

Argentina's fruit growing sector sees its salvation in Russia

Argentinian producers of pears and apples haven't managed to overcome the sharp drop in the export of their products. According to a report by the National Service of Agricultural Food Health and Quality (Senasa), in the first quarter of 2017 exports fell by 18.5% over the same period last year.

In an interview with Sputnik, the manager of the Argentine Chamber of Integrated Fruit Growers (CAFI), the agronomist Daniel Satragni, said that producers in this sector have two markets that account for more than 60% of their exports: Brazil and Russia. Since the South American giant is undergoing a political and social crisis that affects its economy, the Slavic country has become more relevant.

"The situation in Brazil has been a blow to us. We have gone from being the first supplier to the third, behind Chile and Italy. This has to do with the low competitiveness of our production. Russia is an important market for Argentina. We have had very important commercial ties with Russia for more than 15 years. Even with our competitiveness problem we continue to send our products to Russia. However, we continue to work at a loss," he said.

The market for this regional economy is not easy. Pear and apple production is a sophisticated process, as the fruits need to be harvested, sent to a packing company, and quickly be placed in cold storage so that they can be marketed during the year. This value chain requires many inputs, such as paper, transportation and human resources, which is the most costly resource, stated the engineer.

"We have to do this in an export economy that has had retentions and a low dollar for years. Now, that has changed and it's created serious structural problems. The plantations haven't been modernized. We are in a situation where only those who have been very efficient can subsist. If this policy continues they will also be forced to close their doors," he said.

This crisis is taking place on 40,000 hectares where more than 60,000 people work. The high cost of the dollar is one of the factors that affects producers the most. "More than 50% of the profits go to labor. We must keep salaries updated so that the workers can support their families. However, it's very difficult to do it with a fixed dollar. We're not asking for a devaluation, but we need mechanisms that compensate this, otherwise we won't be able to continue to sustain the workforce."

Producers fear that if this situation continues the quality of the fruit will decrease, which will close markets. "We would enter a vicious circle where we would lose even more profitability," he said.

Satragni said that there was some progress with the Government, but that there would be no hope if these talks didn't lead to concrete actions. "We've come to an understanding of the problem about possible measures. The problem is that political times do not coincide with productive times. That's our concern, there is a delay in carrying out the agreed points and we are running out of time, as there are extra fees to pay in winter," he stated.

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