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## Argentina

### Fresh Deciduous Fruit Semi-annual

**2013**

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**Report Highlights:**

For calendar year (CY) 2013, Post forecasts a decrease in production of fresh apples and pears to 910,000 metric tons (MT) and 780,000 MT, respectively, compared to USDA official estimates, due to unfavorable weather conditions. Production of table grapes is projected to remain unchanged at 141,000 MT. Exports are estimated to decrease by nearly half to 160,000 MT for apples, and pear exports are expected to increase to 470,000 MT. For CY 2013, table grape exports are forecast to decrease by half to 25,000 MT due to lack of competitiveness of the fruit sector in international markets. Domestic consumption is expected to increase for apples and table grapes, and remain stable for pears.

**Executive Summary:**

Calendar year (CY) 2013 fresh apple and pear production is estimated to decrease to 910,000 metric tons (MT) and 780,000 MT, respectively, compared to USDA estimates, due to hail storms in the main fresh deciduous fruit growing region of Argentina. Table grape production is expected to remain unchanged at 141,000 MT as a result of favorable weather conditions. Apple exports are expected to increase significantly to 160,000 MT from the previous year as a result of less fruit availability in the Northern Hemisphere, and high prices paid by export markets during the first quarter of CY 2013. However, exports are forecast to decrease by nearly half from 310,000 MT to 160,000 MT, compared to USDA estimates, due to smaller production. Pear exports in CY 2013 are projected to increase to 470,000 MT, up 20,000 from official estimates. Table grapes exports are estimated to decrease by half to 25,000 MT from official estimates as a result of lack of competitiveness of the local fruit sector in international markets. Domestic consumption is projected to increase for apples and table grapes as higher volumes of fruit will be devoted for the domestic market due to the inflation in dollar terms, which makes the local fruit sector less competitive. Pear consumption is forecast to remain stable.

**Commodities:**

Apples, Fresh  
Pears, Fresh  
Grapes, Table, Fresh

## **Production:**

### *Production and Area*

Calendar year (CY) 2013 fresh apple production is estimated to decrease to 910,000 metric tons (MT), 120,000 MT less than official estimates, due to an intense hail storm which affected 8,000 hectares in the “Alto Valle of Rio Negro Province” in early March 2013. It is estimated that 80,000-100,000 MT of fruit were damaged, primarily apples, of which 50 percent will be devoted for processing, and the balance will be lost. The hail storm did not affect pears as much as it affected apples since the pear harvest was almost completed when the storm occurred. However, pear production official estimates were revised down from 820,000 MT to 780,000 MT due to a hail storm that occurred in early November 2012 and latest revisions of provincial estimates. Table grape production is projected to remain unchanged from previous official estimates at 141,000 MT. It is expected to increase compared to the previous year due to favorable weather conditions, which favored yields.

CY 2012 fresh apple, pear, and table grape production is estimated to remain stable at 860,000 MT, 760,000 MT, and 110,000 MT, respectively, compared to latest USDA official estimates. These estimates are lower than CY 2011. For apples and pears, it is a result of unfavorable weather conditions, mainly hail storms during harvest, which affected fruit volumes and quality, and to a lesser extent, bee mortality, which prevented regular pollination due to ash contamination from the eruption of Puyehue volcano in Chile. Moreover, the harvest was delayed as a consequence of small fruit size resulting from high temperatures, excess rain, and strong winds, which affected seed formation. The decrease of fresh table grape production was due to late frosts during springtime and excess rain during summertime.

For CY 2013, area planted to apples and pears is revised down from 28,000 to 27,500 hectares and 29,000 to 28,500 hectares, respectively. This is primarily due to the economic and financial crisis affecting the main fresh deciduous fruit growing region of Argentina, Alto Valle and Valle Medio in the Province of Rio Negro, and also because land that was traditionally used for apple production in the Province of Mendoza is increasingly being devoted to wine grape production and other more profitable crops. Smaller fruit producers from Rio Negro and Neuquen, who can no longer face the financial difficulties of the past few years, are selling their plantations to larger producers and/or packers/exporters. However, when plantations are in a poor phytosanitary condition or their yields are not good, they are being purchased for real estate projects. Thus, the fruit sector is becoming increasingly concentrated in fewer larger producers. However, fruit production is not expected to decrease as the sector is forecast to become more efficient.

It is estimated that about 85-90 percent of total apple production and approximately 80-85 percent of total pear production is produced in Alto Valle of Rio Negro Province and Neuquen Province, and the balance is produced primarily in Valle de Uco, Province of Mendoza. About 35-40 percent of the total production is exported, and 75 percent of non-Mercosur overseas exports are dominated by only 5

companies. There are about 2,600 producers and 60,000 workers in the fruit sector of Rio Negro and Neuquen Provinces.

About 90 percent of the total area planted to table grapes is concentrated in the Province of San Juan, Argentina. During 2012, area planted to table grapes decreased from 10,000 hectares to 9,000 hectares and, in 2013, area is expected to decrease further to 8,500 hectares, as a result of more area devoted to raisin production, especially the Flame Seedless variety. It is estimated that about 1,600 hectares are planted to the Flame Seedless variety in San Juan Province, of which about 98 percent is devoted to raisin production (most of this variety used to be devoted for table grapes).

### *Organics*

According to private sources, between 8-10 percent of the total production of organic fresh apples and pears produced in Alto Valle of Rio Negro and Neuquen Provinces is certified as organic. Organic apple and pear production, destined for niche export markets, has been growing steadily during the past few years – despite 20-30 percent higher production costs compared to conventional fruit production. In CY 2012, organic exports totaled 10,548 MT for apples, compared to 17,734 MT in CY 2011, and 21,353 MT for pears, compared to 26,489 MT the previous year. The main destinations for both fruit were the EU and the U.S. Higher production costs are primarily due to the manual pruning of fruit, biological weed control, and certification fees. Producers who have been more successful in the organic business are those who grow new non-traditional varieties, such as Cripps Pink (Pink Lady) and Braeburn apples, and Golden Bosc and Rocha pears. According to private sources, about 30-40 percent of organic fruit is sold as conventional fruit, especially in markets where there is an oversupply of organic fruit, although in the current season a higher percentage of organic pears were sold as organic.

An increasing volume of organic fruit is being destined for the manufacturing of organic juices. Exports of organic table grapes are negligible.

### *Varieties*

Two of the primary challenges of the fruit sector are to improve quality to meet the requirements of demanding export markets, and to develop new apple and pear varieties. Among the bicolor apples, only some Gala and Braeburn clones have succeeded in Argentina. Others, like Fuji, Jonagold and Elstar, did not adapt well to local conditions. Among yellow apples, Golden Delicious is the classic variety. Although it adapted well to Argentina's production conditions, this variety has lost popularity due to marketing problems. Among the red varieties, Red Delicious is the most widespread variety. Since it is sterile, it must be crossed with other varieties such as Gala, Fuji, Elstar, Golden Delicious, Granny Smith, Jonathan and Ozarkgold. In Argentina, many Red Delicious clones such as Starkrimson, Red Chief, Hi Early, Top Red Delicious, Oregon Spur, or Red King Oregon and Cooper 8, have been adopted. The second most important apple variety is Granny Smith. In Argentina, during the past couple of years, a shift towards the Royal Gala variety (bicolor) has occurred, as international markets are demanding less red varieties.

Among the most popular pear varieties, William's accounts for about 50 percent of the Argentine total pear production followed by Packham's Triumph. Other varieties are: Red Sensation, Red Bartlett, Beurré D'Anjou, Red Anjou, Abate Fetel (Abbé Fetel), Conference, General Leclerc, and Forelle. The

most popular table grape varieties are Superior Seedless and Red Globe (mostly exported), while the varieties Cherry and Moscatel are devoted for the domestic market.

### *Factors Affecting the Fruit Sector*

-- Trade union conflicts over salary increases with Alto Valle harvesters and packing plant operators started in early 2011 and have continued throughout 2011 and 2012, including strikes and road blockades. As a result, there was a 10-15 day delay in fruit harvesting in CY 2012, which resulted in some fruit ripening upon arrival in both the domestic and export markets (although this created concern among local companies, losses were not reported). At the beginning of the past season, the Argentine fruit sector labor force of Rio Negro and Neuquen Provinces received a salary increase between 22 and 25.6 percent (similar to increases given in the past few seasons which were close to annual inflation rates), significantly increasing labor costs for the sector. Producers also protested on the roads about the continuous loss of competitiveness, and requested financial support from the government. For CY 2013 season, the salary increase agreed upon with the fruit sector was 25 percent.

-- As reported by private sources, in CY 2013, conventional fruit production costs increased by about 25 percent in dollar value, as a result of increases in labor, energy, ocean freight, and input costs (labor costs account for about 60 percent of total production costs for apples and pears, and 70 percent for table grapes). The cost of production of a kilogram of fruit is about \$0.35. Table grape producers in the Province of San Juan have devoted more fruit to raisin and wine production in the current marketing season due to high costs and lack of financing for exports.

--Larger companies, who are producers, packers and exporters, are becoming less competitive in the international market because of increased costs, lower profitability, and decreased labor force. Private sources forecast that, during CY 2011, the fruit sector lost about \$200 million (the official estimate is \$105 million) as a result of loss of competitiveness, which added to a similar financial situation in CY 2010 plus lower profitability due to smaller production. In CY 2012 the situation worsened with costs that continued to increase and lower income. Private sources estimate that the labor force of the fruit sector decreased by about 1,000 workers per year (reportedly, 3,100 workers in the past three seasons) as a result of the crisis affecting the sector. Small companies are also affected by this since large companies tend to produce and market their own fruit, minimizing the volumes of fruit purchased from smaller producers. This is leading to increased concentration in the sector, with smaller producers selling their plantations for real estate projects or shifting to other more profitable crops, such as alfalfa, corn, and sunflower.

-- High inflation rates of over 20-25 percent during the past few years and estimated at over 25 percent for CY 2013, a stable official dollar compared to the local currency, and increasing production costs, have been decreasing drastically the competitiveness of the local fruit sector in international markets and discourage domestic and foreign investment.

### **Consumption:**

Domestic consumption in CY 2013 is forecast to increase for apples to 245,045 MT, 40,000 MT above USDA official estimates, as a result of smaller exports than previously estimated. Pear consumption is estimated to remain stable at 110,000 MT. Table grape consumption is expected to increase to 116,100

MT due to smaller exports. It is estimated that, overall, higher volumes of fruit, especially apples and table grapes, will be devoted for the domestic market, in detriment of overseas markets, due to the inflation in dollar terms in Argentina. Consequently, production costs are expected to continue to go up making fruit exports less competitive in international markets. (Note: table grape volumes which will not be exported, as mentioned previously, will be devoted not only for domestic consumption but also for raisin and wine production. In the PSD table, both volumes will be included under the “Domestic Consumption” category, increasing it above the normal consumption level).

Domestic consumption in CY 2012 is also lowered from USDA official estimates by 40,000 MT to 280,000 MT for apples due to more fruit devoted for processing and larger exports. Consumption was increased to 110,000 MT for pears as a result of less fruit for processing. Table grape consumption decreased to 66,631 MT as a result of larger exports.

Only low quality table grapes are destined for the domestic market and, until extra efforts are developed to devote higher quality varieties domestically, no drastic increase is expected. Consumption of organic apples and pears is gradually growing in the domestic market, especially through upscale supermarket distribution channels.

Annual per capita consumption is estimated at 7-8 kg for apples and between 3-3.5 kg for pears. The overall trend is a slight decrease of apple domestic consumption and a gradual increase of pear consumption. This is due to younger pear trees entering production, while eradication of older apple trees is being carried out at a slower pace.

The Argentine domestic fruit market is highly concentrated in Buenos Aires City and suburbs, where over one third of the country’s total population lives, although the GOA has been trying to decentralize it through the creation of a few fruit distribution markets in the interior of the country. There are three distribution channels for the distribution of fresh fruit: (1) Large exporters from Alto Valle, which use the domestic market as a secondary outlet for their products since their main focus is export markets. They usually sell by volume rather than quality. Their main customers are hyper and supermarkets; (2) Medium-sized firms, which handle smaller volumes and focus on quality, and whose brands are usually well-known both in the domestic and export markets. They have consolidated niche markets, and they regulate their supply to maintain high prices. The domestic market is key to their business; (3) Small companies which handle small volumes that are distributed to pre-established points of sale in larger cities. They usually serve those stores where large exporters and medium-sized firms do not have a presence. In general, the markets they access have a high per capita fruit consumption rate. (Source: study carried out by a private consulting company.)

## **Trade:**

CY 2013 apple exports are projected to increase significantly to 160,000 MT from the previous year as a result of less fruit availability in the Northern Hemisphere, and high prices paid by export markets during the first quarter of CY 2013. However, exports are forecast to decrease by nearly half from 310,000 MT to 160,000 MT, compared to USDA estimates, due to smaller production. Pear exports are estimated to increase to 470,000 MT from 450,000 MT. In addition, pear exports increased 76,189 MT, compared to CY 2012. Exports of both fruit increased from the previous year as a result of less fruit supply in Northern Hemisphere countries, and also due to high prices paid by export markets during the

first quarter of CY 2013, especially countries in Northern Europe. Export prices are projected to remain relatively high throughout the rest of the export season. In addition, local apple exports benefited from the strike carried out by Chilean terminal port workers from March 16 through April 7, which virtually stopped Chilean exports of fruit, wine, and copper to international markets. Table grape exports are estimated to decrease by half to 25,000 MT, compared to official estimates, due to lack of competitiveness of the local fruit sector in the international market. In addition, exports to Brazil decreased by 50 percent this marketing season as a result of a new technical requirement that consists of applying bromide to the fruit (Brazil accounts for 30 percent of Argentina's total table grape exports).

CY 2012 exports are estimated at 130,713 MT for apples, slightly above USDA official estimates.

Exports for both fruit decreased significantly from CY 2011 as a result of smaller production and lower competitiveness of local fruit companies in international markets due to the economic crisis affecting the Argentine fruit sector as the inflation in dollar terms makes fruit exports less profitable. Another important factor negatively affecting exports is Brazil's non-automatic import licenses (see Policy section). Private sources estimate that, during the current marketing season, the apple and pear sector in the Alto Valle and Valle Medio lost \$130 million to the crisis and Brazilian restrictions. (About 30 percent of total apple exports and 35 percent of total pear exports are shipped to Brazil every year).

Despite smaller production, CY 2012 pear exports increased to 393,811 MT from latest official estimates due to less fruit for processing. Table grape exports increased slightly to 43,519 MT due to smaller domestic consumption. Table grape exports are facing difficulties in some export markets, which have become more demanding in quality terms, due to competition with increasing fruit supply from Peru and Chile.

Fresh Apple Exports – Main Destinations						
Partner Country	2010		2011		2012	
	USD	MT	USD	MT	USD	MT
World	139,040,600	178,825	188,443,0911	233,393	116,330,113	130,713
Brazil	39,626,154	48,778	63,805,115	73,781	33,581,078	31,066
Russia	22,523,866	30,553	45,122,926	59,146	23,790,605	29,292
EU	40,369,874	48,181	44,633,320	50,269	28,092,704	28,965
Algeria	15,395,645	20,064	15,222,443	20,415	9,096,025	11,590
Bolivia	3,043,088	6,055	3,542,661	6,594	3,373,644	6,362
U.S.	5,223,797	6,056	3,411,593	4,495	4,437,231	4,670

Paraguay	823,654	3,291	1,232,953	5,019	1,163,159	4,445
Norway	5,223,797	6,056	5,132,649	5,774	3,933,202	4,408
Libya	1,831,996	2,302	219,912	296	3,018,385	3,576
United Arab Emirates	88,347	123	506,923	685	1,275,434	1,313

Source: FAS Buenos Aires based on data from the Global Trade Atlas

Fresh Pear Exports – Main Destinations						
Partner Country	2010		2011		2012	
	USD	MT	USD	MT	USD	MT
World	332,821,105	418,116	409,125,672	469,676	361,908,172	393,811
Brazil	121,356,135	152,368	136,739,877	148,824	158,449,905	159,323
Russia	72,572,847	94,283	85,022,758	106,280	79,887,410	94,798
EU	89,446,546	112,347	121,968,313	141,246	64,972,146	75,825
U.S.	22,355,863	26,764	32,992,768	38,830	27,749,830	31,340
Peru	0	0	0	0	6,114,400	5,608
Algiers	3,128,732	3,921	3,611,187	4,442	4,552,812	5,469
Canada	4,718,193	5,869	5,448,048	6,044	3,989,759	4,335
Mexico	5,423,365	5,957	7,472,333	6,752	2,602,560	2,228
Singapore	0	0	0	0	2,771,410	1,770
United Arab Emirates	0	0	0	0	1,437	1,618

Source: FAS Buenos Aires based on data from the Global Trade Atlas

Fresh Table Grape Exports – Main Destinations						
Partner Country	2010		2011		2012	
	USD	MT	USD	MT	USD	MT
World	71,090,071	50,142	83,438,481	56,417	68,265,830	43,519
EU	34,019,760	22,931	35,887,372	23,206	31,449,606	18,719
Russia	16,096,890	11,341	22,363,473	15,198	16,184,474	10,555
Brazil	15,950,412	11,580	19,875,477	13,497	13,686,853	8,734

Source: FAS Buenos Aires based on data from the Global Trade Atlas



Currently, over 70 markets are open to Argentine apples and pears. In CY 2012, Brazil remained the most significant fruit export market for apples and pears (by volume), followed by Russia and the EU. This was primarily due to the relatively high value of the real, compared to the dollar. Traditionally, Brazil has been more flexible than other markets, such as the EU and the U.S., regarding the quality of the fruit they import. However, they are becoming increasingly demanding as an export market. The primary export destination for table grapes was the EU, followed by Russia.

During the first part of the year, most apple and pear exports are devoted for overseas markets (mainly Europe and the U.S.) and, during the last part of the year, exports are oriented to Mercosur countries. During January-April 15, 2013, exports of apples to overseas markets increased by about 24 percent and exports of pears by about 33 percent, compared to the same period in 2012 (Source: San Antonio Este and Bahia Blanca Port Terminal). The main factor that caused such increase was small fruit supply in Northern Hemisphere countries, which increased export prices to reach record levels of the past decade.

The U.K. and the U.S. are traditional markets for Argentine organic apples and pears. In the U.K. there is a broader distribution of organic fruit, while in the U.S. organic fruit is sold in specialty retail stores. Brazil is becoming a very significant market for Argentine organic fruit. In destinations such as the EU, where the organic fruit market is usually oversupplied, organic apples and pears are sometimes sold as conventional fruit.

Argentina is a net fruit producing and exporting country. Thus, fresh deciduous fruit imports have traditionally been negligible.

## **Policy:**

### *Policy*

#### Government Support to Producers

During the first quarter of CY 2013, the Government of the Province of Rio Negro finalized the distribution of a \$17 million Compensation Fund, which was assigned to the fruit sector in CY 2012, as follows:

- Compensation for hail damage (\$3.75 million)
- Compensation for fruit pruning (\$415/hectare)
- Compensation for fruit for processing which could not be sold and did not have insurance coverage (\$1.55 million).

Throughout CY 2013 to date, the Government of the Province of Rio Negro has been assisting producers through the implementation of the following measures:

- Compensation Fund to overcome the effects of hail damage (\$1.16 million).
- Compensation of employer's social security contributions (\$0.45 million) for producers who paid January contributions on time. The government pays \$11/daily wage.
- Compensation of employer's social security contributions (\$0.52 million) for producers who paid February contributions on time, and January contributions out of time.

In addition, the National Government has allotted \$5.8 million to create a Fruit Plan with the following primary goal: foster a competitive fruit sector with social equity, that supplies the national and international market with high quality fruit standards, provides the producer with reasonable profitability, and generates employment opportunities.

In 2002, the Government of Neuquen Province implemented a voluntary Compensation Fund for Fruit Producers – which is still in force -- for growers who want to insure, at least, part of their harvest against hail damage. If over 50 percent of the harvest is damaged, the fund will cover the full harvest. Over 90 percent of producers have participated in this fund.

On June 1, 2010, the MAGP created the National Fruit Table through official Resolution No. 189/2010 with the purpose of fostering fruit quality and competitiveness of the Argentine fruit chain. In addition, the GOA created a Fruit Observatory, integrated by both the official and private sector, whose main goal is to determine the fruit sector profitability based primarily on the analysis of production costs. For the 2010/2011 season, the Observatory concluded that producers lost \$0.075/kg of fruit.

Since 2000, the Province of Rio Negro has had in operation the Agricultural Input Program (PAR, in Spanish) to facilitate the availability of agrochemicals to smaller producers through the implementation of a loan program. The program was so successful that, during the following years, new areas were incorporated such as tools for treatment of *Carpocapsa*, agricultural machinery and equipment, anti-hail nets, and training on Good Agricultural Practices.

### *Import and Export Regulations*

On December 22, 2008, President Cristina Fernandez de Kirchner announced a package of stimulus measures for the Argentine agricultural sector. The measures affecting fruits and vegetables were published in the Official Bulletin, Decrees Nos. 38/2008 and 40/2008, on December 31, 2008. They established that the export tax for pears, apples, peaches, citrus fruit, grapes, blueberries, strawberries, onions, frozen potatoes, beans and pulses were reduced by 50 percent (i.e. fresh deciduous fruit and stone fruit currently pay a 5 percent export tax, while citrus fruit and vegetables pay 2.5 percent). The changes announced did not have a significant impact on overall fruit production. Export taxes for these products were already relatively low. Part of Argentina's 5 percent export tax on apples, pears, and table grapes is rebated to the exporter depending on the size of the container. In January 2011, the fruit industry, through the provincial government, requested the GOA to suspend or reduce fruit export taxes and double rebates. Moreover, industry continues to request that the GOA pay rebates on a timely basis but, to date, no progress was made on this issue.

Below are tables on current tariffs, taxes, and rebates, for apples, pears, and table grapes:

<b>Fresh Apples (0808.10) &amp; Pears (0808.30)</b>	
<b>Outside the Mercosur area</b>	
Import Tariff (%)	10.00
Statistical Tax (%)	0.50
Export tax (%)	5.00
Export Rebate (%) Bulk (apples)	3.40
Export Rebate (%) Bulk (pears)	2.70
Export Rebate (%) Cases containing between 2.5 Kg. and 20 Kg.	5.00
Cases containing 2.5 Kg. or less	6.00
<b>Within the Mercosur area</b>	
Import tariff (%)	0.00
Export tax (%)	5.00
Export Rebate (%) Bulk (apples)	3.40
Export Rebate (%) Bulk (pears)	2.70
Export Rebate (%) Cases containing between 2.5 and 20 kg.	5.00
Cases containing 2.5 kg. or less	6.00

Source: FAS Buenos Aires based on data from Tarifar

<b>Fresh Table Grapes (0806.10)</b>	
<b>Outside the Mercosur area</b>	
Import Tariff (%)	10.00
Statistical Tax (%)	0.50
Export tax (%)	5.00
Export Rebate (%) Bulk	2.70
Export Rebate (%) Cases containing between 2.5 Kg. and 20 Kg.	4.05
Cases containing 2.5 Kg. or less	6.00
<b>Within the Mercosur Area</b>	
Import tariff (%)	0.00
Export tax (%)	5.00
Export Rebate (%) Bulk	2.70
Export Rebate (%) Cases containing between 2.5 and 20 kg.	4.05
Cases containing 2.5 kg. or less	6.00

Source: FAS Buenos Aires based on data from Tarifar

*Export and Import Restrictions*

As of February 2012, the GOA has established new trade restrictions affecting all imports. Although fresh apple and pear imports have traditionally been small, these policies have decreased imports significantly. Some of these policies require preapproval for imports weeks before beginning the importation process. Additional obstacles include the imposition of strict limits on foreign exchange transactions and restrictions against the payment of dividends and repatriation of profits, and difficulties in obtaining certificates of country-of-origin for products to be imported. Under this scenario, it has been difficult for producers to obtain imported inputs, such as agrochemicals, and they were forced to purchase locally manufactured inputs at higher costs.

In early May 2012, as a retaliation measure to Argentine import restrictions, the Government of Brazil (GOB) suspended automatic import licenses for a few Argentine fresh products, including apples, pears, table grapes, plums, wine, potatoes, wheat flour, and cheese, and in early June, an additional phytosanitary authorization was requested for Argentine apples, pears, quinces, and lemons entering Brazil. As a result, an import license for these products must be requested in advance. This measure has impacted seriously in the local fruit sector with fruit oversupply exceeding the local processing capacity, and especially considering that Brazil is the primary export destination for Argentine apples and pears in the second semester of the year. Private sources reported that, during May-September 2012, apple and pears exports to Brazil decreased by 50-60 percent. Currently, pear and table grape exports are not being delayed, although table grape exports must undergo bromide treatment. However, the approval of import licences for apples is still taking about 20 days. The request for a phytosanitary authorization was lifted.

#### *Phytosanitary Issues*

Argentina has been negotiating access to China for apples and pears for several years. Although China would allow imports from Argentina, they require methyl bromide treatment. Argentina does not treat with this chemical because it reduces fruit quality. Therefore, the fruit is kept out of the market. In addition, China does not recognize the Rio Negro and Neuquen area as free of fruit fly, where the majority of apples and pears are produced. Negotiations are on-going to work on these issues.

#### **Marketing:**

##### *Prices*

Overall, fresh fruit FOB prices were historically high during CY 2011, they were higher in CY 2012, and they continued to increase during the first quarter of CY 2013 due to be less fruit supply in the Northern Hemisphere. However, for most companies, the high prices were not sufficient to cover costs, which resulted in increased financial difficulties for the local fruit sector.

The following tables show average export prices for CY 2010, 2011, and 2012:

<b>FOB Prices (\$/MT) Fresh Apples</b>			
<b>Month</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Jan	795	745	1,001
Feb	772	809	856
Mar	769	780	862
Apr	795	805	881

May	828	840	903
Jun	800	779	873
Jul	772	750	822
Aug	713	782	820
Sep	708	803	835
Oct	704	811	884
Nov	700	882	1,033
Dec	759	930	1,114
Average	760	810	907
Exchange rate	5.19	Local currency/US\$1	
Date of Quote	05/02/2013		

Source: FAS Buenos Aires based on data from the Global Trade Atlas

FOB Prices (\$/MT) Fresh Pears			
Month	2010	2011	2012
Jan	822	830	956
Feb	775	835	856
Mar	788	831	867
Apr	800	830	863
May	796	850	884
Jun	813	903	919
Jul	822	990	1,001
Aug	826	966	1,016
Sep	796	1,017	1,063
Oct	800	1,087	1,136
Nov	793	1,314	1,267
Dec	835	1,439	1,321
Average	806	991	1,012
Exchange rate	5.19	Local currency/US\$1	
Date of Quote	05/02/2013		

Source: FAS Buenos Aires based on data from the Global Trade Atlas

FOB Prices (\$/MT) Fresh Table Grapes			
Month	2010	2011	2012
Jan	1,481	1,461	1,626
Feb	1,335	1,378	1,494
Mar	1,277	1,382	1,488
Apr	1,282	1,329	1,561
May	1,333	1,397	425
Jun	1,644	1,468	568
Jul	1,038	2,311	425
Aug	500	500	0
Sep	0	500	0
Oct	500	500	0
Nov	500	0	0
Dec	1,547	1,724	1,556
Average	1,131	1,268	1,143
Exchange rate	5.19	Local currency/US\$1	
Date of Quote	05/02/2013		

Source: FAS Buenos Aires based on data from the Global Trade Atlas

Retail Prices (US\$/kg) – October 2012		
	Variety	Price (US\$/kg)
Pears	Packham's Triumph	n/a
	William's	2.31
Apples	Red Delicious (Premium)	3.08
	Red Delicious (Standard)	2.70
	Granny Smith (Premium)	3.45
	Granny Smith (Standard)	1.54
	Rome Beauty	n/a
Table Grapes	Red Globe (Premium)	3.47
	Red Globe (Standard)	2.89
	Superior Seedless	n/a

Source: FAS Buenos Aires based on data from local supermarkets and grocery stores

Retail prices for fresh organic apples and pears may vary between 5-50 percent over prices of conventional fruit, depending on the fruit variety.

The following table illustrates average wholesale prices for all varieties of fresh apples, pears, and table grapes:

Apples, Pears, and Table Grapes, Fresh Domestic Wholesale Prices for all Varieties (US\$/kg.)									
	2010			2011			2012		
	Apples	Pears	Grapes	Apples	Pears	Grapes	Apples	Pears	Grapes
January	0.76	0.84	0	0.73	0.53	1.25	0.93	0.90	0.12
February	0.78	0.87	0	0.75	0.52	0.84	0.88	0.83	0.86
March	0.76	0.57	0.64	0.74	0.54	0.86	0.93	0.79	0.07
April	0.75	0.64	0.69	0.67	0.56	0.88	0.90	0.82	1.10
May	0.68	0.67	0.93	0.65	0.56	0.91	0.92	0.74	1.06
June	0.70	0.70	0.95	0.68	0.59	1.16	0.96	0.75	1.34
July	0.72	0.66	1.41	0.70	0.58	1.45	1.01	0.74	1.70
August	0.74	0.71	1.85	0.68	0.59	2.51	1.12	0.78	2.11
September	0.76	0.74	3.30	0.75	0.62	4.88	1.17	0.87	4.78
October	0.80	0.80	3.73	0.77	0.72	5.98	1.10	0.82	4.52
November	0.80	0.74	3.85	0.84	0.85	0	1.20	0.98	2.01
December	0.86	0.72	0	0.93	1.01	1.63	1.24	1.04	1.73
Annual Average	0.76	0.72	1.93	0.74	0.64	2.03	1.03	0.84	1.78

Source: FAS Buenos Aires based on data provided by the Buenos Aires Central Market

Note: "0" means "not in season/no fruit sold."

### Production, Supply and Demand Data Statistics:

Apples, Fresh Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30,000	30,000	30,000	29,000	28,000	27,500
Area Harvested	28,000	28,000	28,000	27,000	26,000	26,000
Bearing Trees	27,000	27,000	27,000	26,500	25,500	25,000
Non-Bearing Trees	5,000	5,000	5,000	4,500	4,500	4,300
Total Trees	32,000	32,000	32,000	31,000	30,000	29,300
Commercial Production	1,040,000	1,060,000	860,000	860,000	1,030,000	910,000
Non-Comm. Production	0	0	0	0	0	0
Production	1,040,000	1,060,000	860,000	860,000	1,030,000	910,000
Imports	300	67	200	44	350	45
Total Supply	1,040,300	1,060,067	860,200	860,044	1,030,350	910,045
Fresh Dom. Consumption	317,100	326,674	321,500	280,000	215,350	245,045
Exports	233,200	233,393	128,700	130,713	310,000	160,000
For Processing	490,000	500,000	410,000	449,331	505,000	505,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,040,300	1,060,067	860,200	860,044	1,030,350	910,045
HA, 1000 TREES, MT						

Pears, Fresh Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	28,000	28,000	28,000	29,000	29,000	28,500

<b>Area Harvested</b>	26,000	26,000	26,000	27,000	27,000	27,000
<b>Bearing Trees</b>	19,000	19,000	19,000	20,000	20,000	19,500
<b>Non-Bearing Trees</b>	4,000	4,000	4,000	4,000	4,000	3,900
<b>Total Trees</b>	23,000	23,000	23,000	24,000	24,000	23,400
<b>Commercial Production</b>	830,000	830,000	760,000	760,000	820,000	780,000
<b>Non-Comm. Production</b>	0	0	0	0	0	0
<b>Production</b>	830,000	830,000	760,000	760,000	820,000	780,000
<b>Imports</b>	300	22	600	134	1,000	135
<b>Total Supply</b>	830,300	830,022	760,600	760,134	821,000	780,135
<b>Fresh Dom. Consumption</b>	120,300	120,346	100,600	110,000	111,000	110,000
<b>Exports</b>	470,000	469,676	380,000	393,811	450,000	470,000
<b>For Processing</b>	240,000	240,000	280,000	256,323	260,000	200,135
<b>Withdrawal From Market</b>	0	0	0	0	0	0
<b>Total Distribution</b>	830,300	830,022	760,600	760,134	821,000	780,135
HA, 1000 TREES, MT						

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