

Argentina: Orange prices plunge, bringing harvest to a halt

In Argentina, the crisis of the orange sector is very clear. A consumer in Buenos Aires pays 8-12 pesos per kilo, and while the fruit is sold in the Central Market at a much lower price, about 2 pesos, producers in Entre Rios and Corrientes, the main sweet citrus producing areas, receive just 40 cents per kilo. The gap is so large that many decide not to harvest, as what they earn does not even cover the cost of shipping the fruit to the market.

Many Valencia oranges that should have been harvested last year are still on the trees. Many others have fallen and rotted on the ground. Cold storage rooms are overstocked and juice manufacturers are also refusing the goods, since they don't know what to do with the stocks they already have. There is huge oversupply, which results in rock-bottom prices just at the start of the season. In northern Entre Rios and south of Corrientes, the harvest of the Okitsu mandarin has just started. Producers were hoping for an improvement, but this will not be the case.

The crisis in this important citrus region had been predicted after a severe frost in 2013, which destroyed the production; last year, the supply of oranges and mandarins started to recover, and in 2015 it is expected to increase by another 20%.

In total, Argentina produces some 800,000 tonnes of oranges and 400,000 of mandarins. The domestic market does not absorb these volumes, which means exports are very important. Last year, around 160,000 tonnes of both fruits were shipped overseas, but this year it seems impossible to achieve that again because Argentina is no longer competitive. This is the result of the exchange rate and the devaluations in Russia and the EU. In Chajarí, the epicentre of this productive region, there are two major exporters. One of them couldn't even work this season; the other is operating at 20% of its capacity.

The head of the Citrus Federation of Entre Rios, Dante Grigolatto, says that the export markets demand fruit, but at the moment Argentina can only sell at a loss. For this reason, they demand a subsidy of 3 dollars per box of fruit intended for export in order to boost shipments and ta