

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Argentina

Raisin Annual

2014

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Report Highlights:

Argentina's raisin production and exports for Calendar Year (CY) 2015 are expected to rebound from the previous year. Production is estimated at 33,000 MT, of which 29,500 MT are projected to be devoted for exports, and the balance to the domestic market.

Executive Summary:

Raisin production for CY 2015 is estimated to increase significantly to 33,000 MT from the previous year. Raisin exports are expected to rebound to 29,500 MT due to larger production, and domestic consumption is forecast to increase to 3,530 MT.

Commodities:

Raisins

Production:

Production Area

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 primarily produced in the Provinces of Mendoza and La Rioja. Based on private sources' estimates, for CY 2014, it is forecast that 6,600 hectares are planted to raisin grapes in the country. Area is estimated to remain unchanged in CY 2015 as no significant land investment is expected in the near future. Flame and Fiesta are the fastest-growing raisin grape varieties in Argentina.

Since the Province of San Juan 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. Although there is still available land for raisin production in the province, area expansion depends largely on irrigation, and not all producers have access to irrigation due to its high cost.

Production

In CY 2015, grape production for raisins is expected to increase by 34.5 percent from the previous year, and it is estimated to rebound to 138,600 MT as a result of favorable weather conditions. Raisin production is forecast at 33,000. For CY 2014, grape production is projected at 102,900 MT, down 31,500 MT from the previous year, due to late frosts in September-October 2013, and excess rains in the summer of 2014, during the drying season. Raisin production is projected at 24,500, compared to official USDA estimates of 34,000 MT. CY 2013 grape production totaled 134,400 MT, and raisin production was decreased to 32,000 MT, compared to official estimates of 34,000 MT, due to smaller grape production.

Among the major challenges the Argentine raisin sector currently face are high import tariffs established for Argentine raisins in some export markets. In addition, a major concern is the increased cost of production, especially in raw material costs, i.e. grapes used for raisin production, and labor, inputs, agrochemicals, energy, freight, and fuel.

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 to obtain larger raisin volumes for processing and a higher-quality, more competitive product, to supply export markets. No major investments have been announced for the near future. Import restrictions established by the Government of Argentina (GOA) in February 2012, have been discouraging producers from purchasing processing machinery abroad (see Policy Section). Currently, there are about 32 processing plants in the Province of San Juan.

Varieties

The main grape varieties destined for raisins are the seedless varieties *Flame Seedless* (over 40 percent of the total raisin production) and *Arizul (INTA C G 351)* (over 20 percent), which have attracted new investments in processing technology and storage facilities. Other varieties are: *Sultanina Blanca (Thompson Seedless)*, *Superior Seedless*, *Torrontes Sanjuanino*, *Cereza*, *Emperador*, *Tinogastena*, and *Criolla Chica*.

Fiesta is a relatively new variety of U.S. origin, with very good yields, adaptability, and drying handling. It is estimated that the area planted to this variety 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 *ripieras*, pieces of land covered by stones, where they are sun-dried for a 15 to 30-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 Hazard Analysis and Critical Control Points (HACCP) as part of the process.

Consumption:

Raisin annual domestic consumption is very low, and it varies between 2,500 and 3,500 MT, depending largely on exports. 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 food sectors (chocolate and cereal bars). No significant increase in raisin domestic consumption is expected in the near future.

There are virtually no official statistics on raisin domestic consumption in Argentina. Based on private sources estimates, it is expected that domestic consumption for CY 2015 will increase to 3,530 MT from the previous, due to larger production. For CY 2014, domestic consumption is estimated to decrease from the official estimate of 4,000 MT to 2,530 MT, as a result of smaller production. For CY 2013, consumption decreased from 4,000 MT to 3,000 MT due to smaller production.

Trade:

CY 2015 raisin exports are estimated at 29,500 MT, an increase of 34 percent from the previous year, as a result of larger production. CY 2014 exports are expected to decrease drastically to 22,000 MT, down

8,000 MT from official estimates, due to smaller production. Exports in CY 2013 decreased slightly to 29,000 MT as production was smaller than initially expected.

In CY 2013, raisin main export destinations by volume were: Brazil (accounting for 70 percent of total exports), Colombia (6.3 percent), Chile (5.7 percent), the U.S. (5.4 percent), and the EU (4.5 percent).

Exports to Brazil increased slightly, compared to the previous year, Colombia became the second largest market for Argentine raisins (leaving the U.S. as the fourth largest destination due to raisin oversupply in the U.S., which decreased prices), and Chile remained the third largest market (from being the ninth market in CY 2011). Exports to South American non-traditional markets, such as Colombia, increased primarily due to lower freight costs than those paid to ship to other export markets (exports to Colombia in CY 2013 increased by 85 percent, compared to CY 2012).

Argentina's main raisin export markets in CY 2013 were as follows:

Argentina Export Statistics – Primary Destinations						
Commodity: 080620, Grapes, Dried						
Calendar Year: 2008 - 2010						
Partner Country	2011		2012		2013	
	USD	Quantity	USD	Quantity	USD	Quantity
World	61,740,290	29,220	63,126,146	29,127	64,809,891	29,047
Brazil	43,462,681	20,559	43,692,576	19,633	47,083,809	20,433
Colombia	1,840,934	917	2,082,006	982	3,853,550	1,816
Chile	614,825	339	3,353,491	2,001	2,262,597	1,664
United States	4,807,942	2,385	4,005,792	2,049	3,238,750	1,567
EU	4,183,031	1,858	3,218,631	1,408	3,207,557	1,294

Source: FAS Buenos Aires based on GTIS data

Policy:

Import and Export Regulations

The Argentine fruit sector is concerned about the numerous trade restrictions and requirements affecting imports which have been instituted by the GOA. These policies hamper producers in acquiring needed production and processing inputs. Other measures require pre-approval for imports weeks before beginning the importation process. Additional obstacles include the imposition of strict limits on foreign exchange transactions and restrictions against the payment of dividends and repatriation of profits, more widespread usage of non-automatic import licenses, and difficulties in obtaining certificates of country-of-origin for products to be imported.

Export taxes on fruits and vegetables are relatively low. In 2008, the GOA reduced these taxes by 50 percent. Currently, the export tax for raisins is 2.5 percent. Part of Argentina's 2.5 percent export tax on raisins is rebated to the exporter depending on the size of the container. In January 2011, the fruit industry requested the GOA to suspend or reduce fruit export taxes and double rebates. Moreover, industry continues to request that the GOA pay rebates on a timely basis but, to date, no progress was made on this issue.

Export and import tariffs for raisins are as follows:

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

Marketing:

Overall, raisin export values in CY 2013 were lower than FOB prices the previous year, due to more fruit availability in Northern Hemisphere raisin producing countries. FOB prices went up again during the period January-May 2014.

The following are raisin FOB prices for CY 2011, CY 2012, CY 2013, and January-May 2014:

Raisin FOB Prices (\$/MT)

Month/Year	2011	2012	2013	Jan-May 2014
Jan	2,078	2,145	2,321	2,648
Feb	1,926	2,462	2,234	2,247
Mar	1,948	2,371	2,121	2,285
Apr	2,031	2,155	2,238	2,244
May	2,189	2,255	2,231	2,362
Jun	2,154	2,068	2,179	n/a
Jul	2,183	2,156	2,190	n/a
Aug	2,176	2,139	2,229	n/a
Sep	2,105	2,226	2,273	n/a
Oct	2,090	2,165	2,308	n/a
Nov	2,051	2,186	2,254	n/a

Dec	2,117	2,173	2,116	n/a
Exchange rate	8.14 Local Currency/US\$1			
Date of Quote	07/16/2014			

Source: FAS Buenos Aires based on GTIS data

Production, Supply and Demand Data Statistics:

Raisins Argentina	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	6,000	0	6,600		6,600
Area Harvested	0	5,400	0	6,000		6,000
Beginning Stocks	0	0	0	0		0
Production	34,000	32,000	34,000	24,500		33,000
Imports	0	0	0	30		30
Total Supply	34,000	32,000	34,000	24,530		33,030
Exports	30,000	29,000	30,000	22,000		29,500
Domestic Consumption	4,000	3,000	4,000	2,530		3,530
Ending Stocks	0	0	0	0		0
Total Distribution	34,000	32,000	34,000	24,530		33,030

HA, MT