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Argentina

Citrus

Semi-annual

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Approved by:
Robert Hoff
U.S. Embassy

Prepared by:
Francisco Pirovano

Report Highlights:
Citrus production for calendar year (CY) 2007 will remain at a level similar to that of CY 2006. Production is forecast at 2.63 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

Overall, calendar year (CY) 2007 citrus production is estimated to remain at the CY 2006 level of 2.63 million metric tons (MT).

In CY 2007, lemon production is expected to decrease to 1250 MT, seven per cent down with respect to CY 2006 production due to a combination of factors. Sources in the industry state that many small farmers whose fruit quality was suitable only for industrial purposes had to leave the business as a result of the poor industrial prices of the last three years. That land then went to the planting of other corps. Despite the latter, new plantations will enter into production in CY 2007. The same sources state that the higher yield of these new plantations will compensate the production of those that went out of production.

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 CY 2007 looks better in terms of yields but quality has been severely affected buy unfavorable climatic events. Too much rain in the spring of 2006 and the summer of 2007 resulted in development of cryptogamic diseases as citrus canker. Industrial sources informed that the crushing capacity is being overwhelmed by the larger amount of fruit that is being channeled to industrial usage due to the symptoms of that disease. Also, is the important production area of Province of Jujuy, hail and winds storms in October 2007 damaged fruits

The tangerine crop is expected to increase 12 per cent in volume in CY 2007. Industrial sources estimate that Clementines and Nova varieties will be the stars of CY 2007. Also, the orange crops look better than in CY 2006. However, production is expected to increase only five per cent to 760,000 MT. CY 2006 production was 400,000 MT for tangerines and 730,000 MT for oranges, seven and five percent less than in CY 2005, respectively, due to unfavorable weather conditions namely, drought and a series of frosts. The most severe frost occurred on July 31, 2006, and affected mainly the Murcot variety.

Argentine Citrus Production (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	1300	1350	1250
Oranges	770	730	760
Tangerines	430	400	450
Grapefruit	170	150	170
TOTAL	**2670**	**2630**	**2630**
Change from previous	**- 4.49%**	**¯1.5%**	**=**

Consumption

Domestic consumption of citrus is expected to increase slightly in CY 2007. While lemon and grapefruit domestic consumption is expected to remain at a level similar to that of CY 2006. Tangerines will probably increase somewhat due to the presence of more fruit in the market as a result of the larger crop. Orange's domestic consumption is forecast to increase due to less fruit being sent to the export market, and enhanced production.

Argentine Citrus Domestic Consumption (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	55	50	50
Oranges	450	410	450
Tangerines	310	270	280
Grapefruit	45	40	40
TOTAL	860	770	820
Change from previous year	**¯1.63%**	**¯10.5%**	**- 6.4%**

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 lemons and increases for grapefruit. According to industry sources, grapefruit juice will continue to be a better business than the fresh market in CY 2007. Poor quality in CY 2007 due to more symptoms of diseases on the peels will also increase crushing.

Argentine Citrus to Process (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	880	988	900
Oranges	170	150	150
Tangerines	45	40	50
Grapefruit	90	90	110
TOTAL	1185	1268	1210
Change from previous	**- 4.8%**	**¯7.0%**	**- 4.6%**

Trade

Overall CY 2007 exports of Argentine fresh citrus are the expected to fall again for all the type of citrus. Fresh orange and tangerine exports are expected to fall while the domestic market is expected to recover. Also, farmers are more focused 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.

Argentine Citrus Exports (1000 MT)			
	CY 2005	CY 2006	CY 2007
Lemons	370	312	300
Oranges	170	175	160
Tangerines	71	81	90
Grapefruit	34	19	20
TOTAL	645	587	570
Change from previous year	**- 10.5%**	**¯9.0%**	**¯2.9%**

CY 2006 citrus exports are estimated to have fallen due to lower lemon and grapefruit 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 fell by 44 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 stated that severe drought affected the quality (size) of tangerines; if not for the drought exports would have been even greater.

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 172,000 MT, worth US$68 million.

Citrus imports continued to be very small during CY 2006 and this trend is expected to continue. In CY 2006, total citrus imports were 1800 MT, valued at US$900,000. Imports came mainly form the neighboring countries of Chile and Uruguay but also from Spain (oranges) and Israel (grapefruits).

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

Farm Gate Prices

Farm gate prices increased for almost all types of citrus as packinghouses and processor are expecting better international process. Lemon for processing is reported to have increased from US$20 per MT in CY 2006 (harvest and freight cost was US$30 per MT in that period) to US$40-50 per MT. First quality oranges are worth US$200 per MT (they were US$130 in CY 2006) and oranges for processing went from US$30 in CY 2006 to US$50 in CY 2007. Packing yields are still very low at about 50 per cent due to quality problems.

Domestic Prices Controls

In addition to the already established five per cent export tax, and the goal of restraining inflation, which this year is projected at 10 per cent, the Argentine Government (GOA) has implemented a price control policy on all food goods that will probably 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.

Another measure undertaken by the GOA in its effort to restrain inflation has been to suspend the publication of actual prices. Until the last GAIN report, FAS Buenos Aires was able to retrieve historical prices from the Buenos Aires Central Market's (Mercado Central Buenos Aires) home page. Those prices were part of the GAIN reports and were shown in the tables named "Domestic Wholesale Prices". Currently, those prices are not being processed and loaded any more. The following table shows the reference prices set by the GOA's Secretariat of Internal Commerce.

Reference Prices (US$/Kg.)				
	Nov. 2006		Apr. 2007	
	Wholesale	Retail	Wholesale	Retail
Lemons	0.23	0.345	0.320	0.520
Oranges	0.26	0.355	0.260	0.390
Tangerines	0.24	0.377	N/A	N/A
Grapefruit	0.26	0.365	N/A	N/A

New Export Protocol with Japan

The Argentine regulatory authority- the National Sanitary & Health Food Service (SENASA) signed an agreement with its counterpart of Japan by which the cold treatment required by Japan will be adjusted in order to not affect the fruit quality. So far, grapefruit shipped to Japan needed to reach two degrees Celsius during the shipping time to be acceptable by the Japanese authorities. Such low temperature was difficult to handle and sometimes during the shipping period it reached the freezing point affecting the fruit quality of more than 60 percent. This new protocol only requires the fruit to be exposed to 3.2 degrees Celsius during 23 days. This will allow handling the fruit within a broader range of temperature during the trip.

The European Union lifted sanitary restrictions to Argentine Citrus

The European Commission will soon issue a Directive that will overrule the Decision 2004/416 which, in 2004 established a special regime for citrus exported from Argentina and Brazil. Once the European Commission has issued this new Decision, Argentina will be able to export citrus to the EU through Directive 2000/29/CE. Sources in the industry informed this as a success story of the GOA and the Argentine citrus producers. This was achieved thanks to the implementation a Sanitary Program that includes a traceability system that guarantees that the exported fruit is healthy and safe.

Prices

Lemons	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	300	300	360	0
February	590	490	550	480
March	410	420	410	
April	420	420	380	
May	410	410	380	
June	400	410	380	
July	410	400	380	
August	390	390	380	
September	370	380	390	
October	340	360	400	
November	350	100	1000	
December	350	290	0	
Average	395	364	418	

Oranges	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	30	30	54
February	0	30	30	52
March	0	30	30	
April	0	30	30	
May	360	300	360	
June	330	310	370	
July	320	330	340	
August	310	300	350	
September	310	300	370	
October	280	240	336	
November	220	210	237	
December	30	30	70	
Average	270	178	213	

Tangerines	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	0	0	910
February	480	530	540	457
March	520	530	580	
April	520	530	540	
May	530	540	580	
June	510	520	550	
July	470	500	550	
August	460	480	540	
September	450	470	520	
October	410	420	497	
November	N/A	230	70	
December	220	70	0	
Average	457	438	414	

Grapefruit	FOB Prices (US/MT)			
	2004	2005	2006	2007
January	0	0	40	706
February	0	0	0	1187
March	0	390	480	
April	380	380	380	
May	360	370	390	
June	350	380	420	
July	340	380	480	
August	370	440	450	
September	350	370	300	
October	0	0	52	
November	0	100	0	
December	0	40	52	
Average	358	293	254	

Lemons	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.16	0.25	0.21	0.18	N/A
February	0.21	0.22	0.30	0.19	N/A
March	0.22	0.22	0.22	0.22	N/A
April	0.17	0.24	0.21	0.25	N/A
May	0.15	0.19	0.18	0.20	
June	0.13	0.16	0.17	0.17	
July	0.13	0.15	0.16	0.15	
August	0.12	0.15	0.15	0.15	
September	0.13	0.16	0.15	0.15	
October	0.14	0.16	0.15	0.24	
November	0.15	0.18	0.18	0.29	
December	0.25	0.20	0.17	N/A	
Average	0.16	0.19	0.19	0.20	

Oranges	Domestic Wholesale Prices (US/Kg)				
	C2003	2004	2005	2006	2007
January	0.18	0.18	0.15	0.12	N/A
February	0.26	0.24	0.21	0.16	N/A
March	0.25	0.36	0.15	0.27	N/A
April	0.25	0.41	0.17	0.30	N/A
May	0.21	0.21	0.17	0.28	
June	0.16	0.17	0.18	0.22	
July	0.16	0.14	0.17	0.21	
August	0.14	0.15	0.15	0.19	
September	0.15	0.15	0.15	0.24	
October	0.13	0.16	0.18	0.31	
November	0.18	0.19	0.19	0.31	
December	0.17	0.20	0.14	N/A	
Average	0.19	0.21	0.17	0.24	

Tangerines	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.21	0.29	0.16	0.25	N/A
February	0.18	0.30	0.37	0.00	N/A
March	0.20	0.21	0.18	0.20	N/A
April	0.16	0.16	0.16	0.24	N/A
May	0.14	0.14	0.15	0.23	
June	0.11	0.13	0.13	0.22	
July	0.10	0.12	0.11	0.20	
August	0.10	0.14	0.14	0.19	
September	0.13	0.17	0.13	0.21	
October	0.14	0.20	0.14	0.25	
November	0.16	0.21	0.20	0.28	
December	0.25	0.20	0.22	N/A	
Average	0.16	0.19	0.17	0.21	

Grapefruit	Domestic Wholesale Prices (US/Kg)				
	2003	2004	2005	2006	2007
January	0.28	0.41	0.39	0.37	N/A
February	0.39	0.43	0.59	0.38	N/A
March	0.19	0.45	0.28	0.34	N/A
April	0.17	0.31	0.25	0.28	N/A
May	0.15	0.19	0.19	0.34	
June	0.14	0.15	0.21	0.21	
July	0.14	0.14	0.19	0.20	
August	0.14	0.19	0.19	0.30	
September	0.14	0.21	0.21	0.27	
October	0.14	0.27	0.20	0.31	
November	0.17	0.29	0.29	0.33	
December	0.39	0.32	0.28	N/A	
Average	0.20	0.28	0.27	0.30	

Domestic Retail Prices (US$/Kg)								
	Lemons				Oranges			
	2004	2005	2006	2007	2004	2005	2006	2007
January	0.54	0.45	0.42	0.95	0.40	0.31	0.29	0.49
February	0.47	0.44	0.43	0.74	0.49	0.30	0.35	0.49
March	0.48	0.48	0.45	0.90	0.62	0.30	0.44	0.48
April	0.49	0.47	0.46		0.64	0.31	0.50	
May	0.45	0.44	0.43		0.43	0.35	0.44	
June	0.40	0.42	0.40		0.33	0.33	0.39	
July	0.36	0.40	0.39		0.30	0.31	0.36	
August	0.38	0.38	0.39		0.28	0.30	0.35	
September	0.35	0.40	0.39		0.29	0.30	0.39	
October	0.38	0.43	0.45		0.31	0.29	0.43	
November	0.40	0.43	0.55		0.31	0.28	0.45	
December	0.42	0.43	0.71		0.31	0.31	0.47	
Average	0.43	0.43	0.45		0.39	0.31	0.41	

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	44000	44000	44000	(HECTARES)
Area Harvested	43500	43500	43500	43500	43500	43500	43500	43500	43500	(HECTARES)
Bearing Trees	11000	11000	11000	11000	11000	11000	11000	11000	11000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	1000	1000	1000	(1000 TREES)
Total No. Of Trees	12000	12000	12000	12000	12000	12000	12000	12000	12000	(1000 TREES)
Production	1300	1300	1300	1200	1200	1350	1200	1200	1250	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1300	1300	1300	1200	1200	1350	1200	1200	1250	(1000 MT)
Exports, Fresh	370	370	370	320	320	312	300	300	300	(1000 MT)
Fresh Dom. Consumption	55	55	55	50	50	50	50	50	50	(1000 MT)
For Processing	875	875	875	830	830	988	850	850	900	(1000 MT)
Total Distribution	1300	1300	1300	1200	1200	1350	1200	1200	1250	(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	57000	57000	57000	(HECTARES)
Area Harvested	58000	58000	58000	56000	56000	56000	56000	56000	56000	(HECTARES)
Bearing Trees	20000	20000	20000	20000	20000	20000	20000	20000	20000	(1000 TREES)
Non-Bearing Trees	3000	3000	3000	3000	3000	3000	3000	3000	3000	(1000 TREES)
Total No. Of Trees	23000	23000	23000	23000	23000	23000	23000	23000	23000	(1000 TREES)
Production	770	770	770	730	730	730	730	730	760	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	770	770	770	730	730	730	730	730	760	(1000 MT)
Exports, Fresh	170	170	170	180	180	180	160	160	160	(1000 MT)
Fresh Dom. Consumption	430	430	430	410	410	410	430	430	450	(1000 MT)
For Processing	170	170	170	140	140	140	140	140	150	(1000 MT)
Total Distribution	770	770	770	730	730	730	730	730	760	(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	36500	36500	36500	(HECTARES)
Area Harvested	33000	33000	33000	33000	33000	33000	33000	33000	33000	(HECTARES)
Bearing Trees	14000	14000	14000	14000	14000	14000	14000	14000	14000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	1000	1000	1000	1000	(1000 TREES)
Total No. Of Trees	15000	15000	15000	15000	15000	15000	15000	15000	15000	(1000 TREES)
Production	430	430	430	400	400	400	380	380	450	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	430	430	430	400	400	400	380	380	450	(1000 MT)
Exports, Fresh	71	71	71	90	90	90	80	80	90	(1000 MT)
Fresh Dom. Consumption	310	310	310	270	270	270	260	260	310	(1000 MT)
For Processing	49	49	49	40	40	40	40	40	50	(1000 MT)
Total Distribution	430	430	430	400	400	400	380	380	450	(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)