Required Report - public distribution

Date: 6/15/2010

GAIN Report Number:

Argentina

Citrus Semi-annual

2010

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Report Highlights:
Fresh lemon production for CY 2009/10 is forecast at 1 million MT, unchanged from USDA's previous estimate for the year, but down from the 1.4 million tons now estimated for 2008/09, due to drought and frosts this growing cycle. Fresh orange production for 2009/10 is lowered to 750,000 MT from USDA's previous forecast of 840,000 MT, while production was revised upward to 900,000 tons for the previous year. Tangerine production is also expected to decrease as a result of heavy rains, now revised to 300,000 MT for 2009/10, while 2008/09 production was revised upward to 400,000 tons. Fresh grapefruit production for 2009/10 is revised downward to 200,000 MT from USDA's previous estimate of 225,000 tons, and 2008/09 grapefruit production is revised to 237,000 tons. Exports of lemons and oranges are projected to increase due mainly to the recovery of international markets. Tangerine exports are expected to remain stable, and grapefruit exports are forecast to decrease due to reduced international demand.

Executive Summary:

Post forecasts fresh lemon production for CY 2009/10 at 1 million MT, down 400,000 MT from CY 2008/09, due to a severe drought and late frosts. Fresh orange and tangerine production is expected to decrease to 750,000 MT and 300,000 MT, respectively, as a result of heavy rains, and fresh grapefruit production is estimated to decrease to 200,000 MT as area planted to grapefruit is decreasing.

Domestic consumption in CY 2009/10 is forecast to decrease slightly for lemons and tangerines due to less fruit availability, and remain stable for oranges and grapefruit. Lemon exports are estimated at 260,000 MT, exceeding slightly last year's numbers, as international markets recover from the global financial crisis. Orange exports are projected to increase to 110,000 MT, also due to the recovery of export markets, tangerine exports are expected to remain stable, and grapefruit exports are forecast to decrease as a consequence to reduced international demand.

Commodities:

Lemons, Fresh
Oranges, Fresh
Tangerines/Mandarins, Fresh
Grapefruit, Fresh

Production:

CY 2009/10 lemon production is forecast to remain at 1 million MT, compared to previous USDA official estimates, down 400,000 MT from last year, as a result of a severe drought and late frosts in September/October 2009. Orange and tangerine production is expected to decrease to 750,000 MT and 300,000 MT, respectively, due to heavy rains which caused severe floods in the NEA (North East Argentina) region. Grapefruit production is estimated to decrease to 200,000 MT as area planted to grapefruit is being primarily devoted for sugarcane and soybean in the NOA (North West Argentina) region since the grapefruit business is becoming increasingly unprofitable.

According to the latest estimate revisions of local key private sources, despite unfavorable weather conditions in the main growing regions, lemon, orange, and tangerine production in CY 2008/2009 increased to 1.4 million MT, 900,000 MT, and 400,000 MT, respectively, compared to previous USDA estimates, while grapefruit production remained stable.

Processing

In CY 2009/10, fresh lemon for processing is forecast to increase to 702,000 MT, compared to previous USDA official estimates, due to smaller exports and smaller domestic consumption. Fresh oranges, tangerines, and grapefruit for processing are expected to decrease due to smaller production.

Fresh lemons devoted for processing in CY 2008/09 increased to 1.1 million MT, compared to previous USDA official estimates, due to larger production. Moreover, the impact of the financial crisis on export markets decreased exports compared to the previous year. In addition, since last year, high volumes of fruit have been devoted for processing as a result of the decision taken by the industry to export only fresh lemons meeting the highest quality standards. Oranges and tangerines for processing increased due to larger production, and grapefruit for processing remained stable.

About 70 percent of the total lemon production in Argentina is processed by seven plants, six of which are located in the Province of Tucuman and one in the Province of Jujuy. In addition, there are 35 high-tech, fresh-fruit packing plants which are approved for export by the Argentine sanitary authorities.

Consumption:

Fresh lemon domestic consumption does not typically vary over time, unlike oranges and tangerines – the “sweet” categories – which are often replaced by other types of fruit depending on the price. However, consumption is expected to fall slightly in CY 2009/10 due to less fruit availability, and it remained stable in 2008/09.

Orange consumption increased to 570,000 MT in CY 2008/09 due to larger production, and it is expected to remain stable in CY 2009/10, compared to previous USDA official estimates. Tangerine consumption is estimated to decrease to 150,000 MT in CY 2009/10 due to smaller production, and it remained stable in CY 2008/09. Grapefruit consumption increased slightly in CY 2008/09, and it is expected to remain stable in CY 2009/10.

Estimated annual per capita citrus consumption is as follows: lemon, 0.95 kg; orange, 13.25 kg; tangerine, 4.50; and grapefruit, 2.50 kg.

Trade:

Fresh lemon exports are expected to decrease in CY 2009/10 to 260,000 MT, compared to previous USDA official estimates, but will slightly exceed exports from last year as international markets recover from the global financial crisis. Fresh orange exports are projected to increase to 110,000 MT, also due to the recovery of export markets. Tangerine exports are forecast to remain stable, and grapefruit exports are expected to go down as a result of a decreasing demand of international markets.

Fresh lemon exports in CY 2008/09 increased slightly to 250,000 MT, up slightly from USDA’s previous estimate.. However, 2008/09 exports decreased compared to the previous year as a consequence of fruit oversupply in Spain and Turkey (Argentina’s main competitors in the international market), as well as smaller export demand due to the crisis, and financial difficulties and local currency devaluations in some of the main export markets, such as Russia. In addition, the Argentine lemon industry implemented a voluntary system to require high quality standards to the fruit being exported, which was fully implemented in 2008/09. Thus, the lemon export supply was reduced by 150,000 MT, which prevented a sharp decline in international prices, due to Argentina’s role as the leading global supplier.

In CY 2008/09, fresh orange exports increased significantly to 140,000 MT, compared to previous USDA official estimates, due to larger production than expected. Fresh tangerine exports increased due to larger production and smaller supply in South Africa than initially expected, and fresh grapefruit exports decreased as a result of reduced international demand.

The main export destinations, both in volume and value, in CY 2009, were as follows:

Fresh Citrus Fruit	**Destination**	**Market Share %**
Lemons	EU	68
	Russia	19.5
Oranges	EU	62
	Russia	13
Tangerines	EU	43
	Russia	34
Grapefruit	EU	86
	Ukraine	4.5

Source: FAS Buenos Aires, based on data from the Global Trade Atlas (GTIS)

Local producers have adjusted well to more stringent Maximum Residue Levels (MRLs) that were introduced in Russia on October 31, 2008. In CY 2009, Russia was the second largest market for Argentine fresh lemons, oranges, and tangerines. Implementation of the initial change in requirements for Argentine citrus, apples, pears, and table grapes, was delayed for 60 days after negotiations between phytosanitary authorities in both countries. The regulations are currently in effect, but have not had a major impact on exports. The new MRL levels are more stringent than those required by the EU, Japan, Canada, and the U.S., among other countries. In CY 2009, Russia accounted for an average of 17 percent (28 percent in CY 2008) of total Argentine fresh citrus fruit exports -- 34 percent of tangerines, 19.5 percent of lemons, 13 percent of oranges, and 2.8 percent of grapefruit. MRLs continue to be an increasingly important issue at multilateral meetings among representatives from fruit export and import markets.

Argentine phytosanitary authorities continue negotiations with China to reopen the market for Argentine fresh lemons. Trade was interrupted in 2005 when China established cold treatment for all citrus fruit, which damaged the fruit quality. The industry has been focusing on other export destinations while carrying out negotiations with officials in China. Currently, the Chinese market is open to fresh “sweet” citrus varieties. Moreover, there are on-going negotiations with the U.S. to reopen the market for Argentine fresh citrus fruit.

Imports

Citrus imports are expected to remain negligible in CY 2009/10, and this trend is forecast to continue in the years to come, as Argentina is a net citrus fruit exporting country. In CY 2008/09, total citrus imports totaled 7,655 MT, and were valued at $4.6 million. Imports came mainly from the following countries: Chile (lemons and grapefruit), Mexico (oranges), and Uruguay (tangerines).

Policy:

Import and Export Regulations

On December 22, 2008, President Cristina Fernandez de Kirchner announced a new package of stimulus measures for the Argentine agricultural sector. The measures affecting fruit 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 (5 percent to 10 percent). Part of Argentina's 2.5 percent export tax on citrus is rebated depending on the size of the container.

Export and Import Regulations All Citrus Fruit (HTS codes: 080510, 080520, 080540, 080550)	
For countries outside MERCOSUR AREA	%
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	2.50
Export Rebate for cases containing less than 16 kg.	5.00
Export Rebate for cases containing 16–20 kg.	4.05
Export Rebate for cases containing more than 20 kg.	2.70
For countries within MERCOSUR AREA	
Import Tariff	0.00
Statistical Tax	0.50
Export Tax	2.50
Export Rebate for cases containing less than 16 kg.	5.00
Export Rebate for cases containing 16–20 kg.	4.05
Export Rebate for cases containing more than 20 kg.	2.70

Source: FAS Buenos Aires based on data from Tarifar

Marketing:

Prices

International (FOB) Prices for Fresh Citrus Fruit

Overall, fresh citrus average FOB prices during CY 2009 decreased significantly, except for grapefruit, as a consequence of smaller international demand and fruit oversupply in Spain and Turkey. The highest FOB price for lemons reached $778/MT (March); for oranges, $494/MT (June); for tangerines, $1,013/MT (February); and for grapefruit, $1,200/MT (February).

Lemon	FOB Prices ($/MT)			
	2006	2007	2008	2009

January	360	0	583	713
February	550	482	1,022	604
March	410	477	870	778
April	380	473	1,016	589
May	380	469	1,074	556
June	380	464	1,076	602
July	380	469	976	633
August	380	466	758	657
September	390	483	710	642
October	400	367	694	566
November	1,000	318	844	0
December	0	519	683	0
Average	**455**	**453**	**859**	**634**

Source: FAS Buenos Aires based on GTIS trade data

Orange	**FOB Prices ($/MT)**			
	2006	**2007**	**2008**	**2009**
January	30	54	35	43
February	30	77	36	46
March	30	37	36	54
April	30	67	251	194
May	360	372	534	440
June	370	429	552	494
July	340	435	549	478
August	350	436	520	485
September	370	394	472	455
October	336	397	409	384
November	237	236	66	205
December	70	36	43	32
Average	**213**	**247**	**292**	**276**

Source: FAS Buenos Aires based on GTIS trade data

Tangerine	**FOB Prices ($/MT)**			
	2006	**2007**	**2008**	**2009**
January	0	909	196	333
February	540	741	741	1013
March	580	592	728	785
April	540	589	756	733
May	580	612	786	749
June	550	622	779	760
July	550	607	769	749
August	540	628	773	742
September	520	610	722	721
October	497	477	467	655
November	70	86	889	80
December	0	74	0	52

Average	**497**	**546**	**691**	**587**

Source: FAS Buenos Aires based on GTIS trade data

Grapefruit	**FOB Prices ($/MT)**			
	2006	**2007**	**2008**	**2009**
January	40	705	68	0
February	0	1,187	72	1,200
March	480	489	167	598
April	380	468	651	546
May	390	439	587	571
June	420	430	594	533
July	480	451	590	584
August	450	460	587	572
September	300	472	412	513
October	52	77	161	48
November	0	73	684	76
December	52	70	0	48
Average	**304**	**443**	**416**	**481**

Source: FAS Buenos Aires based on GTIS trade data

Wholesale Prices for Fresh Citrus Fruit

Lemon	**Domestic Wholesale Prices ($/MT)**				
	2005	**2006**	**2007**	**2008**	**2009**
January	210	180	380	390	366
February	300	190	330	340	352
March	220	220	260	630	350
April	210	250	280	540	328
May	180	200	230	298	258
June	170	170	200	332	222
July	160	150	170	387	221
August	150	150	160	363	261
September	150	150	190	308	357
October	150	240	340	460	470
November	180	290	430	447	742
December	170	N/A	800	401	737
Average	**190**	**200**	**310**	**408**	**389**

Source: Buenos Aires Central Market

Orange	**Domestic Wholesale Prices ($/MT)**				
	2005	**2006**	**2007**	**2008**	**2009**
January	150	120	230	210	217

February	210	160	350	310	229
March	150	270	220	300	276
April	170	300	270	350	310
May	170	280	310	322	298
June	180	220	260	283	301
July	170	210	220	300	295
August	150	190	190	331	299
September	150	240	180	299	339
October	180	310	190	372	350
November	190	310	170	361	373
December	140	NA	190	259	382
Average	**170**	**240**	**200**	**308**	**306**

Source: Buenos Aires Central Market

Tangerine	**Domestic Wholesale Prices ($/MT)**				
	2005	**2006**	**2007**	**2008**	**2009**
January	160	250	180	NA	NA
February	370	NA	NA	NA	NA
March	180	200	NA	190	NA
April	160	240	200	250	296
May	150	230	190	288	305
June	130	220	170	299	320
July	110	200	130	341	332
August	140	190	140	340	330
September	130	210	190	293	345
October	140	250	190	366	400
November	200	280	170	439	389
December	220	NA	160	NA	442
Average	**170**	**210**	**140**	**312**	**351**

Source: Buenos Aires Central Market

Grapefruit	**Domestic Wholesale Prices ($/MT)**				
	2005	**2006**	**2007**	**2008**	**2009**
January	390	370	400	300	365
February	590	380	410	340	NA
March	280	340	310	410	NA
April	250	280	NA	390	403
May	190	340	NA	313	313
June	210	210	NA	296	301
July	190	200	200	332	306
August	190	300	190	311	288
September	210	270	210	281	336
October	200	310	180	299	340
November	290	330	170	372	371
December	280	NA	230	452	377
Average	**270**	**300**	**190**	**341**	**340**

Source: Buenos Aires Central Market

Domestic Retail Prices for Fresh Citrus Fruit

Citrus Fruit	$/kg
Lemon	1.26
Orange (Navel)	0.61
Tangerine (Nova)	0.48
Grapefruit	0.63
	US$1 = AR$3.95 (June 4, 2010)

Source: FAS Buenos Aires based on prices of supermarkets and other retail stores

Production, Supply and Demand Data Statistics:

Lemons/Limes, Fresh Argentina	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	42,000	42,000	42,000	43,000	43,000	43,000	43,000	43,000	43,000
Area Harvested	41,500	41,500	41,500	42,000	42,000	42,000	42,000	42,000	42,000
Bearing Trees	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Non-Bearing Trees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total No. Of Trees	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Production	1,360	1,360	1,360	1,200	1,200	1,400	1,000	1,000	1,000
Imports	0	0	0	0	0	5	0	0	7
Total Supply	1,360	1,360	1,360	1,200	1,200	1,405	1,000	1,000	1,007
Exports	400	400	400	240	240	250	290	290	260
Fresh Dom. Consumption	55	55	55	50	50	55	50	50	45
For Processing	905	905	905	910	910	1,100	660	660	702
Total Distribution	1,360	1,360	1,360	1,200	1,200	1,405	1,000	1,000	1,007
TS=TD			0			0			0
Comments	Units of Measure: Hectares, Thousand Trees, and Thousand MT								
AGR Number									

Comments To Post

Oranges, Fresh Argentina	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2008			Market Year Begin: Jan 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	50,000	50,000	50,000	50,000	50,000	48,000	50,000	50,000	48,000
Area Harvested	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
Bearing Trees	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Non-Bearing Trees	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total No. Of Trees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Production	940	940	940	700	700	900	840	840	750
Imports	2	2	2	1	1	1	1	1	1
Total Supply	942	942	942	701	701	901	841	841	751
Exports	154	154	154	80	80	140	100	100	110
Fresh Dom. Consumption	550	550	550	550	550	570	550	550	550
For Processing	238	238	238	71	71	191	191	191	91
Total Distribution	942	942	942	701	701	901	841	841	751
TS=TD			0			0			0
Comments	Units of Measure: Hectares, Thousand Trees, and Thousand MT								
AGR Number									
Comments To Post									

Tangerines/Mandarins, Fresh Argentina	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Apr 2008			Market Year Begin: Apr 2009			Market Year Begin: Apr 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Area Harvested	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Bearing Trees	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Non-Bearing Trees	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total No. Of Trees	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Production	410	410	410	310	310	400	370	370	300
Imports	0	0	0	0	0	0	0	0	0
Total Supply	410	410	410	310	310	400	370	370	300
Exports	95	95	95	100	100	113	100	100	100
Fresh Dom. Consumption	210	210	210	190	190	190	200	200	150
For Processing	105	105	105	20	20	97	70	70	50
Total Distribution	410	410	410	310	310	400	370	370	300
TS=TD			0			0			0
Comments	Units of Measure: Hectares, Thousand Trees, and Thousand MT								
AGR Number									

Comments To Post

Grapefruit, Fresh Argentina	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	11,700	11,700	11,700	11,600	11,600	7,500	11,500	11,500	7,500
Area Harvested	11,000	11,000	11,000	11,000	11,000	7,000	11,000	11,000	7,000
Bearing Trees	3,500	3,500	3,500	3,500	3,500	2,200	3,400	3,400	2,200
Non-Bearing Trees	150	150	150	150	150	90	150	150	90
Total No. Of Trees	3,650	3,650	3,650	3,650	3,650	2,290	3,550	3,550	2,290
Production	240	240	240	230	230	237	225	225	200
Imports	2	2	2	2	2	2	1	1	1
Total Supply	242	242	242	232	232	239	226	226	201
Exports	33	33	33	20	20	17	20	20	15
Fresh Dom. Consumption	90	90	90	80	80	90	80	80	80
For Processing	119	119	119	132	132	132	126	126	106
Total Distribution	242	242	242	232	232	239	226	226	201
TS=TD			0			0			0
Comments	Units of Measure: Hectares, Thousand Trees, and Thousand MT								
AGR Number									
Comments To Post									