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## Argentina

### Canned Deciduous Fruit

### Annual

### 2004

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**Report Highlights:**

Calendar Year (CY) 2005 peach production is forecast at 120,000 Metric Tons (MT) of which 70,000 MT will be processed. Exports are expected to increase due to high international prices and low domestic purchasing power. Despite the lifting of countervailing duties and the lowering of tariffs, imports will continue to fall due to the combined effect of high exchange rates and frozen salaries. Domestic consumption is forecast at the lowest level in the last three years.

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Buenos Aires [AR1]  
[AR]

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## Section I. Situation and Outlook

### Production areas

Canned peaches are mainly produced in the Province of Mendoza by the Andes. According to official numbers, 7,600 hectares are currently planted with cling peaches in this province. Since Mendoza is a very dry province, annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is melted ice from the Andes. There are three main production zones in the province of Mendoza, called oases.

The oldest and most traditional production zone, the southern zone, encompasses the departments (counties) of San Rafael and General Alvear. It has a total planted area of 3,163 hectares, 41 percent of the total planted area in the Province of Mendoza. Farms in this area are small, not over 2.8 hectares, and are generally subsistence in nature. Production is characterized as low tech with yields no higher than 9 MT per hectare.

The Northern and Eastern zones, with 2,130 hectares in production, have an average farm size of 4.9 hectares. Yields in this zone reach the 17 MT per hectare, which demonstrates the use of yield improving technology is higher than in the previous zone.

The last zone, the Uco Valley, is where more developed and active farmers have settled during the past 20 years. Also, larger plantations, most of them owned by canneries, have been established in this zone. With a total planted area of 1,550 hectares, the average farm size in this area is 7.3 hectares and yields reach 25.5 MT per hectare.

According to a survey carried out by the Rural Development Institute of Mendoza (a mixed organization closely related to the Ministry of Economy of Mendoza Province) together with two industry NGO's, peach planted area will increase in CY 2005 by 105 hectares in the Northeastern zone, and 245 hectares in the Uco Valley. Also, 10 and 41 hectares of old plantations will be eradicated in the Northeastern and Southern zones, respectively.

### Production

With small fruits hanging on the trees it is too early in the season to predict a harvest volume yet, however sources in the industry report that the current development of the CY 2005 crop is comparable with the previous season. Production is forecast at 120,000 MT. (See statistical tables).

Reportedly, no late frosts have been registered this year. However, a hailstorm hit the southern oasis zone of San Rafael. Damages have still not been assessed. According to a report prepared by the Institute for Rural Development (IDR), only seven percent of the total planted area is protected against hail damage. Up until two years ago, an American company, provided hail control services in the Mendoza Province of Mendoza. In February 2002, after the peso devaluation, all contracts that were originally denominated in U.S. dollars were now denominated in domestic currency. Because of this, the company was no longer able to cover its costs and decided not to renew its contract when it expired in late 2003. Without much option the Provincial government decided to hire the National Air Force to do the work. With an investment of \$10.5 millions the province would lease four aircrafts in the U.S. and purchase new radar equipments to detect storms. This service will start in November 2004.

Total production in CY 2004 reached 120,000 MT, Total production suitable for canned peaches was 67,000 MT.

## Varieties

Maturation	Mendoza		Northeast		South		Uco Valley	
	Variety	Area (Has)	Variety	Area (Has)	Variety	Area (Has)	Variety	Area (Has)
Very early	Fortuna	957	Fortuna	121	Fortuna	693	Fortuna	143
	Loadel	684	Loadel	253	Loadel	276	Loadel	155
	Maria Serena	19	Maria Serena	6	Maria Serena	7	Maria Serena	7
	Fortuna mutation	3	Fortuna mutation	0	Fortuna mutation	0	Fortuna mutation	3
	Pavie Catherine	242	Pavie Catherine	83	Pavie Catherine	34	Pavie Catherine	126
	Red Haven	18	Red Haven	5	Red Haven	10	Red Haven	3
	Total	1924	Total	467		1020		437
Early	Bowen	1062	Bowen	280	Bowen	519	Bowen	263
	Carson	199	Carson	86	Carson	48	Carson	65
	Dixon	59	Dixon	21	Dixon	5	Dixon	33
	Real Jorge	60	Real Jorge	16	Real Jorge	44	Real Jorge	0
	Total	1379	Total	403	Total	616	Total	361
Late	Andross	878	Andross	228	Andross	249	Andross	401
	Dee six	6	Dee six	6	Dee six	0	Dee six	0
	Dr. Davis	788	Dr. Davis	249	Dr. Davis	277	Dr. Davis	262
	Gaume	129	Gaume	57	Gaume	34	Gaume	39
	Jungleman	5	Jungleman	0	Jungleman	0	Jungleman	5
	Klamt	3	Klamt	3	Klamt	0	Klamt	0
	Palora	253	Palora	95	Palora	136	Palora	22
	Ross	585	Ross	204	Ross	114	Ross	267
	Rizzi	77	Rizzi	5	Rizzi	13	Rizzi	59
	Sullivan Cling	347	Sullivan Cling	42	Sullivan Cling	262	Sullivan Cling	44
Total	3072	Total	887	Total	1085	Total	1099	
Very late	Everest	37	Everest	6	Everest	20	Everest	11
	Halford	31	Halford	15	Halford	0	Halford	16
	Hesse	107	Hesse	16	Hesse	1	Hesse	90
	Lare Sullivan	33	Lare Sullivan	0	Lare Sullivan	0	Lare Sullivan	33
	Libee cling	47	Libee cling	0	Libee cling	47	Libee cling	0
	Montevideo	39	Montevideo	2	Montevideo	37	Montevideo	0
	Orange cling	51	Orange cling	24	Orange cling	10	Orange cling	17
	Phillips cling	26	Phillips cling	0	Phillips cling	26	Phillips cling	0
	Rriegels	63	Rriegels	47	Rriegels	0	Rriegels	16
	Sim's cling	212	Sim's cling	147	Sim's cling	41	Sim's cling	24
	Starn	121	Starn	69	Starn	12	Starn	39
	Not Identified	455	Not Identified	53	Not Identified	248	Not Identified	155
	Total	1221	Total	379	Total	441	Total	401
	Grand Total	7597	Grand Total	2136	Grand Total	3163	Gran Total	2298

The above table shows the varieties grown in Mendoza according to moment in the season they ripen and production area. Varieties such as Bowen, Fortuna, Andross, and Dr. Davis are the most widespread, covering about 50 percent of planted area. The remaining 50 percent of the area is shared by 30 or so other varieties.

## Consumption

Domestic consumption is forecast to decline in CY 2005. Due to high international prices, exports are forecast to increase at the expense of domestic consumption.

## Trade

Through August 2004, registered canned peach exports reached 19,000 MT, 5 MT less than the same period during CY 2003. However, industry sources expect CY 2004 exports will surpass CY 2003 by 2000 MT, reaching 35,000 MT.

	2001		2002		2003	
	USD	Volume (MT)	USD	Volume (MT)	USD	Volume (MT)
World	1,464,186	1,894	6,767,884	11,263	18,719,455	33,099
Greece	0	0	0	0	2,571,580	4,592
Brazil	415,457	548	3,618,224	5,837	2,450,869	4,280
Chile	5,405	7	511,754	952	2,366,904	4,649
Mexico	0	0	221,421	346	2,041,976	3,427
United States	1,128	1	32,375	56	1,304,754	2,185
Poland	0	0	87,750	177	1,123,978	1,889
Germany	0	0	0	0	971,492	1,791
Hungary	0	0	0	0	960,156	1,771
Russia	0	0	70,200	142	882,585	1,885
Uruguay	469,465	688	1,234,855	2,037	577,275	918
Bolivia	111,698	151	266,651	444	478,373	778
Israel	0	0	35,000	71	462,050	858
Ecuador	0	0	78,407	181	415,186	658
Paraguay	135,015	187	477,579	802	332,926	577
Czech Republic	0	0	0	0	325,809	586
Others	326,018	313	133,668	219	1,453,542	2,257

## Imports and Exports Requirements

Outside the Mercosur Area	
Import Tariff	14 %
Specific Minimum Import Tariff US\$/Kg.	0
Statistical Tax	0.50%
Export Tax	5.00%
Rebates	
Cases with more than 2.5 kg.	4.05%
Cases with 2.5 kg. or less	6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Export Tax	5.00%
Rebate	
Cases with more than 2.5 kg.	4.05%
Cases with 2.5 kg. or less	6.00%

Import tariffs decreased from 15.5 in CY 2003 to 14 percent in CY 2004. Also, during the same period, the specific minimum import tariff, or countervailing duty, of US\$0.40 per kilo was eliminated. These two measures were not strong enough as to foster competition from

foreign markets in order to revert high domestic prices. In fact, in CY 2004 imports were at as low levels as in CY 2002 not exceeding the one MT.

## Prices

### Domestic Prices

850 grams net weigh can	June 2002 (1\$ = 3.6AR\$)		Dec. 2003 (1\$ = 3 AR\$)		October 2004 (1US\$ = 2.96 AR\$)	
	AR\$	US\$	AR\$	US\$	AR\$	US\$
<b>La Campagnola</b>	2.69	0.75	3.19	1.03	4.44	1.50
<b>Arcor</b>	3.19	0.89	3.19	1.03	4.29	1.45
<b>Canale</b>	2.59	0.72	2.99	0.99	3.39	1.15
<b>Alco</b>	2.19	0.61	2.99	0.99	3.39	1.15
<b>Molto</b>	2.95	0.82	2.89	0.96	3.29	1.11
<b>Santa Isabel</b>	2.19	0.61	3.09	1.03	3.59	1.21
<b>Average price</b>	2.63	0.73	3.06	1.02	3.73	1.26

### International Prices

Prices Table			
Country	Argentina		
Commodity	Peaches, Canned		
Prices in US\$ FOB	per uom		MT
Year	2003	2004	% Change
Jan	540	740	37%
Feb	500	700	40%
Mar	490	670	37%
Apr	510	700	37%
May	460	700	52%
Jun	600	680	13%
Jul	480	710	48%
Aug	600	0	-100%
Sep	590	0	-100%
Oct	620	0	-100%
Nov	580	0	-100%
Dec	640	0	-100%
Exchange Rate	2.97	Local Currency/US \$	
Date of Quote	10/13/2004	MM/DD/YYYY	

## Section II. Statistical Tables

PSD Table							
Country	Argentina						
Commodity	Peaches, Canned				(MT)(MT, Net Weight)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	100000	100000	120000	120000	120000	120000	(MT)
Beginning Stocks	10036	56	5691	594	6000	94	(MT, Net Weight)
Production	67000	67000	66000	65000	66000	70000	(MT, Net Weight)
Imports	22	38	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	77058	67094	71691	65594	72000	70094	(MT, Net Weight)
Exports	21367	33000	35000	35000	35000	40000	(MT, Net Weight)
Domestic Consumption	50000	33500	30691	30500	31000	30000	(MT, Net Weight)
Ending Stocks	5691	594	6000	94	6000	94	(MT, Net Weight)
TOTAL DISTRIBUTION	77058	67094	71691	65594	72000	70094	(MT, Net Weight)