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ARGENTINE AVOCADOS: TRADE AND FUTURE PERSPECTIVES

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The production of avocados in Argentina has limited recognition in the international market, because of their small volume and short commercialization period. This short period competes with avocado-producing countries such as Peru, Spain and South Africa, which have a greater productive and commercial significance. This situation causes a short period of export to Europe and frequently at prices lower than the common prices registered in the annual average of those consumption markets.

It evolved from 1998 from an area of 1,206 ha, with a production of 7,236 tons to a projected area of 3,184 ha (2.64% increase) for 2009 with an estimated production of 25,472 tons (3.52% increase)
Therefore, the consolidation of the domestic market is a fundamental premise, in the commercial organisation of producers and marketers, in the search of new market niches and in the increase of domestic consumption per capita.

The promotional activities carried out some years ago by an important producing company gradually disappeared when a significant number of small and medium-sized producers entered the market. These producers offer the domestic market products discarded for export, without following the patterns established, in volumes that devalue the prices to very low values.

In conclusion the Argentine avocado production requires a structure and commercial organization that generates the following: 1. Promotional Campaigns for higher domestic avocado consumption 2. Consolidation of regional markets 3: Association of small and medium-sized producers as a tool to reach markets overseas with high-quality products able to compete with those from other countries having better volume offers.

LA PALTA ARGENTINA, SU COMERCIO Y SUS PERSPECTIVAS FUTURAS

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La producción de palta (aguacate) en la República Argentina es de escasa relevancia en el mercado internacional, habida cuenta de su volumen reducido y su estrecha época de comercialización la que compite con países productores de mayor envergadura productiva y comercial, entre ellos Perú, España y Sudáfrica, lo que lleva a disponer de una muy corta época de exportación a Europa, con precios muchas veces de menores valores que los que registra el promedio anual en esos mercados de consumo.

Evolucionó desde 1998 de una superficie de 1206 Has, con una producción de 7236 Tn, a una superficie proyectada al año 2009 de 3184 Has (2.64% incremento) con una producción estimada de 25472 Tn (3.52 % de incremento).

Ello deriva en la necesidad de una consolidación del mercado interno como premisa fundamental; en la organización comercial de los productores y comercializadores; en la búsqueda de nuevos nichos comerciales; y en el incremento del consumo interno per capita.

Las tareas de promoción que realizara hace algunos años una empresa líder en producción y pionera en el país, se diluyó con el paso del tiempo al ingresar al mercado un número importante de productores pequeños y medianos, quienes, en forma desordenada, anárquica y ausente de profesionalismo ofrecen al mercado interno el producto de descarte de la exportación en volúmenes suficientes como para devaluar el precio de la fruta hasta valores realmente insignificantes.

Esto no hace mas que llegar a la conclusión que la producción de paltas argentinas requiere de un ordenamiento y una organización comercial que derive en 1°) campañas para la promoción de un <u>mayor consumo interno</u>; 2°) en la <u>consolidación de los mercados regionales</u>; 3°) en el <u>asociativismo</u> como herramienta para que el pequeño y mediano productor logren conquistar mercados de ultramar con productos de excelencia cualitativa que compita con los de otros países que dispongan, a pesar de todo, de una mejor oferta cuantitativa.

Historical antecedents

Although the avocado (American persea) is one of the few fruits originally cultivated in America, there is no certainty about its date of arrival to Argentina. The man who introduced citrus and other fruits known in Europe, mister Hernan Mejia Miraval does not mention the avocado as part of his venture. However, mister Alfredo Guzman, an outstanding industrialist and philanthropist from the province of Tucuman, is pointed out as the introductor of avocado to the country in 1911, becoming part of the collection of the Experimental Agricultural Station from Tucuman for its adaptation and development.

Afterwards, with the citrus tree in the province, the avocado is used as windbreak or as defense of the watering channels. Few fruit exploitations had commercial activities due to the damage suffered by Phytophora infestants in the sixties. What in fact existed were autochthonous crops, consequence of the natural selection, some plants were named after the owners of the fields where they were found, as the case of Torres variety, discovered in the fields of Mr. Jose Torres in Yerba Buena (Tucuman), which has an important part of the local market, having started its way into the foreign market in the gourmet segment in France, particularly.

In the 60´s Experimental Agrocultural Station introduces the plants identified by varieties, such as Lula, Collinson, Fuerte, Linda and they start the development of all of them and some of regional seedling, like the varieties Torres and Heredia. They start to spread in 1965 and in 1971 there is a publication with the first list of varieties, adding the Tonnage variety because of its interesting characteristics as a commercial fruit for the Argentinian market. The Hass variety is introduced in 1968, from LaCruz, Chile. In the year 1981 The Experimental Agrocultural Station, now called Experimental Agro industrial Station Bishop Colombres, introduces varieties to have available a collection of avocadoes in order to study their adaptation, date of maturity, yield, tolerance to diseases and plagues, etc.

The first cultivation of Hass in Tucuman is realised by the firm Guayal S.A. in 1982, in Sauce Huacho (department of Famailla), nowadays the biggest Exploitation of avocadoes in Argentina and leader in market exploitation, product development and annual exportations. (Source: Avance Agroindustrial magazine- EEAOC)

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Surface on production

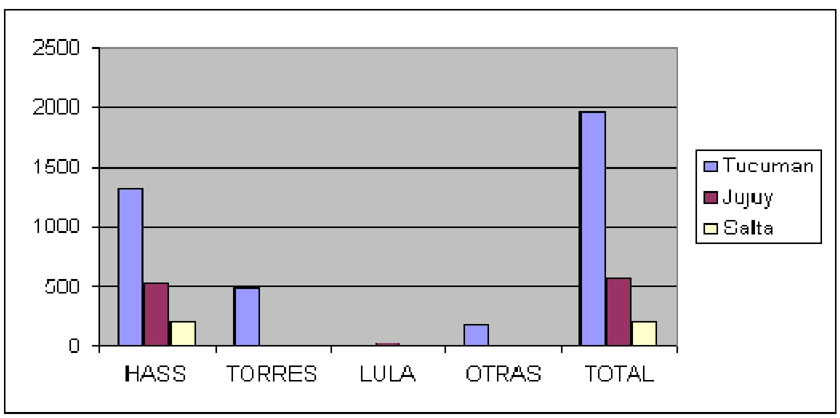
The Argentinian productive area is in the Northwest of Argentina (NWA) , it includes the provinces of Tucuman, Salta and Jujuy, being this region the only producer that is commercially relevant. In the Northeast of Argentina (NEA) there are only informal cultivations, without any relevance to the local market. Geographically, it could be situated between 22º 12´ as the Northern extreme, 27º 45´Southern extreme, 63º 34´ in the East and 63º 34´ West. The phytogeographic region is also called jungle Tucumano- Oranense, where the foot of the mountain and transitional forest are ideal for the planting of crops.

Among the three productive provinces, Tucuman is the most important one, with an area of 1972 Has (70,1 % of the total), being mainly covered by Hass variety, with 1323,7 Has, followed by the Torres variety, with 478 Has, then the Pinkerton, Bacon, Tonnage and plants without variety determination, survivors of the extermination suffered by the crops in the 60´s, with 170, 3 Has.

The provinces of Salta and Jujuy have the remaining part of the cultivated areas, Salta with 214 Has and Jujuy with 565 Has. The predominant variety is the Hass and in Cali legua (Jujuy) is the Lula variety.

Surface of plantation in the Argentine Notrh West

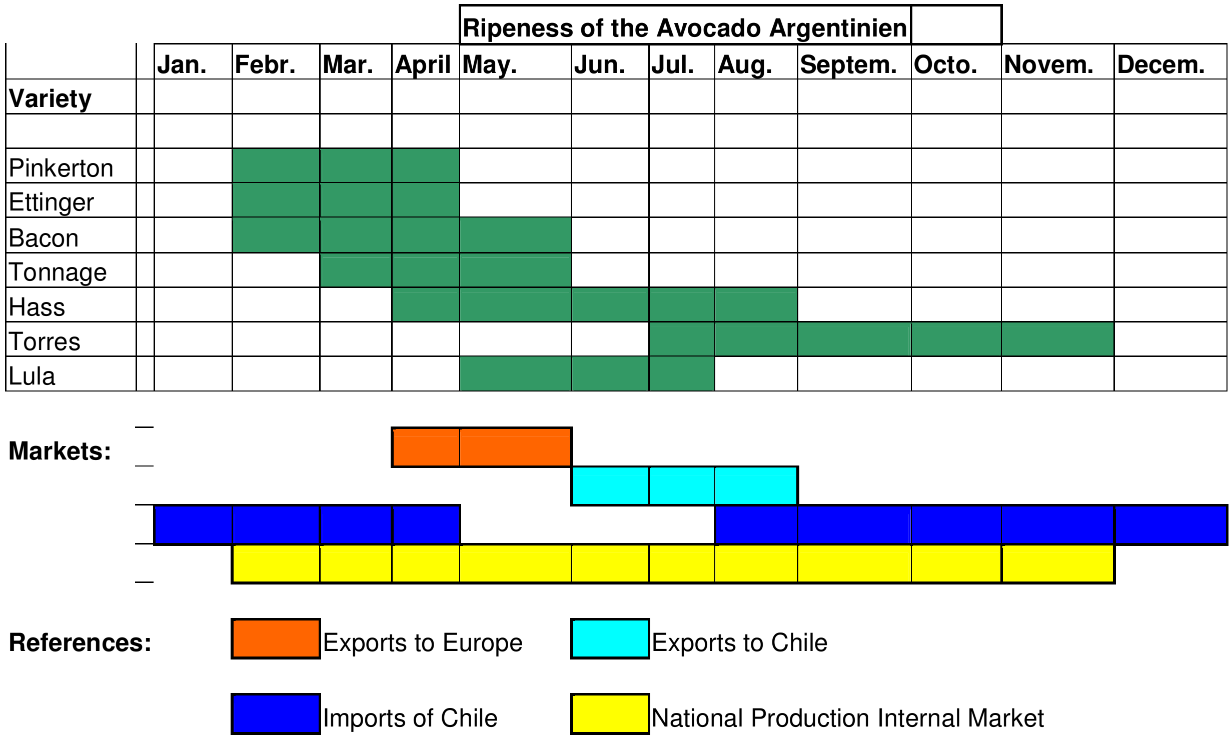
PROVINCE	HASS	TORRES	LULA	OTHERS	WHOLE
Tucumán	1323,7	478		170,3	**1972**
Jujuy	535		30		**565**
Salta	214				**214**
WHOLE	**2072.7**	**478**	**30**	**170.3**	**2751**



Graphic of surface of plantation in the ANW

Local and Foreign market

With a consumption of 0,450 kg p.c.a., the ripening of the Argentinian avocado implies an important supply for the local market during winter, being slower and reduced in spring and summer. However, the presence of Chile in the Argentinian market tends to cover almost the whole year, achieving the possibility of enjoying tasty fruit in any month.
As it is possible to see in this chart, the varieties of highest national consumption are: Hass, Torres, Lula, Bacon and Pinkerton, which competes with the Hass avocado coming from Chile, from August to April.



It is also real that the discarding of Argentinian exportation (CAT II) goes into the market with low values in volumes higher than normal.

To conclude, the Argentinian market, due to lack of knowledge on the product and its nutritional value, the scarce commercial promotion and the low quality of the fruit during a part of the year, it is a market to be developed, but for this purpose it is necessary not only to have a good marketing programme, but also to offer the market a product CAT I, so the Argentinian SENASA would have to do all the necessary quality control work.

Annual production

Argentina is a country of slow avocado productive development because of many reasons:

1) In our region the main crop is the citrus, being our country the most important lemos producer of the world, which postpones any enterprise in the production of avocadoes.
2) The appearance of an alternative of inversion with prevalence over the avocado, the blueberry is a first fruit as exportation to USA and Europe, with a high average of profitability, despite the high cost on production and crop inversion and on harvest and post- harvest.
3) The reduction of the commercial sale to Europe due to the productive growing of its precedent country , Spain, and its successor, Peru, which are now going backwards (Spain) and forward (Peru) reducing the Argentinian campaign to 8 weeks, from the week 15 to the week 23, with certainty of profitability. This discouraged the producers from continuing

adding plantations and from choosing the avocado as a complementary crop of citrus and sugar cane.

4) The scarce technological offer of the institutions of applied agricultural research discourages the producer from increasing the plantations. There is only one Experimental Station (INTA-Yuto- Jujuy) which dedicates to tropical crops, among them the avocado.

However, between the years 1990 and 2001, the crop had a strong increment of its productive surface, using areas at the foot of the mountain, close to the citrus production and extending to areas with enough rain , low possibilities of freezing and water availability for watering.

Currently, in the year 2007, the surface is of 2750 Has in the productive region.

Projection to year 2009

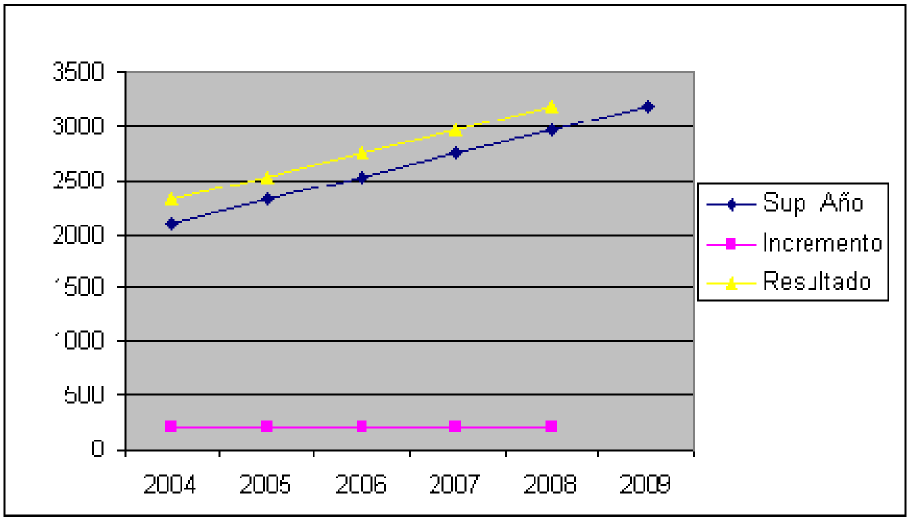
In the year 2004 there were 2102 Has and the projection to the year 2009 is of 3184 Has, following an annual growth of 132 Has in Tucuman, 70 Has in Jujuy and 14,4 in Salta, which gives a total of 216,4 Has per year in the region.

If the commercial strategy is changed, strengthening the local market, there should be a process where the planting would start earlier and later so that the fruit would be available the whole year, with good taste and quality.

The development of the crop evolution is the following:

Picture of Proyection of surface with increase of 216.4 Hectares

Years	Annual surface	Increase	Result
2004	2102	216,4	2318,4
2005	2318,4	216,4	2534,8
2006	2534,8	216,4	2751,2
2007	2751,2	216,4	2967,6
2008	2967,6	216,4	3184
2009	3184		



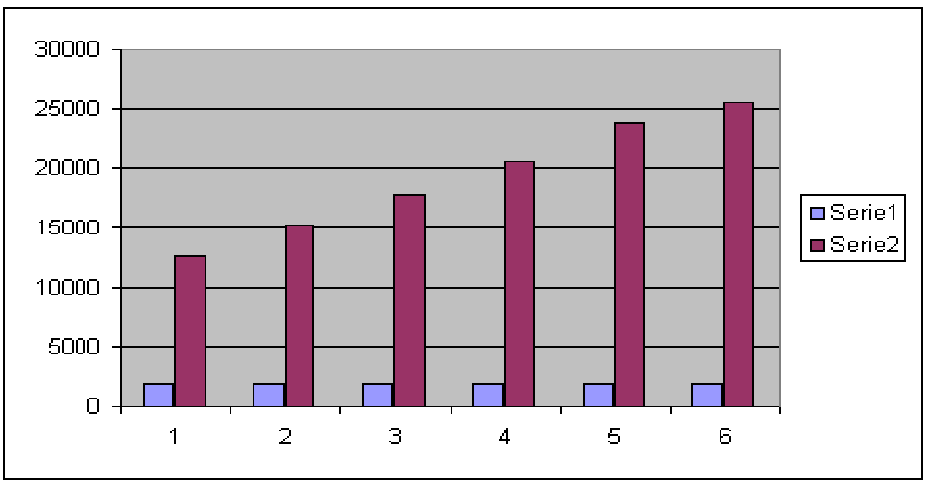
Graphic of projection of surface to year 2009

Regarding the projection of the production, we can state that the growth on the base of the increment of the planted surface and the income in production of young plantations can be defined in the following way:

Pictures of projetion of production to year 2009

AÑO	SUPERFICIE	Rendimiento promedio	PRODUCCION
2004	2102	6	12612
2005	2318	6,5	15067
2006	2534	7	17738
2007	2750	7,5	20625
2008	2966	8	23728
2009	3184	8	25472

The following graphic shows us the projection visually:



Graphic of projetion of Production to year 2009

Argentinian exportations of avocado

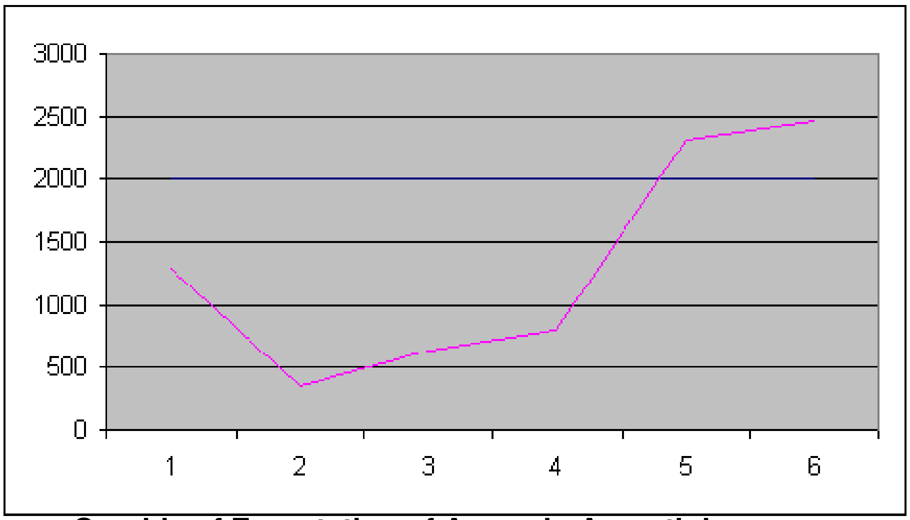
With the economic crisis of Argentina in the year 2002, due top currency adjustment, favourable for the exportation of agricultural products, the country starts a process of increment in the external commerce of agricultural products. The avocado was not out of these circumstances and the traditional exporters start to export it, increasing their dispatches to Europe, there are even new undertakers, some of them grouped in Consortiums of exportations, and others as individual business of exportation, pointing mainly to the Spanish market, whose packing pack the fruit again and they distribute to all Europe through their habitual channel of commercialisation.

In the following chart it is possible to see the evolution of the exportation business of avocadoes in Argenitna form 2002 until the campaign that finished in June 2007.

However, the enthusiasm generated in that moment by the external commerce is now reduced by the reduction suffered by the commercial space availabe for Argentina in Europe. There used to be 12 weeks (15 to 26) when it was possible to sell with good registers, but now there are 8 weeks (15 to 23) . The productive growth of Spain and its postponment of harvest and the commercial potentility of Peru and its shipments to Europe act against the Argentinian fruit, which has reduced its amounts of exportations and the prices that used to have not a long ago.

Argentinian Exportation of Avocado

AÑO	VOLUMEN
2002	1297
2003	353
2004	643
2005	798
2006	2320
2007	2466



Graphic of Exportation of Avocado Argentinian

As summery of the proposal for the area of exportation, the Argentinian production should:

1) Explore new and solid markets, for example Chile, which implies sanitary restrictions of a product defined as safe from fruit flies, in their species Ceratitis and Anastrepha, imposing a working plan with a forty-year treatment, which only interposes between the logic commercial interchange of both countries, deteriorating the quality of the fruit and damaging the natural environment.
2) Group the exportations with higher volumes during the weeks 15 to 23, with a product of adecuate ripening and that satisfies all the post harvest rules asked by the market of demand.

3) Improve the logistics of pre and post harvest, consolidating the exportation in the place where the fruit originates, avoiding cutting the chain of cold in any part of the journey.

Importation of avocado in Argentina

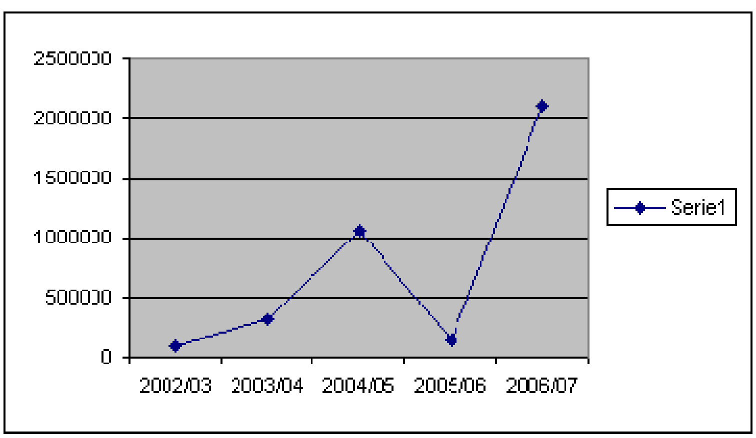
The great volumes of Chilean production obliged the Comitee of Avocadoes in Chile to face new markets, having chosen Europe as a destiny of the Hass avocado. Another destiny faced by our brother country, Chile, is Japan, a market of excellence, and with the experience, reliability and perseverence necessary to Conquest them. Finally, the other destiny of Chilean avocadoes in this new commercial stage is Argentina, which receives an important quantity of Chilean fruit per year.

Although it is true that the Chilean Comitee of Avocadoes conducts a campaign to promote the consumption of avocado in Argentina, there will be no consumption if the realtionship among national producers is not improved; not only with the commercialisers but also with the Argentinian producers, so that the campaign may last the whole year.

The evolution of the importation business in Argentina can be seen in the following chart:

Imports of Avocado of Chile

AÑO	VOLUMEN
2002/03	95437
2003/04	316280
2004/05	1061246
2005/06	144072
2006/07	2111858



Graphic of Importation of Chile

Destination of the Argentinian Exportations

In general, the Argentinian exportations are channeled to the European Union, Spain being the first destination with a 72, 6%. Then, the Low Countries with a 15%, United Kingdom with 8, 9 % and finally France with a 3,5%. Spain gets the packings of 4 kg, as well as those of 10 to 12 kg of capacity, doing the commercialization and distribution of traditional packings in the area of Malaga.

Until a year ago, Chile was also an important destiny of the Argentinian avocadoes, mainly from June to August, because it is market with high consumption per capita, with a target market that demands hugh quality and above all, Chile did not produce Hass avocadoes during that time of the year.

However, the Chilean producers looked for new areas where they could delay and advance their harvest with the purpose of having fruit during the whole year. Moreover, Peru agreed to enter Chile through a working plan facilitated by the favourable ecology of the Peruvian area of production. So, the Argentinian exportation is fragile because it is not in condition of competing, in Chile, with those productions, the local and the Peruvian.

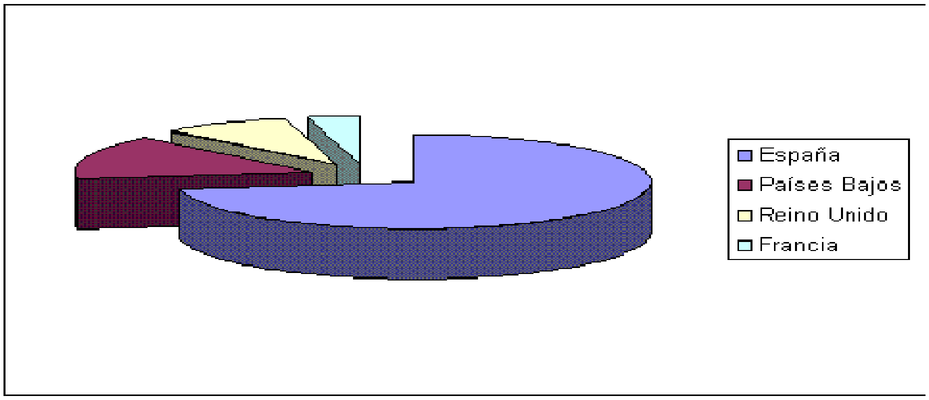
We must have in mind that the quarantine demanded by the possible presence of the fly of the fruits, not only diminishes the fruit quality but it also brakes the the cold chain because they have to add Bromide of Methyl at 21ºC, which is soon to be banned because it pollutes the environment.

This demand of the SAG of Chile threatens openly the interchange that has to exist between both cuntries, mainly because the Argentinian market is one of the best destinies chosen by the Chilean production. This is even worse if we take into account that Hass avocado from Chile comes into Argentina without any kind of restriction, competing with the Hass and the Torres variety. This is an unfair situation generated by a powerful producer country, against a developing one, even though both have strong commercial bonds in many products.

Regarding the percentage, we have to say that Spain and the Low Countries are destination ports, being the consumer market the European countries, in accordance with the commercial waves of the importing countries.

Destiny of the Argentinie Exportations

COUNTRY	PERCENTAGE
España	72,6
Países Bajos	15
Reino Unido	8,9
Francia	3,5



Graphic of the destinations of the Argentinian Exportations

Summary

Argentina, as a producer of a vocadoes, has to improve, at least, its commercialization, having in mind the following concepts:

1) Local market: It has to be organized adequately, coordinating with the Chilean exportators and Argentinian importators in order to achieve mutual benefits between actors.
2) International market: It has to be organized logistically, programme the shipments very well, improve the quality of the fruit, and improve the post harvest, adjusting the operations that could help the conservation of the product until it gets to the consumer market.
3) New markets: It has to intensify the measures in fron of the SAG of Chile, so that the Argentinian avocado can enter without the quarentine treatment that affects the fruit, having in mind the work done by the EEAOC, where it was demonstrated that there is no MoscaMed in the Hass avocado in Argentina, from May to August.
4) It has to implement a strong campaign of product development, highlighting its good taste and its excellent nutricional benefits, having in mind the work “ Profile of the Avocado Consumer- Part I and II” and the marketing campaign done by Guayal SA in the 90´s and the excellent promotion realized by the Comitee of Avocadoes of Chile in 2005 and 2006.

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Ing. Leopoldo Fernandez Sabate, private consultant, ex- manager in Guayal SA

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