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Report Name: Citrus Annual

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Report Highlights:

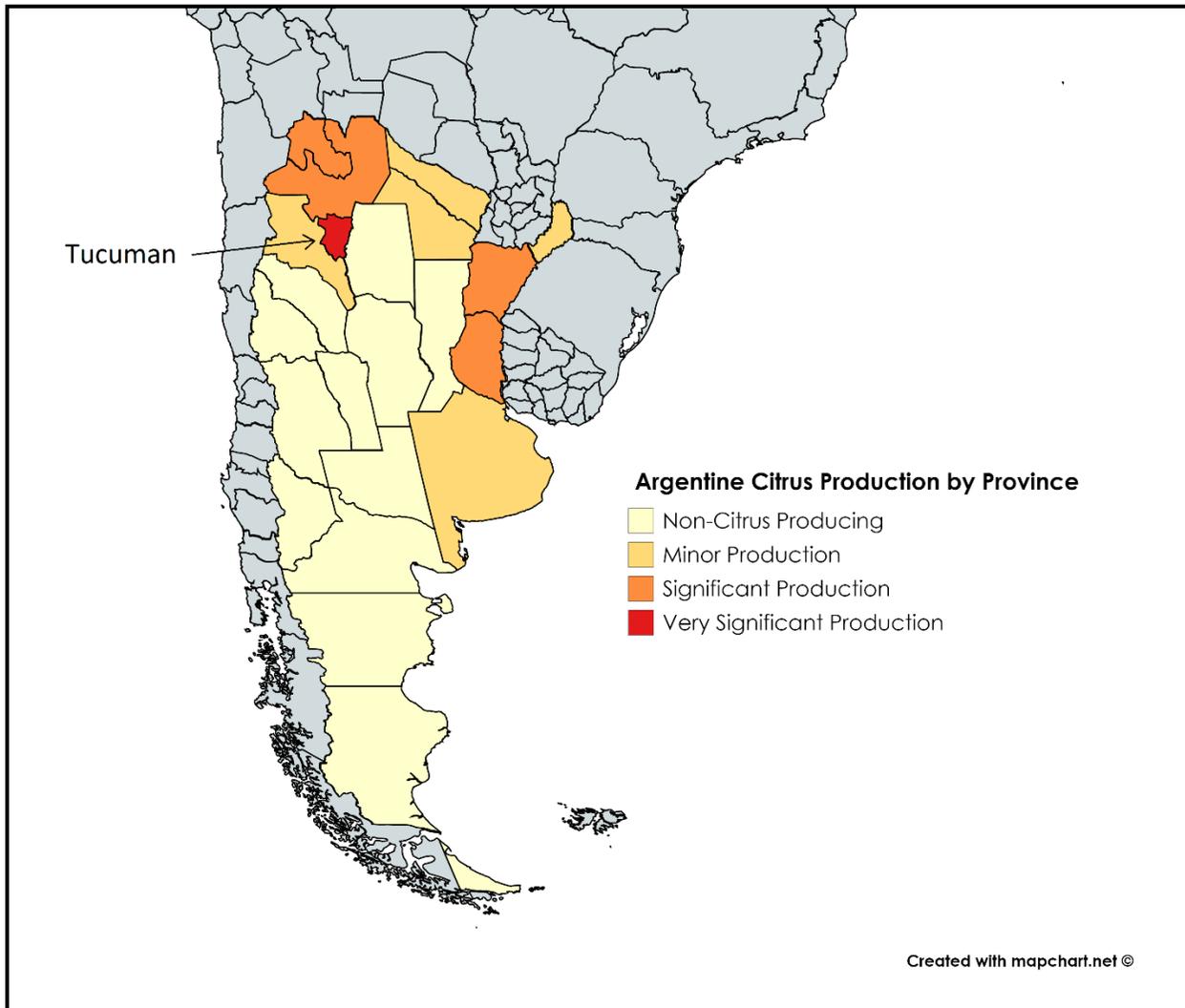
For MY 2019/2020, Post forecasts fresh citrus production at 1.6 MMT for lemons, 720,000 MT for oranges and 390,000 MT for tangerines. Lemon exports are estimated to increase to 300,000 MT while orange and tangerine exports are expected to decrease slightly to 70,000 MT and 35,000 MT, respectively. Argentine lemon exports to the US in 2018 totaled 10,640 MT with January-October 2019 exports expanding to 23,179 MT and sources estimating exports could reach 30,000 MT in 2020.

Executive Summary:

Fresh lemon production for MY 2019/2020 is forecast at 1.6 MMT, down 11% from 2018/19, as trees cyclically lower production in response to a heavy blossom the prior marketing year. Orange and tangerine production is projected at 720,000 MT and 390,000 MT, down 10% and 13% respectively, due to unfavorable weather conditions which affected fruit blossom.

MY 2019/2020 lemon exports are forecast at 300,000 MT, up 25% from 2018/19 primarily due to lower global supplies, reduced domestic demand for processing and expanded export market opportunities. Sweet citrus exports are expected to decrease slightly to 70,000 MT for oranges and 35,000 MT for tangerines. Smaller production and relatively high production costs have reduced Argentina's ability to compete in international markets for sweet citrus against other Southern Hemisphere exporters, mainly South Africa.

Domestic consumption of lemons for MY 2019/2020 is forecast to remain stable at 150,000 MT, and fresh orange and tangerine consumption is projected to fall to 300,000 MT and 220,000 MT, respectively, due to smaller production.



Source: FAS Buenos Aires

Production:

Lemons

Lemons are grown principally in northwest Argentinean provinces of Tucuman, Salta, and Jujuy, with some minor production in northeast Argentina. Genova and Eureka are the main lemon varieties grown in Argentina. Over the past eleven years, the lemon sector has been unique among Argentine fruit and specialty crop sectors in its ability to weather the economic and financial crises which have affected the country. This was due, in part, to investments in the sector bringing new producers and new orchards into production that increased profitability over the past decade. However, the 2018/19 season was challenging for the sector as greater northern hemisphere supply, combined with harvest difficulties and lower processing demand in Argentina led to reduced profitability for producers and processors.

For MY 2019/2020, Post estimates fresh lemon production at 1.6 MMT, an 11 percent “lighter” season for lemons as the lifecycle of trees recovers from a heavy blossom season in MY 2018/2019. In addition, the delay in the harvest of the past marketing year will impact production levels of MY 2019/2020 as necessary plant maintenance must be conducted on an accelerated schedule. Due to the current economic crisis, many producers have decreased investments in grove maintenance and some independent producers are in poor financial condition after having to discard fruit in 2018/19.

For MY 2018/2019, lemon production was increased from 1.63 MMT to 1.8 MMT, compared to previous USDA estimates, due to latest revisions made by the private sector. Despite strong production figures of the current marketing year, significant volumes of fruit were impacted by a 45 to 60-day delay in harvest following excess rains in April and May 2019 and a protracted transportation strike at the beginning of the harvesting season. Private sources estimate that about 130,000-140,000 MT of fruit did not meet export standards.

For MY 2017/2018, fresh lemon production remained unchanged at 1.77 MMT from USDA official estimates.

Oranges and Tangerines

Sweet citrus is grown in both northwest and northeast Argentina. The main orange varieties grown in northwest Argentina are Hamlin, Pineapple, Robertson and Navel whereas in the northeast they are Navel, Salustiana and improved Valencia (Midnight, Delta Seedless). The main tangerine varieties are Clementina, Clemenvilla, Ellendale, Malvasio, Montenegrina, Murcott, and Ortanique. Expansion of sweet citrus includes seedless varieties, such as Tango for oranges, and Clementines and Clemenules for tangerines. *Growers in the northeast tend to produce on smaller plot sizes than those in the northwest. For MY 2019/2020, sweet citrus production is forecast at 720,000 MT for oranges and 390,000 for tangerines, down 10 and 13 percent, respectively, due to low temperatures which affected fruit blossom.*

For MY 2018/2019, fresh orange and tangerine production is projected to remain unchanged at 800,000 MT and 450,000 MT, respectively, from USDA estimates. Although negative returns squeezed reinvestment in groves and tempered yield gains, production levels were higher than expected due to relatively good weather conditions. Although excess rains in February and March 2019 in the main sweet citrus production areas affected fruit quality and sanitary conditions, volumes remained relatively high.

For MY 2017/2018, production remained unchanged at 750,000 MT for oranges and 350,000 MT for tangerines in line with official estimates.

Planted Area

Northwest Argentina is experiencing an expansion in planted area both by current producers and new entrants. Tree removal and resetting are projected to increase the plant per hectare ratio and improve productive efficiency and yields. For 2019/2020, area planted to lemons is forecast at 51,000 hectares, up 1,000 hectares from the previous marketing year.

For 2018/2019, no change is projected in area planted to lemons, estimated at 50,000 hectares up 1,00 hectares from the previous marketing year. For 2017/2018, planted area remains unchanged at 49,000 hectares in line with USDA estimates.

For sweet citrus in MY 2019/2020, Post forecasts planted area at 39,000 hectares for oranges and 28,000 hectares unchanged from the previous marketing year. For 2018/2019 planted area is projected unchanged at 39,000 hectares for oranges and 28,000 hectares for tangerines. For 2017/2018, planted area remained unchanged at 41,000 hectares for oranges and 28,000 hectares for tangerines, in line with official estimates.

Processing

Lemons

For MY 2019/2020, fresh lemons for processing are forecast at 1.15 MMT down 18% from MY 2018/2019, due to smaller production and larger exports. Fresh lemons for processing in MY 2018/2019 are revised upward, now projected at 1.41 MT, an increase of 4% from MY 2018/2019 due to increased production.

NOTE: In MY 2018/2019 approximately 130,000-140,000 MT of fruit went unprocessed or were not exported due to multiple factors, including oversupply and delayed harvest impacts on fruit quality and size. This discarded fruit is included within the lemons for processing figures.

For MY 2017/2018, fresh lemons for processing remains unchanged at 1.348 MMT from official estimates.

Oranges and Tangerines

In MY 2019/2020, fresh oranges and tangerines for processing are forecast at 350,000 MT and 135,000 MT estimated to decrease by 7 percent and 17 percent MT, respectively, from the previous calendar year estimate due to lower production.

Oranges for processing in MY 2018/2019 are projected to decrease slightly from previous official estimates to 376,000 MT for oranges due to larger exports. Tangerines for processing are projected to increase slightly from previous estimate to 163,000 MT due to smaller exports. This is an increase of 41% from the prior marketing year.

For MY 2017/2018, oranges and tangerines for processing remained unchanged at 375,000 MT and 116,000 MT, from USDA estimates.

NOTE: As is the case of lemons, orange and tangerine processing volumes for MY 2018/2019 include higher than average levels of discarded fruit. Thus, in the PSD tables, the “Processing” category was increased above normal levels.

Investment

Larger lemon producers continue to invest in the replacement of unproductive trees and in genetic materials to improve yields. Capital investment in area expansion continues to focus in the northwestern provinces of Salta and Jujuy. Currently, there are no significant new investments by the private sector in processing and packing facilities, irrigation, and research and development projects.

Consumption:

Lemons

Domestic lemon consumption tends to be inelastic. For MY 2019/2020, lemon domestic consumption is forecast at 150,000 MT, unchanged from 2018/2019. The projected MY 2018/2019 is 150,000 MT, in line with the official estimate. For MY 2017/2018, lemon consumption remains unchanged at 150,000 MT from official estimates. The recent implementation of “Plant Transit Certificates” (DTVs, in Spanish) by Argentina’s Animal and Plant Health authorities (SENASA, in Spanish), whose objective is to control the transportation of plants and plant material, has resulted in more accurate information for domestic movement of such products, including fruits. As a result, private sources reported more informed data on fruit consumption (*Resolucion SENASA 31/2015* <http://www.senasa.gob.ar/tags/dtv>).

Oranges and Tangerines

For MY 2019/2020, domestic consumption of fresh oranges is forecast to decrease to 300,000 MT, down 14% from the previous calendar year, due to smaller production. Consumption of fresh tangerines is expected to decrease to 220,000 MT, down 12% from MY 2018/2019, as a result of a decrease in production.

For MY 2018/2019, domestic consumption of fresh oranges and tangerines is projected at 350,000 MT and 250,000 MT, up 9% and 25% respectively, in line with USDA estimates.

For MY 2017/2018, domestic consumption of fresh oranges and tangerines remains unchanged at 320,000 MT and 200,000 MT from official estimates.

Trade:

Exports

Lemons

Fresh lemon exports in MY 2019/2020 are forecast to increase to 300,000 MT up 25% due to several reasons: (1) Despite the production decrease, the fruit quality is expected to be very good to meet the highest export standards; (2) less fruit will be demanded for processing due to lower prices paid by the industry; (3) less fruit supply is expected in the northern hemisphere countries; and (4) new significant markets were opened to Argentine lemons during 2019, such as India, Vietnam, and China.

For MY 2018/2019 lemon exports are projected to increase from previous USDA estimates, to 240,000 MT, as a result of larger production and higher volumes of export quality fruit than initially expected. This is still down 12% from the prior marketing year.

Post's estimate of fresh lemon exports in MY 2017/2018 remain unchanged at 273,000 MT, in line with USDA estimate.

Compared to other Argentine fruit and specialty crop sectors, including sweet citrus, which has seen its competitiveness fall, the fresh lemon export business remains profitable despite high costs. However, with production costs, such as labor, inputs, energy, inland and ocean freight and high inflation rates (47.6 percent in CY 2018 and estimated at 56 percent for CY 2019) continuously rising, the competitiveness of the lemon sector is also being affected. Furthermore, although the depreciation of the Argentine peso in 2018 and 2019 made exports more price competitive in foreign markets, a reinstatement of export taxes, a decrease in export rebates and high interest rates, have partially offset that advantage.

Oranges and Tangerines

For MY 2019/2020, exports of sweet citrus are forecast to decrease slightly to 70,000 MT for oranges and 35,000 MT for tangerines, on account of smaller production. In addition, exports will remain significantly lower than historical levels of around 150,000 MT and 100,000 MT, respectively, due to challenging domestic economic conditions and strong competition from other Southern Hemisphere exporters, primarily South Africa.

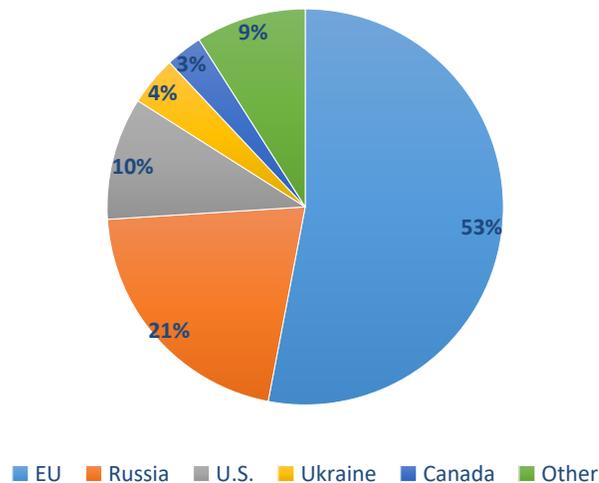
Orange exports in MY 2018/2019 are projected upward from previous estimates to 77,000 MT, and tangerine exports are projected to decrease from previous estimates to 37,000 MT following the latest data revisions by the government. These exports are 28% and 8% higher than 2017/2018.

For MY 2017/2018, orange and tangerine exports remain at 60,000 MT and 34,000 MT, respectively, in line with USDA estimates.

Export Destinations

For MY 2019/2020, the Argentine citrus sector looks to capitalize on a gradual expansion in Asian markets. In 2018, Argentina exported its first shipment of fresh lemons to Japan under a stringent cold treatment plan, thus creating optimism about access to the Chinese market which was finally opened to fresh Argentine lemons on December 16, 2019. Lemon exports were interrupted in 2005 when China established cold treatment for all citrus fruit. However, the Chinese market remained open to fresh sweet citrus varieties since 2004. Since 2017, Argentina has had access to Korea for oranges and to Indonesia and the Philippines for sweet citrus. In 2019, India and Vietnam opened their markets to Argentine lemons.

Argentine Fresh Lemon Exports January-October 2019



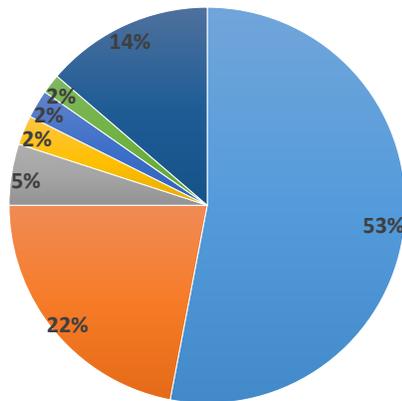
Source: FAS Buenos Aires based on data from Trade Data Monitor, LLC

Following its regaining market access to the U.S. in 2017, Argentine lemon exports during the 2018 marketing season totaled 10,640 MT. During January-October 2019, lemon exports to the U.S. reached 23,179 MT, and private sources estimate that in 2020 they will increase to about 30,000 MT as a result of decreased production in California. However, some exporters may prefer to ship lemons to the EU rather than the U.S. as the European market are viewed as more flexible in terms of quality standards. The Brazilian market was opened to all Argentine citrus fruits on May 9, 2017 and, although Argentine expectations remain positive, especially for sweet citrus, it continues to face competitive challenges in this market.

During January-October 2019, the EU remained the largest export market for Argentine fresh lemons accepting 53% of Argentina's exports, followed by Russia, with 21%, and the U.S., with 10%. Orange exports to the EU accounted for 53% of all exports, followed by Paraguay with 22%. For tangerines, Russia remained the largest export market accepting 40% of Argentina's export, followed by Indonesia with 18%, the Philippines with 15%, and Canada at 9%. Tangerine exports to traditional markets, such as the EU, have been falling over the past few

years and virtually vanished in 2018 due to the lack of competitiveness by local exporters and strong competition from South Africa. (Source: Trade Data Monitor, LLC)

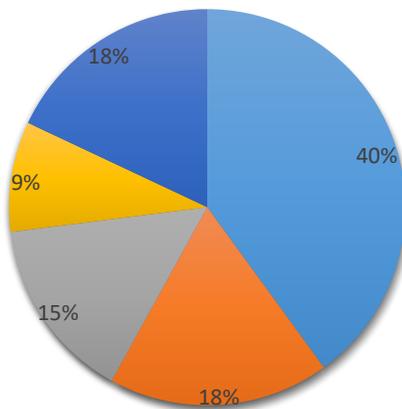
Argentine Fresh Orange Exports January-October 2019



■ EU ■ Paraguay ■ Russia ■ Brazil ■ Saudi Arabia ■ UAE ■ Other

Source: FAS Buenos Aires based on data from Trade Data Monitor, LLC

Argentine Fresh Tangerine Exports January-October 2019



■ Russia ■ Indonesia ■ Philippines ■ Canada ■ Other

Source: FAS Buenos Aires based on data from Trade Data Monitor, LLC

Imports

Citrus imports are expected to remain negligible in MY 2019/2020 as Argentina is a net citrus fruit exporting country. Fruit import volumes will remain limited as local fruit production is sufficient to supply the domestic market. During January-October 2019, Argentina imported 450 MT of fresh lemons from Brazil, 2,302 MT of fresh oranges primarily from Spain, and 15 MT of fresh tangerines from Spain.

Policy:

Import and Export Regulations

In December 2015, the Argentine government lifted export taxes on all fruits. In addition, one year later, export rebates were increased for several products, including citrus fruit, to provide support to regional ag sectors. However, in 2018, the government imposed a variable export tax of 4 Argentine pesos for every 1 U.S. dollar, by value or FOB export price, until December 31, 2020, which covered all citrus fruits, and reduced export rebates on all fruits to generate government revenue in response to the country's economic and financial crisis. However, in July 2019, the government published Decree No. 464/2019, which reduced the export tax from 4 to 3 Argentine peso for every 1 U.S. dollar, by value or FOB export price. This measure benefited two-hundred and seven different Harmonized Tariff Schedule Codes, including citrus fruit. This rate remained in place after Decree No. 37/2019 modified export tax rates for some commodities on December 14, 2019. On December 17, 2019 the new administration of Alberto Fernandez requested additional authority from the Argentine Congress to adjust export tax rates as part of an emergency economic law.

Export and import tariffs for all citrus types are as follows:

Export and Import Tariffs	
All Citrus Fruit (HTS codes: 080510, 080550, 080520, 080521, 080522, 080529)	
Within and Outside the MERCOSUR AREA (except for the Import Tariff)	%
Import Tariff (outside Mercosur)	10.00
Import Tariff (inside Mercosur)	0.00
Statistical Tax	2.50
Export Tax	12.00
Export Rebate (bulk)	1.00
Additional export rebate for organic fruit (%)	0.5

Source: FAS Buenos Aires based on data from Tarifar

Phytosanitary Issues

Citrus Greening: In July 2014, a non-commercial case of Huanglongbing (HLB) was found in Mocoreta, Province of Corrientes (Northeastern region of Argentina – close to the border with Uruguay). The Argentine government immediately implemented its monitoring system in the area, as per the National HLB Prevention Program (created by Secretariat of Agriculture Resolution No. 517/2009, and ratified by National Law No. 26.888/2013, and SENASA Resolution 336/14), and subsequently found no other signs of the disease.

On July 4, 2012, APHIS was officially informed that a case of HLB had been reported in one infected tangerine tree in Puerto Deseado, Province of Misiones (Northeastern region of Argentina – close to the border with Brazil). The infected tree was destroyed as a precautionary action. In addition, SENASA intensified the surveillance for citrus species in the area with sampling in 150 premises with negative results for both: the symptoms and vector (*Diaphorina citri*) of the disease. SENASA stated that, since the location is not a citrus commercial area, and it is surrounded by national parks, it is likely that this was an illegal introduction from outside the country. Despite this, *Diaphorina citri* was reported in other areas of Argentina. A few additional cases were detected in Misiones and Corrientes Provinces and, in 2016, for the first time, in citrus commercial areas (i.e. vector presence, no disease).

In November 2018, the Government of Entre Rios Province, through Decree #3757, declared a Phytosanitary Emergency in the province after finding the HLB vector in commercial farms and in urban areas.

In November 2017, the Ministry of Agroindustry and the Argentine Citrus Federation (FEDERCITRUS, in Spanish) signed an agreement to work jointly on the prevention of HLB into Argentina and, in March 2019, under the framework of the National Program for HLP Prevention, SENASA, the Secretariat of Agroindustry's National Trust Fund (FONDAGRO, in Spanish), and the Phytosanitary Association of the Northwest of Argentina (AFINOA, in Spanish) signed an agreement for resource contribution and management. For additional information on HLB in Argentina:

<http://www.senasa.gob.ar/cadena-vegetal/frutales/produccion-primaria/programas-fitosanitarios/hlb>

Marketing:

Prices

International (FOB) Prices for Fresh Citrus Fruit

In 2019, FOB prices for fresh lemons were lower than FOB prices in 2018 due to larger fruit supplies in the Northern Hemisphere. Orange FOB prices increased slightly while tangerine prices decreased, compared to the previous marketing year. Overall, FOB prices remained relatively low and were not sufficient to cover costs, thus resulting in increased financial difficulties for the local fruit sector damaging Argentina exporters' competitiveness in export markets.

The highest FOB prices for lemons during January-October 2019 was \$849/MT (March); for oranges, \$492/MT (July); and for tangerines, \$895/MT (March).

Lemon	FOB Prices (US\$/MT)		
	2017	2018	Jan-Oct 2019
January	--	--	--
February	1,100	--	--
March	1,096	811	849
April	980	916	806
May	1,019	956	806
June	1,047	973	784
July	1,047	972	763
August	1,034	978	750
September	988	840	688
October	1,000	--	--
November	1,111	--	--
December	--	--	--
Average	1,048	921	--

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 62.90/US\$1

Date of quote: 11/29/2019

Orange	FOB Prices (US\$/MT)		
	2017	2018	Jan-Oct 2019
January	--	--	--
February	--	--	--
March	--	--	--
April	--	--	--
May	261	--	--
June	518	123	422
July	511	564	492
August	508	539	465
September	473	524	488
October	130	--	362
November	--	--	--
December	--	--	--
Average	400	438	--

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 62.90/US\$1

Date of quote: 11/29/2019

Tangerine	FOB Prices (US\$/MT)		
	2016	2017	Jan-Oct 2019
January	219	--	--
February	849	--	--
March	905	1,000	895
April	914	949	836
May	971	903	822
June	963	925	792
July	1,028	907	755
August	958	884	705
September	884	840	572
October	220	--	194
November	--	--	--
December	--	--	--
Average	791	915	--

Source: FAS Buenos Aires based on Trade Data Monitor, LLC

Exchange rate: Argentine pesos 62.90/US\$1

Date of quote: 11/29/2019

Domestic Retail Prices for Fresh Citrus Fruit

Citrus Fruit	US\$/kg
Lemon	1.02
Orange (Navel)	1.03
Orange (Valencia)	0.46
Tangerine	n/a

AR\$62.90/US\$1 (11/29/2019)

Source: FAS Buenos Aires based on supermarket prices

Promotion

“ALL LEMON Tested & Certified for Export” is a seal that guarantees the quality of Argentine fresh lemons for export. It includes an audit program of the seventeen leading lemon producers/exporters in Argentina, which certifies quality standards for export of about 85 percent of the country’s total lemon production. Lemons identified under ALL LEMON parameters must comply with:

- Food safety standards
- Traceability
- Freshness
- Firmness
- Durability
- High juice content
- Aesthetic care
- Balanced color
- Uniform format.

For additional information on All Lemon: <http://www.latinlemon.com.ar/all-lemon-english.html>

Lemons/Limes, Fresh Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	49000	49000	50000	50000	0	51000
Area Harvested	46000	46000	46900	46900	0	48500
Bearing Trees	11300	11300	11500	11500	0	11700
Non-Bearing Trees	820	820	840	840	0	860
Total No. Of Trees	12120	12120	12340	12340	0	12560
Production	1770	1770	1630	1800	0	1600
Imports	1	1	0	0	0	0
Total Supply	1771	1771	1630	1800	0	1600
Exports	273	273	200	240	0	300
Fresh Dom. Consumption	150	150	150	150	0	150
For Processing	1348	1348	1280	1410	0	1150
Total Distribution	1771	1771	1630	1800	0	1600
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Oranges, Fresh Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	41000	41000	39000	39000	0	39000
Area Harvested	39000	39000	37200	37200	0	37200
Bearing Trees	19300	19300	18300	18300	0	18300
Non-Bearing Trees	1600	1600	1500	1500	0	1500
Total No. Of Trees	20900	20900	19800	19800	0	19800
Production	750	750	800	800	0	720
Imports	5	5	3	3	0	0
Total Supply	755	755	803	803	0	720
Exports	60	60	65	77	0	70
Fresh Dom. Consumption	320	320	350	350	0	300
For Processing	375	375	388	376	0	350
Total Distribution	755	755	803	803	0	720
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Tangerines/Mandarins, Fresh	2017/2018	2018/2019	2019/2020

Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted	28000	28000	28000	28000	0	28000
Area Harvested	26000	26000	23000	23000	0	23000
Bearing Trees	14100	14100	12600	12600	0	12600
Non-Bearing Trees	1530	1530	1400	1400	0	1400
Total No. Of Trees	15630	15630	14000	14000	0	14000
Production	350	350	450	450	0	390
Imports	0	0	0	0	0	0
Total Supply	350	350	450	450	0	390
Exports	34	34	40	37	0	35
Fresh Dom. Consumption	200	200	250	250	0	220
For Processing	116	116	160	163	0	135
Total Distribution	350	350	450	450	0	390
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Attachments:

No Attachments