

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 7/16/2010

GAIN Report Number:

Argentina

Raisin Annual

2010

Approved By:

Dwight Wilder

Prepared By:

Maria Julia Balbi

Report Highlights:

CY 2011 raisin production is forecast to increase to 30,000 MT due to higher yields and new vines entering production. Raisin exports and domestic consumption are estimated to increase as a result of larger production. Raisin production and exports for 2010 were revised to 24,000 and 21,500 tons, respectively, due to hail damage and late frosts that negatively affected yields.

Executive Summary:

Post forecasts an increase in raisin production for CY 2011 to a total of 30,000 MT primarily due to higher expected yields and new vines entering production. Raisin exports and domestic consumption are estimated to increase mainly as a result of larger production.

Post is decreasing raisin production for CY 2010 to 24,000 MT as a result of hail damage and late frosts which negatively affected yields.

Commodities:

Raisins

Production:

Approximately, ninety-five percent of Argentine raisins are produced in the Province of San Juan, which is located alongside the Andes Mountains in western Argentina. According to official estimates, 3,800 hectares are currently planted with raisin grapes in Argentina, of which San Juan province accounts for 2,530 hectares, Mendoza 670 hectares, La Rioja 575 hectares, and Rio Negro, Tucuman and Catamarca, 22 hectares among the three. Since this is a very dry region, with an annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is melted snow from the Andes.

In CY 2011, grape production for raisins is forecast to increase to 125,000 MT due to higher expected yields and additional vines entering production. CY 2010 grape production decreased significantly to 100,000 MT, compared to the previous year, as a result of hail damage and late frosts which occurred in the main production area of San Juan Province, which negatively affected yields. Raisin production for CY 2011 is estimated at 30,000 MT, up 6,000 MT from CY 2010.

The main challenge for the Argentine raisin sector is to increase production to supply international demand. Another challenge producers currently face is high import tariffs imposed on Argentine raisins by some export markets.

Private investments in the raisin sector have been increasing during the past few years, and are primarily Argentine capital (except for a Korean group, which invested in grape drying facilities). Investments were not only devoted to primary production, but also to the incorporation of new technology focusing on obtaining a higher-quality, more competitive product, to supply export markets.

In CY 2009, the Argentine Viticulture Corporation (COVIAR, in Spanish) promoted a project through which both grape producers and the industry may receive a subsidy of

\$3,000/hectare and up to \$20,000, without exceeding 20 planted hectares. In addition, the Argentine Technological Fund (FONTAR, in Spanish) provides financial assistance for technological improvement. Also, the National Bank and the Federal Investment Council (CFI, in Spanish) provide loans for labor capital and investments.

Varieties

The main grape varieties destined for raisins are the seedless varieties *Fiesta* and *Flame Seedless*, which are attracting new investments in processing technology and storage facilities. Other varieties are: *Arizul* (INTA CG 351), *Sultanina Blanca*, *Superior Seedless*, *Moscatel de Alejandria*, *Torrontes Sanjuanino*, *Cereza*, and *Torrontes Riojano*.

Fiesta is a new variety of U.S. origin, which was recently introduced with very good yields and adaptability. Over 500 hectares of the *Fiesta* variety were recently planted in San Juan province.

The drying process

The drying process in Argentina is carried out mainly by utilizing the sun to dry grapes. Grapes are laid on cement floors, where they are sun-dried for a 10 to 20-day period depending on the grape variety. The final product has a moisture content of 15-20 percent. After the drying process is completed, vegetable oil is applied to raisins, which are then packed in 30-pound cases, in bulk, or in clusters. The Argentine Ministry of Agriculture established a protocol for certified raisins that includes HACCP as part of the process.

Consumption:

Raisin domestic production does not vary on an annual basis and it is estimated between 2,000 and 4,000 MT depending on the volume produced. Raisin annual domestic consumption is very low, and it varies between 2,000 and 3,000 MT. It is estimated at approximately 0.15 kg/capita, compared to consumption in the United Kingdom (roughly, 2 kg/capita); Canada (1.20kg/capita); and Germany and the U.S. (about 1 kg/capita). Producers are planning to carry out promotional campaigns through COVIAR to increase raisin domestic consumption. However, Argentines do not have the habit of eating raisins on a daily basis, such as a snack, and they usually prefer bakery products without raisins as an ingredient.

Trade:

CY 2011 raisin exports are forecast to increase to 27,000 MT due to expected larger raisin production. CY 2010 exports are expected to decrease to 21,500 MT, compared to the previous year, as a result of lower production and yields.

Main export destinations, in volume, in CY 2009, were: Brazil (accounting for 77 percent of total exports), the EU (7.5 percent), the U.S. (5.6 percent), and Taiwan (4.3 percent).

Argentina Export Statistics						
Commodity: 080620, Grapes, Dried						
Calendar Year: 2007 - 2009						
Partner Country	2007		2008		2009	
	USD	Quantity	USD	Quantity	USD	Quantity
World	36,812,473	28,936	41,028,419	23,951	32,381,548	22,185
Brazil	19,064,957	15,089	26,925,613	15,584	24,078,872	17,157
EU	3,097,314	2,300	3,875,674	2,238	2,746,335	1,666
United States	8,963,320	6,995	3,086,094	1,717	1,982,542	1,234
Taiwan	1,392,410	1,021	1,221,122	738	1,512,201	946
Dominican Republic	785,420	639	1,038,782	552	847,183	398
Paraguay	170,200	143	478,960	280	268,272	195
Bolivia	84,119	93	135,085	123	85,163	85
Russia	493,969	379	657,849	415	110,600	80
Guatemala	48,600	39	164,518	98	101,261	78
Uruguay	161,460	139	139,739	77	92,883	66
Venezuela	560,533	406	505,385	262	114,050	55
Australia	237,037	208	1,466,040	1,068	86,161	35
Other	1,753,134	1,485	1,333,558	799	356,025	190

Source: FAS Buenos Aires based on GTIS data

Virtually no raisin imports to Argentina were registered in the past few years, with the exception of 5 MT in CY 2009 and 6 MT in January-April of CY 2010 from Chile.

Prices

Raisin export values in CY year 2009 were lower than record FOB prices for the previous year, but higher than in CY 2007. That helped raisin producers face the significant increase of production costs, especially of raw material, i.e. grapes used for raisin production, which increased between 80-85 percent from last year (for CY 2009, producers paid between \$0.10-0.15 per kilogram of grapes for raisin production. For the present harvest, they paid around \$0.20-0.25/kg of grapes.

Prices Table			
Country	<i>Argentina</i>		
Commodity	Raisin		
Prices in	US\$ FOB	per uom	MT
Year	2008	2009	% Change
Jan	1309	1,881	+44
Feb	1398	1,337	-4.5
Mar	1523	1,388	-9
Apr	1607	1,393	-13.5
May	1652	1,413	-14.5
Jun	1700	1,402	-17.5
Jul	1710	1,430	-16.5
Aug	1793	1,423	-20.5
Sep	1838	1,467	-20
Oct	1787	1,516	-15
Nov	1729	1,521	-12
Dec	1614	1,611	-0.2
Exchange Rate	3.95	Local Currency/US \$1	
Date of Quote	07/08/2010	MM/DD/YYYY	

Source: FAS Buenos Aires based on GTIS data

The following are raisin FOB prices for CY January-April 2010:

\$/MT

Jan	1,723
Feb	1,761
Mar	1,684
Apr	1,873

Policy:

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 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, dried fruit, onions, frozen potatoes, beans and pulses were reduced by 50 percent (i.e. raisins currently pay a 2.5 percent export tax).

Fruit exporters were pleased with the export tax reduction. While the decree did not establish any special incentives for fruit producers, producers expect the GOA to take

additional measures to ensure that they receive part of the benefits of the export tax reduction.

Post does not expect the changes announced to have a significant impact on overall fruit production. Export taxes for these products were already relatively low (5 percent to 10 percent) and a reduction by half does not amount to a significant alleviation of tax burden.

Part of Argentina's 2.5 percent export tax on raisins is rebated depending on the size of the container.

Raisin 0806.20	
Outside the Mercosur Area	
Import Tariff	10 %
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg.	4.05%
Cases with 2.5 kg. or less	6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg.	4.05%
Cases with 2.5 kg. or less	6.00%

Source: FAS Buenos Aires based on data from Tarifar database

Production, Supply and Demand Data Statistics:

Raisins Argentina	2008/2009			2009/2010			2010/2011		
	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	0	3,700	3,700	0	4,200	4,200			4,400
Area Harvested	0	3,400	3,400	0	4,000	4,000			4,200
Beginning Stocks	0	0	0	0	0	0			0
Production	37,000	20,000	25,000	36,000	30,000	24,000			30,000
Imports	0	0	5	0	0	8			3
Total Supply	37,000	20,000	25,005	36,000	30,000	24,008			30,003
Exports	29,000	17,000	22,000	30,000	26,000	21,500			27,000
Domestic Consumption	8,000	3,000	3,005	6,000	4,000	2,508			3,003
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	37,000	20,000	25,005	36,000	30,000	24,008			30,003
TS=TD			0			0			0
Comments	Units of Measure: Hectares and Metric Tons.								