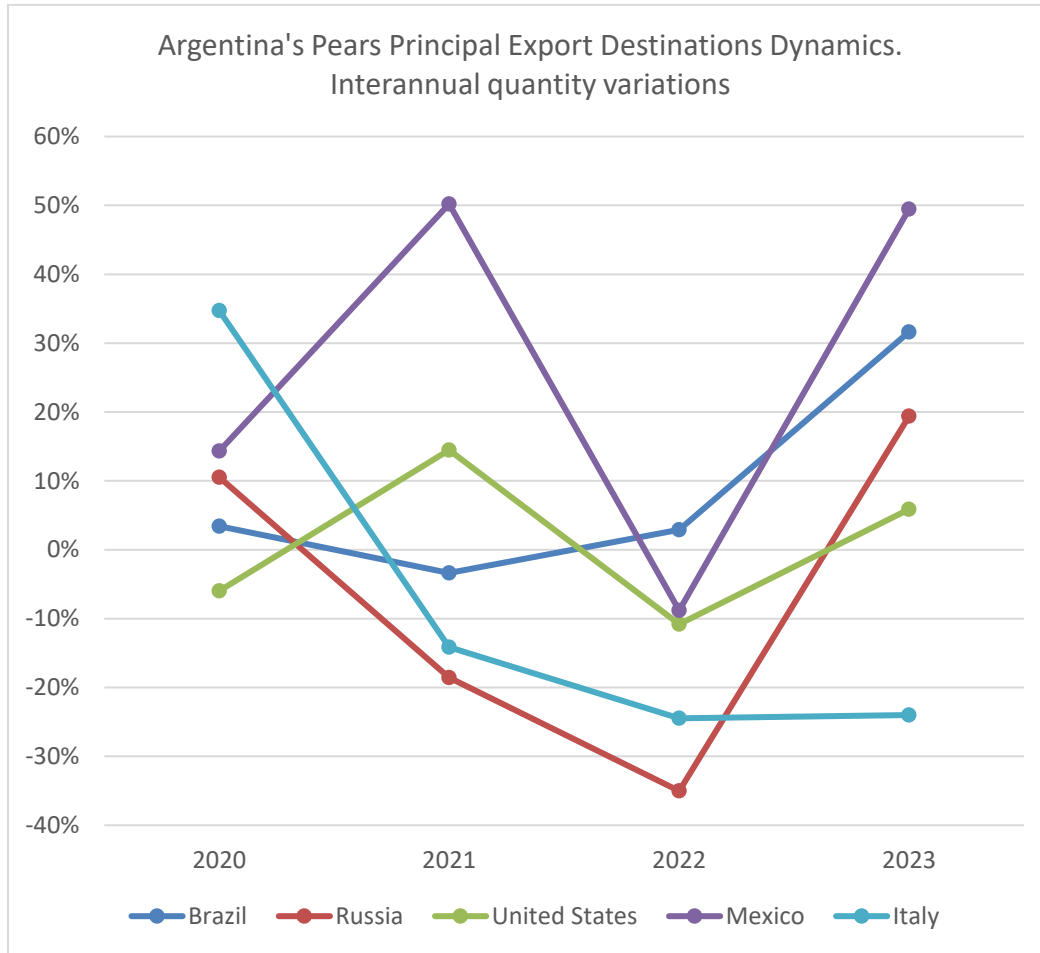
Source: FAS Buenos Aires based on data from Trade Data Monitor, Inc.

The six largest fruit companies account for over 60 percent of total fruit exports. Some companies are vertically integrated with their production and only purchase from third parties as needed. This gives them a significant advantage over independent growers, who often struggle to sell their fruit when production is high.

After eliminating national subsidies early in 2024, high energy costs also encouraged producers to store only high-quality fruit, while lower-quality fruit is often sold at a loss. This situation has also created several challenges for independent growers. They face stiff competition from large fruit companies and have difficulty selling their fruit when production is high. Additionally, the high cost of cold storage makes it difficult for them to store their fruit and sell it later with higher fixed production costs.

Figure 2: Principal Destinations of Argentine Exports of Fresh Pears and Interannual Quantity Variations.





Source: FAS Buenos Aires based on data from Trade Data Monitor, Inc.

Argentine apple exports increased by 8 percent in the first three months of 2024, reaching 14,217 MT. This is likely due to higher demand from Brazil and Paraguay. Pear exports increased by 8 percent to 126,113 MT during the same period. This is likely due to higher demand from international markets, especially Brazil and the United States.

Imports

Argentina is a significant producer and exporter of fresh apples and pears, but imports of these fruits are typically negligible. Consequently, in MY 2024/25, fresh apple imports are forecast to remain unchanged from the last official estimate, reaching 3,000 MT. Fresh pear imports in MY 2024/2025 are expected to reach 300 MT, with no changes from the previous MY.

Apple and pear imports in MY 2022/23 remained unchanged from official estimates at 2,100 MT and 300 MT, respectively, following USDA estimates.

Policy

The Argentine government has made limited investments in the apple and pear sector. However, the *Programa de Incremento Exportador para las Economías Regionales* (PIER) stands as an exception, providing financial assistance to apple and pear producers in Argentina. Under this program, exporters benefit from an exchange rate higher than the official rate, allowing them to receive more pesos for each export. Consequently, this measure is enhancing their profitability.

An essential aspect of the PIER is its mechanism for currency valuation. As of the latest update, exporters receive 80 percent of their dollar valued at the official exchange rate. However, the remaining 20 percent is calculated based on the *contado con liquidación* (CCL) exchange rate. This dynamic approach ensures that producers can maximize the benefits of their exports while mitigating the impact of currency fluctuations. For example, on May 9th, 2024, the official rate was 901 pesos per dollar, and the export dollar was 914 pesos per dollar, resulting in an “export dollar gap” of approximately 2 percent.

The inflation rate in pesos is still significantly high. Although it has been trending downward since its peak, data from March 2024 indicates monthly inflation exceeding 11 percent.

Even in this complex context, the disparity between the export dollar and the official exchange rate is a symptom of the distortion in the Argentine foreign exchange market. The new government is still regulating the foreign exchange market through various financial instruments, expecting to change this macroeconomic framework.

Long-term loans to apple and pear producers are limited even at provincial levels.

Import and Export Regulations

Table 1: Tariffs, Taxes, and Rebates for Argentine Fresh Apples & Pears

Tariffs, Taxes, and Rebates for Fresh Apples (0808.10) & Fresh Pears (0808.30)	
Import Tariff (percentage) from outside Mercosur	10
Statistical Tax (percentage) applies to Imports	3
Export tax (percentage)	0
Apples Export Rebate (percentage)	3.75
Pears Export Rebate (percentage)	3.5
Additional Export Rebate for Organic Fruit for apples & pears (percentage) (*)	0.5

Source: FAS Buenos Aires based on data from VUCE.

(*) All export rebates apply equally within and outside Mercosur.

Note: All tariffs and taxes apply equally to apples and pears. Export Rebates differ for both fruits.

Marketing

Table 2: Retail Prices of Argentine Apples and Pairs

Retail Prices		
Fruit	Variety	Price (\$USD/Kilogram)
Pears	Williams	\$2,00
	Red Bartlet	\$1,78
	D'Anjou	\$1,67
Apples	Red Delicious (premium)	\$3,67
	Red Delicious (standard)	\$2,89
	Granny Smith	\$3,34
	Rome Beauty	\$3,34

Source: Survey of supermarkets and grocery stores in the greater Buenos Aires area.

Note: The official rate as of October 21, 2024, USD\$ 1= ARS\$ 899

Free-on-Board (FOB) Prices

The pricing trends for exported fresh apples and pears have exhibited distinct patterns over the past three years, as outlined in Tables 3 and 4.

Table 3: Freight On Board (FOB) Export Prices for Argentine Apples

Fresh Apples – FOB Prices (\$USD/MT)			
Month	2022	2023	2024
Jan	\$ 532	\$ 550	\$ 659
Feb	\$ 625	\$ 558	\$ 626
Mar	\$ 639	\$ 634	\$ 708
Apr	\$ 840	\$ 738	\$ 826
May	\$ 724	\$ 749	\$ 875
Jun	\$ 697	\$ 738	\$ 850
Jul	\$ 637	\$ 746	\$ 789
Aug	\$ 673	\$ 722	\$ 792
Sep	\$ 602	\$ 689	\$ 789
Oct	\$ 589	\$ 665	-
Nov	\$ 579	\$ 619	-
Dec	\$ 599	\$ 609	-
Avg	\$ 644,7	\$ 668,1	\$768

Source: FAS Buenos Aires based on data from Trade Data Monitor, Inc.

The average price of fresh apples exported by Argentina has fluctuated over the past three years, as depicted in Table 3. In 2022, the average price per metric ton (MT) stood at \$644.7, a slight increase from the previous year's average of \$632.5. This trend continued in 2023, with the average price reaching \$668.1 per MT, and also in 2024, with the average price at \$768 per MT.

Table 4: FOB Export Prices for Argentine Pears

Fresh Pears – FOB Prices (\$USD/MT)			
Month	2022	2023	2024
Jan	\$ 789	\$ 702	\$ 757
Feb	\$ 793	\$ 680	\$ 727
Mar	\$ 835	\$ 683	\$ 748
Apr	\$ 771	\$ 690	\$ 777
May	\$ 719	\$ 702	\$ 799
Jun	\$ 726	\$ 761	\$ 812
Jul	\$ 723	\$ 754	\$ 850
Aug	\$ 727	\$ 766	\$ 805
Sep	\$ 699	\$ 725	\$ 732
Oct	\$ 731	\$ 739	-
Nov	\$ 726	\$ 774	-
Dec	\$ 731	\$ 826	-
Avg	\$ 747,5	\$ 733,5	\$ 744,0

Source: FAS Buenos Aires based on data from Trade Data Monitor, Inc.

The average price of fresh pears exported has also showcased a mixed trajectory over the past three years, as illustrated in Table 4. In 2022, the average price per metric ton (MT) was \$747.5, a modest increase from the previous year's average of \$729.7. However, this trend reversed in 2023, with the average price declining to \$733.5 per MT. Notably, prices peaked in July 2024 at \$850 per MT before gradually moderating at \$732 per MT in September 2024.

Apples, Fresh Market Year Begins Argentina	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	19000	19000	19000	18000	0	17500
Area Harvested (HA)	17270	17270	17270	17000	0	16700
Bearing Trees (1000 TREES)	16700	16700	16700	16700	0	16500
Non-Bearing Trees (1000 TREES)	400	400	400	400	0	400
Total Trees (1000 TREES)	17100	17100	17100	17100	0	16900
Commercial Production (MT)	529000	529000	487000	485000	0	488000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	529000	529000	487000	485000	0	488000
Imports (MT)	2100	2100	3000	3000	0	3000
Total Supply (MT)	531100	531100	490000	488000	0	491000
Domestic Consumption (MT)	455100	455100	410000	410000	0	409000
Exports (MT)	76000	76000	80000	78000	0	82000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	531100	531100	490000	488000	0	491000

(HA) ,(1000 TREES) ,(MT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Pears, Fresh	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
Argentina						
Area Planted (HA)	19000	19000	19000	19000	0	19000
Area Harvested (HA)	18260	18260	18260	18200	0	17500
Bearing Trees (1000 TREES)	14200	14200	14200	14200	0	14200
Non-Bearing Trees (1000 TREES)	600	600	600	600	0	600
Total Trees (1000 TREES)	14800	14800	14800	14800	0	14800
Commercial Production (MT)	654000	654000	621000	658000	0	655000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	654000	654000	621000	658000	0	655000
Imports (MT)	300	300	300	300	0	300
Total Supply (MT)	654300	654300	621300	658300	0	655300
Domestic Consumption (MT)	339300	339300	301300	322300	0	325300
Exports (MT)	315000	315000	320000	336000	0	330000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	654300	654300	621300	658300	0	655300

(HA) ,(1000 TREES) ,(MT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Attachments:

No Attachments