

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Argentina**

### **Raisin Annual 2011**

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**Report Highlights:**

CY 2012 raisin production is forecast to increase to 40,000 MT due to higher yields and new vines entering production. Raisin production for CY 2011 has also been increased to 37,000 MT. Raisin exports and domestic consumption are estimated to increase as a result of larger production.

## **Executive Summary:**

Post forecasts an increase in raisin production for CY 2012 to a total of 40,000 MT primarily due to higher yields and new vines entering production. Raisin exports and domestic consumption are estimated to increase mainly as a result of larger production.

Post is increasing raisin production for CY 2011 to 37,000 MT as a result of favorable weather conditions which increased yields to a level significantly higher than previously estimated.

## **Commodities:**

### Raisins

### **Production:**

#### Production Area

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. The balance is produced in the Provinces of Mendoza, Catamarca, and La Rioja. According to official estimates, 3,850 hectares are currently planted to raisin grapes in Argentina, of which San Juan province accounts for 2,538 hectares, Mendoza 685 hectares, La Rioja 606 hectares, and Rio Negro and Tucuman, the remaining area. 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.

It is estimated that about 1,200 additional hectares were planted to raisin grapes in the Province of San Juan in the past year.

#### Production

In CY 2012, grape production for raisins is forecast to increase to 165,000 MT due to higher yields and additional vines entering production. CY 2011 production is expected to increase to 155,000 MT, compared to the previous year, as a result of favorable weather conditions which increased yields. CY 2010 grape production for raisins decreased significantly to 114,000 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 affected yields. Raisin production for CY 2012 is estimated at 40,000 MT, up 3,000 MT from CY 2011.

One of the main challenges for the Argentine raisin sector is to increase production to supply international demand focusing on becoming more efficient in improving yields. Another challenge producers currently face is high import tariffs established for Argentine raisins in some export markets.

In addition, a major concern is the increase of production costs, especially of raw material, i.e. grapes used for raisin production, labor, inputs, agrochemicals, energy, and fuel, which increased about 30 percent from last year.

Private investments in the raisin sector have been increasing during the past few years, and are primarily national capital. Investments were not only devoted to primary production, but also to the incorporation of new technology focusing on obtaining larger raisin volumes for processing and a higher-quality, more competitive product, to supply export markets. Currently, there are about 35 processing plants in the Province of San Juan.

In CY 2009, the Argentine Viticulture Corporation (COVIAR, in Spanish) implemented 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. The impact of this financial support was not significant as it reached a small number of producers.

#### 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, adaptability, and drying handling. It is estimated that there are currently about 500 hectares of the *Fiesta* variety planted in San Juan Province, and the area will continue to increase in the near future.

#### The drying process

The drying process in Argentina is carried out mainly by utilizing the sun to dry grapes. Grapes are laid on racks, which are located over *ripietas*, pieces of land covered by stones, where they are sun-dried for a 10 to 15-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 annual domestic consumption is very low, and it varies between 3,000 and 5,000 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 have almost completed a strategic plan for the raisin sector, which will be soon submitted to COVIAR, including promotional campaigns to increase raisin domestic consumption primarily targeting children. Argentines do not have the habit of eating raisins on a daily basis, such as a snack or in bakery products. However, new applications for raisins are increasingly being used in the local ice cream, bakery, and confectionery (chocolate and cereal bars) food sectors.

#### Trade:

CY 2011 and 2012 raisin exports are forecast to increase to 33,000 and 35,500 MT, respectively, due to larger production. CY 2010 exports decreased to 23,237 MT, compared to the previous year, as a result of lower production and yields.

Raisin main export destinations, in volume, in CY 2010, were: Brazil (accounting for 74 percent of total exports), the EU (5.5 percent), Colombia (4.2 percent), Taiwan (2.8 percent), Dominican Republic (2.7 percent), and the U.S. (1.7 percent). Exports to Brazil increased slightly, and exports to South American non-traditional markets, such as Colombia, Chile, and Peru, rebound primarily due to lower freight costs in detriment of the EU, where the demand dropped. The U.S. also imported smaller volumes of Argentine raisins than expected as production of the Thompson Seedless variety, primarily consumed in the U.S. market, decreased significantly.

Argentina Export Statistics – Primary Destinations			
Commodity: 080620, Grapes, Dried			
Calendar Year: 2008 - 2010			
Partner Country	2008	2009	2010

	USD	Quantity	USD	Quantity	USD	Quantity
<b>World</b>	<b>41,028,419</b>	<b>23,951</b>	<b>32,381,548</b>	<b>22,185</b>	<b>46,863,122</b>	<b>23,237</b>
Brazil	26,925,613	15,584	24,078,872	17,157	34,630,731	17,245
EU	3,875,674	2,238	2,746,335	1,666	2,433,283	1,267
Colombia	530,967	317	0	0	1,931,373	984
Taiwan	1,221,122	738	1,512,201	946	1,324,365	645
Dominican Republic	1,038,782	552	847,183	398	1,395,244	629
United States	3,086,094	1,717	1,982,542	1,234	935,355	402
Chile	49,238	27	36,609	29	755,137	383
Australia	1,466,040	1,068	86,161	35	726,417	309
Paraguay	478,960	280	268,272	195	586,200	297
Peru	148,392	80	30,450	20	599,107	292
Bolivia	135,085	123	85,163	85	206,830	159
Uruguay	139,739	77	92,883	66	224,270	114
Costa Rica	271,801	168	24,527	19	175,492	97
Singapore	0	0	25,548	14	144,034	82
Russia	657,849	415	110,600	80	167,478	78
Venezuela	505,385	262	114,050	55	154,448	64
Guatemala	164,518	98	101,261	78	112,429	59
Japan	69,720	25	101,820	27	162,892	53

Source: FAS Buenos Aires based on GTIS data

Raisin imports to Argentina are negligible. In CY 2010, imports accounted for 20 MT from India and Chile, for a total value of \$49,878.

#### 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 be reduced by 50 percent (i.e. raisins currently pay a 2.5 percent export tax).

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) 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.

<b>Raisin 0806.20</b>	
<b>Outside the Mercosur Area</b>	
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%
<b>Inside the Mercosur Area</b>	
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

**Marketing:**

Raisin export values in CY 2010 were significantly higher than FOB prices the previous year (increases varied between 21 and 51 percent), and they were in turn exceeded by FOB prices in CY 2011, which were even higher. That helped raisin producers facing a significant increase of production costs.

<b>Prices Table</b>			
<b>Country</b>	<i>Argentina</i>		
<b>Commodity</b>	<b>Raisin</b>		
<b>Prices in</b>	<b>US\$ FOB</b>	<b>per uom</b>	<b>MT</b>
<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>% Change</b>
Jan	1,881	1,723	-8.4
Feb	1,337	1,761	+31.7
Mar	1,388	1,684	+21.3
Apr	1,393	1,873	+34.5
May	1,413	1,972	+39.5
Jun	1,402	1,996	+42.4
Jul	1,430	2,096	+46.6
Aug	1,423	2,150	+51.1
Sep	1,467	2,058	+40.3
Oct	1,516	2,117	+39.6
Nov	1,521	2,037	+33.9
Dec	1,611	2,237	+38.9
Exchange Rate	4.12	Local Currency/US \$1	
Date of Quote	07/20/2011	MM/DD/YYYY	

Source: FAS Buenos Aires based on GTIS data

The following are raisin FOB prices for CY January-April 2011:

	<b>\$/MT</b>
<b>Jan</b>	2,078
<b>Feb</b>	1,926
<b>Mar</b>	1,948
<b>Apr</b>	2,035

**Production, Supply and Demand Data Statistics:**

<b>Raisins Argentina</b>	<b>2009/2010</b>		<b>2010/2011</b>		<b>2011/2012</b>	
	<b>Market Year Begin: Oct 2009</b>		<b>Market Year Begin: Oct 2010</b>		<b>Market Year Begin: Oct 2011</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Planted	0	4,700	0	5,700		6,000

Area Harvested	0	4,200	0	5,100		5,400
Beginning Stocks	0	0	0	0		0
Production	27,000	27,000	29,000	37,000		40,000
Imports	0	20	0	10		10
Total Supply	27,000	27,020	29,000	37,010		40,010
Exports	23,400	23,237	25,000	33,000		35,500
Domestic Consumption	3,600	3,783	4,000	4,010		4,510
Ending Stocks	0	0	0	0		0
Total Distribution	27,000	27,020	29,000	37,010		40,010
TS=TD		0		0		0
Comments	Units of Measure: hectares and metric tons					
AGR Number						

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