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Argentina

Fresh Deciduous Fruit

Semi-Annual

2008

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Report Highlights:
Calendar Year (CY 2009) production of fresh deciduous fruit is forecast at 1.9 million metric tons (MT). The Argentine fresh deciduous fruit crop for CY 2008 is expected to drop to 1.84 MT. Total exports are forecast to decrease to 765,000 MT as lower fruit production is expected for CY 2008 due to the unusually cold winter. Domestic consumption is expected to drop to 320,000 MT. Imports will continue at negligible level.

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

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Section I. Situation and Outlook

Production

CY 2009 Apple and table grape crops are expected to remain at levels similar to 2008. The pear crop is forecast to increase to 750,000 MT as a result of more young plantations entering production (see Statistical Tables).

Post estimates total fresh deciduous fruit production of 1.84 million metric tons (MT) in CY 2008. That is a 6 percent decrease due to severe frost damage. According to industry sources, quality has also been affected by low temperatures during the winter of 2007.

Table 1. Fresh Deciduous Fruits Total Production

	CY 2006		CY 2007		CY 2008	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
Apples	34,500	1,040,000	34,500	1,100,000	34,500	990,000
Pears	25,600	710,000	25,600	720,000	25,600	700,000
Table Grapes	10,000	120,000	10,300	140,000	10,400	150,000
Total	70,100	1,870,000	70,400	1,960,000	70,500	1,840,000

CY 2008 apple crop is forecast to decrease 9 percent to 990,000 MT as the yield of the most widespread variety, Red Delicious, is expected to drop 30 percent.

Table 2. Apple Production

	CY 2006		CY 2007		CY 2008	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
Mendoza	4,500	110,000	4,500	100,000	4,500	70,000
Southern Valley	30,000	930,000	30,000	1000,000	30,000	920,000
Total	34,500	1,040,000	34,500	1,100,000	34,500	990,000

Fresh pear production for CY 2008 is estimated to have decreased to 700,000 MT. Decreases in both the Bartlett and Anjou varieties were not offset by the increase in the Packham variety. According to sources in the industry, CY 2008 will not be a very good year in terms of volume and quality due to the effect of the frosts.

Table 3. Pear Production

	CY 2006		CY 2007		CY 2008	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
Mendoza	4,600	110,000	4,600	100,000	4,600	100,000
Southern Valley	21,000	600,000	21,000	630,000	21,000	600,000
Total	25,600	710,000	25,600	730,000	25,600	700,000

Table grapes production in CY 2008 is estimated at 150,000 MT. Table grapes production in CY 2007 totaled 140,000 MT. San Juan province produced 110,000 MT while the provinces of Mendoza and Rio Negro produced 8,000 MT and 12,000 MT, respectively.

Table 4. Table Grapes Production						
	CY 2006		CY 2007		CY 2008	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
Total	10,300	120,000	10,300	140,000	10,300	150,000

Concentrated Apple Juice

Concentrated Apple Juice (CAJ) production in CY 2008 is expected to fall to 60,000 MT as less fruit will be available for processors. Production is expected to remain at similar levels in CY 2009.

Consumption

Domestic consumption of apples in CY 2008 is expected to fall to 170,000 MT due to the effect of a poorer harvest. Domestic pear consumption is estimated to decrease to 100,000 MT due to favorable international prices that encourage exports. Domestic consumption of table grapes is expected to increase to 50,000 MT as larger number of trees entered production

Trade

CY 2009 exports of fresh deciduous fruit are expected to increase due to higher international prices. Post estimates overall fresh deciduous fruit exports for CY 2008 to drop to 750,000 MT due to a shortage in supply of apples and pears.

Apple exports in CY 2008 are forecast to decrease to 250,000 MT due to a poorer crop. CAJ exports are expected to fall as less fruit will be available for processors. Also, pear exports are expected to fall to 440,000 MT due to quality reasons. Fresh table grapes exports will not change from CY 2007 with volumes at 60,000 MT.

Pear exports in the first three months of CY 2008 decreased slightly to 250,000 MT. During CY 2007, the Russian Federation increased purchases from 50,000 MT to 64,000 MT, but exports to the United States plunged 40 percent as a result of shipping delays due to a pickers strike in the beginning of the CY 2008 season. In value terms, pear exports during the first third of CY 2008 increased to US$164 million due to higher international prices. Apple exports from January to March 2008 also decreased in volume to 80,000 MT (20 percent regarding Jan-Mar 2007). However, in dollar terms, these exports remained at US$55 million. The volume of table grape exports remained unchanged at 58,000 MT during the period from Jan-Mar 2008, while their total export value increased in this same period to US$71 million.

In CY 2007, overall fresh deciduous fruit exports increased 11 percent with respect to CY 2006 to 796,000 MT. Fresh deciduous fruit exports for CY 2006 were 706,000 MT, 8 percent less than the 714,000 MT (US$383 million) exported in CY 2005. Total fresh deciduous fruit exports declined in CY 2006 in volume but not in value, which was US$401 million due to higher international prices.

Table 5. Fresh Deciduous Fruit Exports						
Partner Country	2005		2006		2007	
	USD	MT	USD	MT	USD	MT
World	382,784,073	766,155	401,101,127	706,198	489,467,722	795,850
E.U.	187,412,283	360,446	176,653,022	287,711	191,685,821	300,674
Russia	79,763,567	170,462	73,757,209	14,5553	96,638,431	174,200
Brazil	66,844,400	141,046	94,612,039	16,8570	115,815,151	179,481
United States	26,628,953	49,603	25,913,841	46,974	38,477,902	64,647
others	22,134,870	44,598	30,165,016	57,390	46,850,417	76,848

Apple exports in CY 2007 were 283,000 MT, 16 percent more than in CY 2006 as a result of better quality and the increased production of the Gala variety, which is highly demanded in principal export markets such as the EU. Total apple exports for CY 2006 are estimated at 237,000 MT and valued at US$117 million. The EU purchased 100,000 MT valued at US$50 million followed by Brazil with 59,000 MT valued at US$31 million and the Russian Federation with 52,000 MT valued at US$23 million. In CY 2006 apple exports to the United States were for 1,500 MT valued at US$813,000.

Table 6. Fresh Apples Exports						
Partner Country	2005		2006		2007	
	USD	MT	USD	MT	USD	MT
World	125,265,947	273,624	116,646,444	237,290	157,929,159	283,067
E.U.	61,652,203	12,5819	49,828,508	95,759	64,446,296	110,365
Brazil	23,378,200	52,749	30,681,084	58,591	35,143,923	58,352
Russia	29,040,174	68,399	22,640,406	51,498	34,771,599	67,319
United States	70,2870	1,323	812,718	1,471	283,3851	4,499
Others	10,492,500	25,334	12,683,728	29,971	20,733,490	42,532

Pear exports increased to 454,000 MT in CY 2007 due to strong demand and high international prices. In CY 2006, pear exports were 396,000 MT, an 8 percent decrease as a result of lower quality fruit available for export. This decrease would have been higher if not for the larger than expected harvest.

Table 7. Fresh Pears Exports						
Partner Country	2005		2006		2007	
	USD	MT	USD	MT	USD	MT
World	208,871,994	440,570	210,816,662	395,945	269,499,810	454,005
E.U.	89,928,972	19,8398	76,187,738	145,160	90,083,694	157,224
Brazil	41,251,138	84,938	59,218,653	104,061	73,359,061	112,901
Russia	42,307,268	92,185	35,722,831	77,097	49,521,368	94,991
United States	25,684,553	48,019	25,082,905	45,476	35,480,243	59,967
Ohters	9,700,063	17,030	14,604,535	24,151	21,055,444	28,922

Table 8. Fresh Grapes Exports						
Partner Country	2005		2006		2007	
	USD	MT	USD	MT	USD	MT
World	48,646,132	51,961	73,638,021	72,963	62,038,753	60,000
E.U.	35,831,108	36,229	50,636,776	46,792	37,155,831	33,000
Brazil	2,215,062	3,359	4,712,302	5,918	7,312,167	8,000
Russia	8,416,125	9,878	15,393,972	16,958	12,345,464	12,000
United States	241,530	261	1,8218	27	163,808	180
others	1,942,307	2,234	2,876,753	3,268	5,061,483	6,820

CAJ exports for CY 2007 decreased slightly from the previous year to 58,000 MT. The value of exports increased to US$64 million due to higher international prices. In CY 2006 CAJ exports were 60,000 MT (US$54 million) similar levels to CY 2005 when CAJ exports were 65,000 MT (US$47 million) of which 64,000 MT (US$46 million) was shipped to the United States. Historically, Argentina has exported nearly 97 percent of its national production of CAJ.

Table 9. Concentrated Apple Juice Exports						
Calendar Year: 2005 - 2007						
Partner Country	2005		2006		2007	
	USD	MT	USD	MT	USD	MT
World	46,692,769	64,979	53,887,628	60,168	63,651,830	57,857
United States	45,513,474	63,532	50,585,170	56,646	59,860,102	54,494
Russia	287,700	420	1,494,426	1,679	672,006	686
E.U.	423,526	426	325,707	258	625,959	382
	46,224,700	64,378	52,405,303	58,583	61,158,067	55,562
Others	468,069	601	1,482,325	1,585	2,493,763	2,295

Imports of apples, pears, and CAJ in CY 2006 and CY 2007 were insignificant and this trend is expected to continue since Argentina is a net exporter of those three commodities. However, imports of table grape have been significantly larger in the last three years with values ranging from US$800,000 in CY 2005 and CY 2006 to US$1.3 million in CY 2007. Imports came mainly from Brazil and Chile.

Import and Export Regulations

Table 10. Fresh Apples (0808.10) and Pears	
Outside the Mercosur area	
Import Tariff (%)	10.00
Statistical Tax (%)	0.50
Export tax (%)	10.00
Rebate (%)Cases containing between 2.5 Kg. and 20 Kg. **Cases containing 2.5 Kg. or less**	5.00 6.00
Within the Mercosur area	
Import tariff (%)	0.00
Export tax (%)	10.00
Rebate (%) Cases containing between 2.5 and 20 kg. **Cases containing 2.5 kg. or less**	5.00 6.00

Table 11. Fresh Table Grapes (0806.10)	
Outside the Mercosur area	
Import Tariff (%)	10.00
Statistical Tax (%)	0.50
Export tax (%)	10.00
Rebate (%)Cases containing between 2.5 Kg. and 20 Kg. **Cases containing 2.5 Kg. or less**	4.50 6.00
Within the Mercosur Area	
Import tariff (%)	0.00
Export tax (%)	10.00
Rebate (%) Cases containing between 2.5 and 20 kg. **Cases containing 2.5 kg. or less**	5.00 6.00

Table 12. Concentrated Apple Juice (2009.79)	
Outside the Mercosur Area	
Import Tariff (%)	14.00
Statistical Tax (%)	0.50
Export tax (%)	5.00
Rebate (%) Containers larger than 1 liter **Containers of 1 liter or less**	4.05 6.00
Within the Mercosur Area	
Import tariff (%)	0.00
Export tax (%)	4.05
Rebate (%) Containers larger than 1 liter **Containers of 1 liter or less**	5.00 6.00

Factors Affecting Industry Structure

Varieties

Among the bicolor apples, only some Gala and Braeburn clones have succeeded in Argentina. Others like Fuji, Jonagold and Elstar did not adapt to the ecological conditions. Among the yellow apples, Golden Delicious is the classic variety. Although it adapted well to the Argentine production conditions, this variety has lost popularity due to market problems. Among the red varieties, Red Delicious is the most widespread variety in Argentina. Since it is sterile, this variety 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 in Argentina is Granny Smith with 20 percent of the planted area.

Among the most popular Pear varieties is the Bartlett variety, which covers 35 percent of the Argentine pear production followed by the Packham's Triumph variety. Finally among the less important varieties are: Red Sensation, Red Bartlett, Beurré D'Anjou, Red Anjou, Abate Fetel (Abbé Fetel), Conference, General Leclerc, Forelle.

Prices

The Red Delicious variety (the most popular in Argentina) is currently found in stores at US$1.3 - US$1.9 per kilo depending on the size and the grocery store.

Table 13. Retail Prices (US$/Kg.) (2008/04/28 -2008/05/04)

	Variety	Price (US$/Kg)
Pears	Bartlett	0.94 -1.6
Apples	Red Delicious	1.3 –1.9
	Granny Smith	1.3 -1.9
	Royal Gala	1.03 – 1.3
	Pink Lady	1.9

Source: Secretariat of Fruit Production of Rio Negro Province (www.sefrn.gov.ar)

Price information in these tables below have been developed using official data from the National Institute for Statistics and Census (INDEC) (A government Agency) and the Buenos Aires Central Market for fruits and vegetables.

Table 14. Apples and Pears, Fresh Domestic Wholesale Prices for all Varieties (US$/kg.)

	2006		2007			2008		
	Pears	Apples	Pears	Apples	Grapes	Pears	Apples	Grapes
January	0.43	0.57	0.52	0.49	0.58	0.68	0.83	0
February	0.32	0.50	0.40	0.53	0.44	0.51	0.84	0.63
March	0.29	0.34	0.34	0.38	0.37	0.44	0.73	0.56
April	0.28	0.33	0.36	0.40	0.45	0.48	0.78	0.59
May	0.30	0.41	0.42	0.45	0.51			

June	0.37	0.44	0.38	0.46	0.49			
July	0.41	0.50	0.42	0.52	0.56			
August	0.49	0.49	0.43	0.50	0			
September	0.63	0.53	0.48	0.54	0			
October	0.65	0.55	0.54	0.59	0			
November	0.68	0.62	0.59	0.65	0			
December	0.00	N/A	0.62	0.72	0			
Annual average	0.44	0.48						

Source: Buenos Aires Central Market (www.mercadocentral.com.ar)

Table 15. Apples, Fresh, Red Delicious Variety
Domestic Retail Prices (US$/Kg.)

	2004	2005	2006	2007	2008
January	0.85	0.84	1.12	1.07	0.99
February	0.82	0.77	0.88	1.04	0.89
March	0.69	0.68	0.74	0.89	0.75
April	0.67	0.64	0.71	0.89	0.76
May	0.65	0.65	0.70	0.79	
June	0.66	0.66	0.73	0.80	
July	0.66	0.68	0.75	0.81	
August	0.67	0.68	0.77	0.84	
September	0.70	0.71	0.84	0.84	
October	0.76	0.70	0.92	0.87	
November	0.77	0.78	1.04	0.91	
December	0.80	0.82	1.09	0.95	
Annual Average	0.72	0.72	0.86		

Source: The National Institute for Statistics (INDEC – www.indec.gov.ar)

Section II. Statistical Tables

PSD Table										
Country	**Argentina**									
Commodity	**Apples, Fresh**						(HA)(1000 TREES)(MT)			
	2006 Revised			2007 Estimate			2008 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		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	35	35	35	35	35	35	0	0	35	(HA)
Area Harvested	30	30	30	30	30	30	0	0	30	(HA)
Bearing Trees	21000	21000	21000	21000	21000	21000	0	0	21000	(1000 TREES)
Non-Bearing Trees	3000	3000	3000	3000	3000	3000	0	0	3000	(1000 TREES)
Total Trees	24000	24000	24000	24000	24000	24000	0	0	24000	(1000 TREES)
Commercial Production	1100000	1100000	1100000	1000000	990000	990000	0	0	1000000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	1100000	1100000	1100000	1000000	990000	990000	0	0	1000000	(MT)
Imports	150	150	150	0	0	0	0	0	0	(MT)
Total Supply	1100150	1100150	1100150	1000000	990000	990000	0	0	1000000	(MT)
Fresh Dom. Consumption	190150	190150	190150	180000	170000	170000	0	0	150000	(MT)
Exports, Fresh	270000	270000	270000	250000	250000	250000	0	0	270000	(MT)
For Processing	640000	640000	640000	570000	570000	570000	0	0	580000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	1100150	1100150	1100150	1000000	990000	990000	0	0	1000000	(MT)

Prices Table			
Country	Argentina		
Commodity	Apples, Fresh		
Prices in	US$ FOB	per uom	MT
Year	2007	2008	% Change
Jan	546	691	27%
Feb	548	688	26%
Mar	536	673	26%
Apr	544		-100%
May	569		-100%
Jun	556		-100%
Jul	555		-100%
Aug	562		-100%
Sep	579		-100%
Oct	627		-100%
Nov	647		-100%
Dec	673		-100%
Exchange Rate	3.18	Local Currency/US $	
Date of Quote	5/22/2008	MM/DD/YYYY	

PSD Table										
Country	Argentina									
Commodity	Apple Juice, Concentrated						(MT)			
	2006 Revised			2007 Estimate			2008 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		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Deliv. To Processors	640000	640000	640000	570000	570000	570000	0	0	580000	(MT)
Beginning Stocks	11333	11333	11333	3633	3633	3633	633	633	633	(MT)
Production	62000	62000	62000	60000	60000	60000	0	0	65000	(MT)
Imports	300	300	300	0	0	0	0	0	0	(MT)
Total Supply	73633	73633	73633	63633	63633	63633	633	633	65633	(MT)
Exports	67000	67000	67000	60000	60000	60000	0	0	62000	(MT)
Domestic Consumption	3000	3000	3000	3000	3000	3000	0	0	3000	(MT)
Ending Stocks	3633	3633	3633	633	633	633	0	0	633	(MT)
Total Distribution	73633	73633	73633	63633	63633	63633	0	0	65633	(MT)

Prices Table			
Country	Argentina		
Commodity	Apple Juice, Concentrated		
Prices in	US$ FOB	per uom	MT
Year	2007	2008	% Change
Jan	924	1070	16%
Feb	895	1935	116%
Mar	969	1328	37%
Apr	979		-100%
May	1021		-100%
Jun	1104		-100%
Jul	1100		-100%
Aug	1168		-100%
Sep	1196		-100%
Oct	1114		-100%
Nov	1328		-100%
Dec	1266		-100%
Exchange Rate	3.18	Local Currency/US $	
Date of Quote	5/22/2008	MM/DD/YYYY	

PSD Table										
Country	**Argentina**									
Commodity	**Pears, Fresh**						(HA)(1000 TREES)(MT)			
	2006	Revised		2007	Estimate		2008	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		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	26	26	26	26	26	26	0	0	26	(HA)
Area Harvested	22	22	22	22	22	22	0	0	22	(HA)
Bearing Trees	22000	22000	22000	22000	22000	22000	0	0	22000	(1000 TREES)
Non-Bearing Trees	4000	4000	4000	4000	4000	4000	0	0	4000	(1000 TREES)
Total Trees	26000	26000	26000	26000	26000	26000	0	0	26000	(1000 TREES)
Commercial Production	730000	730000	730000	730000	700000	700000	0	0	750000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	730000	730000	730000	730000	700000	700000	0	0	750000	(MT)
Imports	50	50	50	50	0	0	0	0	0	(MT)
Total Supply	730050	730050	730050	730050	700000	700000	0	0	750000	(MT)
Fresh Dom. Consumption	110050	110050	110050	120050	100000	100000	0	0	110000	(MT)
Exports, Fresh	450000	450000	450000	440000	440000	440000	0	0	470000	(MT)
For Processing	170000	170000	170000	170000	160000	160000	0	0	170000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	730050	730050	730050	730050	700000	700000	0	0	750000	(MT)

Prices Table			
Country	Argentina		
Commodity	Pears, Fresh		
Prices in	US$ FOB	per uom	MT
Year	2007	2008	% Change
Jan	553	678	23%
Feb	550	650	18%
Mar	564	671	19%
Apr	566		-100%
May	560		-100%
Jun	643		-100%
Jul	714		-100%
Aug	735		-100%
Sep	746		-100%
Oct	845		-100%
Nov	972		-100%
Dec	996		-100%
Exchange Rate	3.18	Local Currency/US $	
Date of Quote	5/22/2008	MM/DD/YYYY	

PSD Table										
Country	Argentina									
Commodity	Grapes, Table, Fresh						(HA)(MT)			
	2006 Revised			2007 Estimate			2008 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		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	10300	10300	10300	10400	10400	10400	0	0	10400	(HA)
Area Harvested	9500	9500	9500	9500	9500	9500	0	0	9500	(HA)
Commercial Production	140000	140000	140000	150000	150000	150000	0	0	150000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	140000	140000	140000	150000	150000	150000	0	0	150000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	140000	140000	140000	150000	150000	150000	0	0	150000	(MT)
Fresh Dom. Consumption	47000	47000	47000	50000	50000	50000	0	0	50000	(MT)
Exports, Fresh	73000	73000	73000	75000	75000	75000	0	0	75000	(MT)
For Processing	20000	20000	20000	25000	25000	25000	0	0	25000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	140000	140000	140000	150000	150000	150000	0	0	150000	(MT)

Prices Table			
Country	Argentina		
Commodity	Grapes, Table, Fresh		
Prices in	US$ FOB	per uom	MT
Year	2007	2008	% Change
Jan	1034	1289	25%
Feb	1031	1208	17%
Mar	967	1166	21%
Apr	930		-100%
May	679		-100%
Jun	737		-100%
Jul	211		-100%
Aug	0		
Sep	0		
Oct	0		
Nov	0		
Dec	1261		-100%
Exchange Rate	3.18	Local Currency/US $	
Date of Quote	5/22/2008	MM/DD/YYYY	