

Argentina's blueberry trade isn't competitive

The main buyers concentrate their operations in Peru and Chile. Producers request opening the Chinese market.

This problem has been affecting most regional economies in recent years. Argentina is successively losing positions in the world trade of blueberries because of a lack of competitiveness due to high costs.

This situation is happening despite the fact that President Mauricio Macri and the top representatives of the sector announced at the end of July they had reached a competitiveness agreement that included the elimination of the maximum harvest amount per worker.

As a result of this agreement with the government, the blueberry sector experienced a climate of great expectation, and projected hiring about 500 thousand daily workers for the campaign that began in August.

However, the current campaign started in the worst way. There was a 20% drop in export prices due to the irruption of Peru (which displaced Argentina) as a player in the world market for blueberries.

In the last three years Argentina exported 16,000 to 18,500 tons of blueberry, while Peru quadrupled its shipments from 10,000 tons to almost 40,000 tons per year in the same period.

Those who understand the issue say that Peru's growth in world trade occurred within the framework of a Free Trade Agreement (FTA) that allows them to have preferential tariffs to the United States, the European Union, and China.

Meanwhile, Argentina exported 54% of its exports to the United States, 13.4% to the United Kingdom, 8.3% to the Netherlands, 6.9% to Germany, 4.7% to Canada, 3.7% to Spain, and 2.9% to Ireland, according to the Valorsoja.com website.

But so far Argentina has been unable to access China - as Peru has done - despite the requests that representatives from the sector have made to the national government to open this market, which is of the utmost importance to the activity.

"China would be fundamental, not only for the growth of the whole of the activity, but also because it would function as a gateway to new markets," said LPO Raul Robin, president of the CAME Regional Economies.

"It is very difficult to compete when a daily wage in Argentina costs \$40 dollars, \$25 dollars in Chile, and US \$15 in Peru," he added. "We have to work to reduce employer charges and put ourselves on an equal footing with our competitors," he added.

In this context, the country exported a total of 1,968 tons in September, at a price of US \$ 8.51 per kilo, which compared to the 1,299 tons at a price of US \$ 10.72 per kilo in the same month of 2016 represents a 20% in export prices.

Last year, Chile was once again the largest exporter of blueberries in the world with 140,577 tons. It was followed by Canada with 100,808 tons; the United States with 37,120 tons; Spain with 36,505 tons; and Peru with 28,139 tons.

In turn, Federico Baya, the president of the Argentine Blueberries Committee (ABC), said that "we support the national policy of opening up world markets and now we must focus on entering the Chinese market."

It is worth mentioning that Argentina harvests the bulk of their blueberry production, which is mainly concentrated in the provinces of Tucuman, Entre Rios, and Buenos Aires, between September and November.

In order to gain competitiveness, last year the government authorized the airport of Tucuman to export blueberries during the 24 hours of the day. It is the second most important airport in the country after the Ezeiza airport.

The issue is that, the fall of the exchange rate, the rise in production costs, and the fall in international prices are generating a strong loss of profitability for blueberry producers.

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