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## Argentina

### Fresh Deciduous Fruit

### Semi-Annual

### 2007

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**Report Highlights:**

The Argentine fresh deciduous fruit crop for Calendar Year (CY) 2007 is forecast to increase to 1.8 million metric tons (MT). Total exports are forecast to increase to 680,000 MT as better quality fruit is expected for CY 2007. Domestic consumption is expected to increase to 290,000 MT. Because of the weakness of the Argentine peso after its devaluation in February 2002, imports will continue at a negligible level.

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

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## Section I. Situation and Outlook

### Production

Overall, the pear and apple crop in Calendar Year (CY) 2007 is forecast at 1.8 million metric tons (MT), slightly above CY 2006 production due to favorable weather conditions in the Southern Valley (i.e., Neuquen and Rio Negro Provinces) during Spring 2006, and despite the fact that many plantations have recently been pulled up. Fresh deciduous fruit production for CY 2006 is estimated at 1.75 million metric tons (MT), a five-percent decrease compared with the CY 2005 harvest.

This season suffered neither hail nor late frosts, which usually occur, resulting in a much better quality fruit, and better yields at packing. The CY 2007 apple crop is estimated to increase three percent due to a series of factors including, favorable weather conditions in the Southern Valley, new plantations entering production, and better technology applied to those new plantations.

	CY 2005		CY 2006		CY 2007	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
<b>Mendoza</b>	8,200	190,000	9,100	220,000	9,100	200,000
<b>Southern Valley</b>	59,500	1,650,000	51,000	1,530,000	51,000	1,600,000
<b>Total</b>	67,700	1,840,000	60,100	1,750,000	60,100	1,800,000

	CY 2005		CY 2006		CY 2007	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
<b>Mendoza</b>	4,600	100,000	4,500	110,000	4,500	100,000
<b>Southern Valley</b>	46,000	1,100,000	30,000	930,000	30,000	980,000
<b>Total</b>	50,600	1,200,000	34,500	1,040,000	34,500	1,080,000

	CY 2005		CY 2006		CY 2007	
	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)	Area (Ha)	Production (MT)
<b>Mendoza</b>	3,600	90,000	4,600	110,000	4,600	100,000
<b>Southern Valley</b>	13,500	600,000	21,000	600,000	21,000	620,000
<b>Total</b>	17,100	690,000	25,600	710,000	25,600	720,000

Concentrated Apple Juice (CAJ) production in CY 2007 is expected to increase slightly with respect to CY 2006.

### Domestic Consumption

Domestic consumption of apples in CY 2007 is expected to increase to 180,000 MT as a result of an increased demand from the Buenos Aires metropolitan area. Pear domestic consumption is estimated to remain at 110,000 MT in CY 2007.

## Trade

Post forecasts overall fresh deciduous fruit exports for CY 2007 to increase to 680,000 MT due to better quality fruit, especially in the varieties highly demanded by the export sector.

In the first four months of CY 2007, overall fresh deciduous fruit exports increased 17 per cent with respect to the same period in CY 2006 to 406,000 MT. Apple exports were 141,000 MT, 40 per cent more than the first four month of CY 2006 and pear exports were 240,000 MT a 12 per cent increase. The Russian Federation continues to be the main export destination with 104,000 MT (30 per cent more than in the same period of CY 2006).

Fresh deciduous fruit exports for CY 2006 were 633,000 MT, 11 percent less than the record high of 714,000 MT (US\$334 million) in CY 2005. Total fresh deciduous fruit exports declined in CY 2006 in volume but not so in value, which was US\$326 million, only two per cent less than the previous year.

The main destination of Argentine fresh pears and apples in CY 2006 was the European Union (EU). The EU accounted for 40 percent of the exports with a total volume of 242,000 MT and valued at US\$125 million. Brazil followed with 163,000 MT valued at US\$ 90 million. In CY 2006, the Russian Federation purchased 130,000 MT valued at US\$58 million. Exports of pears and apples to the United States in CY 2006 were 46,000 MT valued at US\$25 million. Exports of pears and apples and CAJ to the United States accounted for US\$72 million in CY 2005.

Post forecasts apple exports to increase to 250,000 MT for CY 2007, a 20 percent increase from CY 2006 as a result of the better quality, and the greater production of Gala variety, which is highly demanded in the principal export markets such as the EU. Total apple exports for CY 2006 are estimated at 237,000 MT valued at US\$116 million. The EU purchased 100,000 MT valued at US\$52 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 accounted for 1,600 MT valued at US\$887,000. This includes 148 MT (US\$103,000) sent to Puerto Rico for the first time.

Pear exports are also expected to increase to 430,000 MT in CY 2007 due to the good quality of the present crop. In CY 2006 pear exports were 396,000 MT, eight per cent down as a result of lower quality fruit available for export. This decrease would have been greater if not for the better than expected harvest. The EU market received 145,000 MT valued at US\$ 76 million, Brazil 104,000 MT valued at US\$60 million, and the Russian Federation 77,000 MT valued at US\$36 million. The United States imported 45,000 MT of Argentine pears valued at US\$25 million.

Post forecast CAJ exports for CY 2007 to increase from the previous year. In CY 2006 CAJ exports were 60,000 MT (US\$54 million) similar levels as in CY 2005 when CAJ exports were 65,000 MT (US\$47 million) of which 64,000 MT (US\$46 million) went to the United States. Historically, Argentina has exported nearly 97 percent of its national production of CAJ. So far in CY 2007 exports of CAJ totaled 24,000 MT, 54 per cent more than in the same period in CY 2006.

Imports of apples, pears, and CAJ in CY 2005 and the first nine months of CY 2006 were insignificant and this trend is expected to continue, given the weakness of the Argentine peso after its devaluation in February 2002.



## Factors Affecting Industry Structure

### 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 above 12 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 amount to explicit price ceilings.

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.)				
	November 2006		April 2007	
	Wholesale	Retail	Wholesale	Retail
<b>Apples (Green varieties)</b>	0.52	0.68	0.66	0.96
<b>Apples (Red varieties)</b>	0.45	0.65	0.45	0.65
<b>Pears</b>	0.45	0.75	0.39	0.68

### Farm Gate Prices:

The Processing sector pays between US\$39 and US\$48 per MT of apples when farmers claim that US\$58 per MT is their cost of production.

## Prices

<b>Apples and Pears, Fresh Domestic Wholesale Prices for all Varieties (US\$/kg.)</b>								
	2003		2004		2005		2006	
	Pear	Apple	Pear	Apple	Pear	Apple	Pear	Apple
January	0.29	0.48	0.40	0.48	0.39	0.46	0.43	0.57
February	0.25	0.43	0.31	0.41	0.57	0.69	0.32	0.50
March	0.24	0.31	0.32	0.37	0.30	0.36	0.29	0.34
April	0.27	0.30	0.39	0.36	0.32	0.33	0.28	0.33
May	0.26	0.29	0.37	0.33	0.35	0.36	0.30	0.41
June	0.25	0.31	0.33	0.33	0.42	0.41	0.37	0.44
July	0.27	0.30	0.32	0.38	0.46	0.42	0.41	0.50
August	0.29	0.30	0.37	0.40	0.49	0.41	0.49	0.49
September	0.36	0.32	0.39	0.43	0.50	0.44	0.63	0.53
October	0.41	0.48	0.41	0.45	0.53	0.41	0.65	0.55
November	0.43	0.43	0.47	0.50	0.47	0.50	0.68	0.62
December	0.68	0.49	0.52	0.50	0.58	0.48	0.00	N/A
Annual average	0.33	0.37	0.38	0.41	0.45	0.44	0.44	0.48

Source: Buenos Aires Central Market ([www.mercadocentral.com.ar](http://www.mercadocentral.com.ar))

<b>Apples, Fresh, Red Delicious Variety Domestic Retail Prices (US\$/Kg.)</b>					
	2003	2004	2005	2006	2007
January	0.78	0.85	0.84	1.12	1.06
February	0.68	0.82	0.77	0.88	1.03
March	0.59	0.69	0.68	0.74	0.89
April	0.60	0.67	0.64	0.71	0.87
May	0.57	0.65	0.65	0.70	
June	0.58	0.66	0.66	0.73	
July	0.57	0.66	0.68	0.75	
August	0.57	0.67	0.68	0.77	
September	0.62	0.70	0.71	0.84	
October	0.70	0.76	0.70	0.92	
November	0.73	0.77	0.78	1.04	
December	0.77	0.80	0.82	1.09	
Annual Average	0.65	0.72	0.72	0.86	

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

## Section II. Statistical Tables

## PSD Table

Country	Argentina									
Commodity	Apples, Fresh						(HA)(1000 TREES)(MT)			UOM
	2004			2005			2006			
	Revised			Estimate			Forecast			
	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	51	51	51	35	35	35	0	35	35	(HA)
Area Harvested	50	50	50	30	30	30	0	30	30	(HA)
Bearing Trees	21000	21000	21000	21000	21000	21000	0	21000	21000	(1000 TREES)
Non-Bearing Trees	4000	4000	4000	3000	3000	3000	0	3000	3000	(1000 TREES)
Total Trees	25000	25000	25000	24000	24000	24000	0	24000	24000	(1000 TREES)
Commercial Production	1200000	1200000	1200000	1040000	1040000	1040000	0	1080000	1080000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	1200000	1200000	1200000	1040000	1040000	1040000	0	1080000	1080000	(MT)
Imports	50	50	50	100	100	100	0	150	150	(MT)
Total Supply	1200050	1200050	1200050	1040100	1040100	1040100	0	1080150	1080150	(MT)
Fresh Dom. Consumption	250050	246050	246050	170100	200100	173100	0	200150	180150	(MT)
Exports, Fresh	270000	274000	274000	170000	230000	237000	0	250000	260000	(MT)
For Processing	680000	680000	680000	700000	610000	630000	0	630000	640000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	1200050	1200050	1200050	1040100	1040100	1040100	0	1080150	1080150	(MT)



Prices Table			
Country	Argentina		
Commodity	Apples, Fresh		
Prices in	US\$ FOB	per uom	MT
Year	2006	2007	% Change
Jan	560	546	-3%
Feb	520	547	5%
Mar	460	0	-100%
Apr	480	0	-100%
May	500	0	-100%
Jun	490	0	-100%
Jul	450	0	-100%
Aug	470	0	-100%
Sep	490	0	-100%
Oct	520	0	-100%
Nov	552	0	-100%
Dec	555	0	-100%
Exchange Rate	3.10	Local Currency/US \$	
Date of Quote	05/17/2007	MM/DD/YYYY	

PSD Table										
Country	Argentina									
Commodity	Apple Juice, Concentrated						(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
Deliv. To Processors	680000	680000	680000	700000	610000	700000	0	630000	640000	(MT)
Beginning Stocks	17433	17433	17433	13933	13933	13933	11433	11433	11333	(MT)
Production	65000	65000	65000	66000	66000	60000	0	67000	62000	(MT)
Imports	500	500	500	500	500	400	0	500	300	(MT)
Total Supply	82933	82933	82933	80433	80433	74333	11433	78933	73633	(MT)
Exports	65000	65000	65000	66000	66000	60000	0	67000	67000	(MT)
Domestic Consumption	4000	4000	4000	3000	3000	3000	0	3000	3000	(MT)
Ending Stocks	13933	13933	13933	11433	11433	11333	0	8933	3633	(MT)
Total Distribution	82933	82933	82933	80433	80433	74333	0	78933	73633	(MT)

Prices Table			
Country	Argentina		
Commodity	Apple Juice, Concentrated		
Prices in	US\$ FOB	per uom	MT
Year	2006	2007	% Change
Jan	715	895	25%
Feb	744	924	24%
Mar	787	0	-100%
Apr	863	0	-100%
May	861	0	-100%
Jun	920	0	-100%
Jul	903	0	-100%
Aug	944	0	-100%
Sep	934	0	-100%
Oct	360	0	-100%
Nov	924	0	-100%
Dec	916	0	-100%
Exchange Rate	3.10	Local Currency/US \$	
Date of Quote	05/17/2007	MM/DD/YYYY	

## PSD Table

Country	Argentina									
Commodity	Pears, Fresh						(HA)(1000 TREES)(MT)			UOM
	2004 Revised			2005 Estimate			2006 Forecast			
	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	17	17	17	26	26	26	0	26	26	(HA)
Area Harvested	17	17	17	22	22	22	0	22	22	(HA)
Bearing Trees	9100	9100	9100	22000	22000	22000	0	22000	22000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	4000	4000	4000	0	4000	4000	(1000 TREES)
Total Trees	10100	10100	10100	26000	26000	26000	0	26000	26000	(1000 TREES)
Commercial Production	640000	690000	640000	710000	710000	710000	0	700000	700000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	640000	690000	640000	710000	710000	710000	0	700000	700000	(MT)
Imports	0	0	0	70	70	70	0	50	50	(MT)
Total Supply	640000	690000	640000	710070	710070	710070	0	700050	700050	(MT)
Fresh Dom. Consumption	90000	90000	90000	100070	110070	114000	0	100050	110050	(MT)
Exports, Fresh	430000	430000	440000	430000	400000	396000	0	430000	420000	(MT)
For Processing	120000	170000	110000	180000	200000	200070	0	170000	170000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	640000	690000	640000	710070	710070	710070	0	700050	700050	(MT)

Prices Table			
Country	Argentina		
Commodity	Pears, Fresh		
Prices in	US\$ FOB	per uom	MT
Year	2006	2007	% Change
Jan	510	553	8%
Feb	500	549	10%
Mar	500	0	-100%
Apr	520	0	-100%
May	540	0	-100%
Jun	570	0	-100%
Jul	620	0	-100%
Aug	610	0	-100%
Sep	670	0	-100%
Oct	720	0	-100%
Nov	842	0	-100%
Dec	923	0	-100%
Exchange Rate	3.1	Local Currency/US\$	
Date of Quote	05/17/2006	MM/DD/YYYY	