



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 6/16/2006

GAIN Report Number: AR6023

Argentina

Fishery Products

Argentine Fishery Sector

2006

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Report Highlights:

The report highlights the current fishery market situation in Argentina as well as market opportunities for U.S. producers.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1]
[AR]

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Fishery Situation

Argentina enjoys many favorable natural characteristics for its fishery industry. The country has an extensive coastline stretched over the southeast of the Atlantic Ocean. Consequently, Argentina enjoys an Exclusive Economic Zone (EEZ) of 1.164 million kilometer square that is optimal for ocean catch. In 2004, the country was among the top 20 world producers, providing approximately one percent of total global fish products.

Currently, the industry is facing challenges that could affect its future growth. One issue is the overfishing of important species such as the Whiting (*Merluccius Hubbsi*), and the Sabalo (*Prochilodus Lineatus*) in the Paraná River. The Whiting has historically been the most productive for the industry and restrictions have been implemented to make its production sustainable. The industry also depends on species with short life cycles such as the Argentine shortfin squid (*Illex Argentinus*) and the Argentine red shrimp (*Pleoticus Muelleri*). These species bring challenges to the industry since their capture varies annually due to its life cycles and changes in the environment.

In Argentina, there are a number of valuable species for the global fishery market. This situation presents great opportunities for the industry. However, to open and consolidate more markets, appropriate investment projects are needed aimed at researching behavior, as well as to incorporate the necessary technology for their capture and processing of species.

According to private industry contacts, Argentina has become stricter in terms of regulations. GOA is requiring more licensing and documentation in order to regulate its species and sanitary issues.

Aquaculture

Aquaculture in Argentina became a commercial activity in the 1990s. Even though it has been growing steady since then, its production level is still low. However, there are natural conditions that favor its development and currently there are research programs dedicated to increase aquaculture production to add more to the national economy, especially in the regional economies. The most important specie has been the Rainbow Trout. The production of this specie in 2004 was about 1,200 tons. Currently this activity is intended for internal consumption. The following table shows the most important species cultivated in 2004.

Cultivated Species in 2004 (in tons)

Freshwater	1,556
Rainbow Trout	1,231
Colosoma	300
Amur	20
Tilapia	5
Seafood	80
Native Oyster	50
Mussels	30
Others	11
Bullfrog	10
Lobster	1
Total	1,647

Source: FAO

Overview of Argentine Fisheries

Through 2005, the fishery sector contributed to Argentina's Gross Domestic Product (GDP) about US\$ 516 million. The total domestic production was 916,200 tons and it imported 22,100 tons. The industry exported a total of 687,600 tons to countries such as Spain, Brazil, and Italy. Also, in the last five years, the open-sea catch has been steady by averaging about 866,000 tons per year.

Argentine Marine Production (thousand tons)

Year	Whiting	Southern Blue Whiting	Patagonian Grenadier	Kingclip	Argentine Anchovy	Patagonian Toothfish	Argentine Shortfin Squid	Argentine Red Shrimp	Total
2000	193.7	61.3	123.7	15.2	12.2	7.8	279.0	37.2	855.2
2001	249.4	54.3	111.8	19.6	12.8	6.4	230.3	78.8	877.9
2002	358.8	42.5	98.7	17.8	21.3	8.2	117.3	51.4	883.0
2003	334.1	44.6	97.8	14.6	28.4	5.7	141.0	82.9	839.5
2004	416.7	50.2	117.0	17.1	37.3	2.3	76.5	27.1	873.1

Source: Secretariat of Agriculture, Livestock, Fisheries, and Food (SAGPyA)

More than 70 percent of the catch in 2004 corresponded to five species: Whiting (48 Percent), Patagonian Grenadier (13 percent), Southern Blue Whiting (6 percent), Argentine Anchovy (4 percent), Kingclip (2 percent).

Through March 2006, 133.6 thousand tons of the Argentine shortfin squid have been caught. This amount represents a 90 percent of the total catch for 2005. This situation redounds very favorably for the ports in the Patagonian region since both the shortfin squid and the red shrimp are extremely important for its economy and the industry. Last year, the total catch of shortfin squid was 146 thousand tons with a total value of US\$ 200 million.

Legislation

As part of the regulations used to alleviate the issues of over fishing of the Whiting, the Argentine Government (GOA) is assigning quotas for each fishing fleet. The quota for 2005 was 380,000 tons, a lower cap than 2004, when it exceeded the 400,000 tons. The GOA has allowed fleets to operate north and south of the 41st parallel (Patagonia region) since January 1st, 2006 until their quotas are met. The quotas distributed to each fleet are divided by trimester. According to private contacts, fleets are reaching its quotas within a month to a month and a half. More information can be found in the SAGPyA website (<http://infoleg.mecon.gov.ar/infolegInternet/anexos/110000-114999/112639/norma.htm>).

Domestic Market

Domestic consumption of fish products is very limited. Argentines' cultural preference for beef and very inexpensive compared to other meats (a per capita consumption of 65 kilograms/year), the distrust by consumer of the freshness of the fish, and other issues have contributed to this low consumption. Currently, the per capita consumption is about 11 kilograms/year of fish products. The most popular species (both fresh and frozen) for Argentine consumers is the Argentine Hake (Whiting). Other popular species are the Argentine shortfin squid, shrimp, red shrimp, and salmon.

The city of Mar del Plata, located to the southeast of Buenos Aires, is the main supplier of frozen products to the main urban areas of the country. Other ports, particularly in the Patagonian region are increasing their participation in this market. These products are

mainly distributed to supermarket and major retail stores such as Coto Supermarkets, Carrefour, and Wal-Mart Supercenters. In the case of fresh fish, independent fishermen, processing companies, and companies associated with both the fish catch and its distribution, participate in the processing of this product, and distribution to supermarkets and other stores.

Exports

Due to the limited consumption of fish in Argentina, about 80 percent of the production is destined for export. As a result, the country is an important supplier of fish products to the world market.

Argentine Fishery Exports (2000-2005) (thousand tons)

Year	Exports	Value (US\$ million)	Domestic Consumption (excluding imports)
2000	589.0	832.6	252.2
2001	570.0	730.0	265.0
2002	555.6	750.0	323.4
2003	486.1	875.0	353.4
2004	490.0	700.0	361.7
2005	506.1	790.6	365.0*

*Business Trends' estimates

Source: Maritime Interest Undersecretariat

According to the Argentine National Health and Agrifood Service (SENASA), between January through April 2006, the country had a significant increase in its exports compared to the same period during the previous year. The country has exported about 196 thousand tons of fish and shellfish for a value of US\$ 315.2 million. This is a result that this year's catch has been very favorable for red shrimp and shortfin squid. The main markets in 2006 have been Brazil and Spain. Other important markets in 2006 have been Italy, the Russian Federation, the United States, and Germany. The main species exported to these countries are the whiting, shrimp, and the shortfin squid. Other species of importance that have been exported in 2006 are the Sabalos, Argentine Anchovy, and the Patagonian Grenadier.

Exports by Destination (2005)

Country	Tons (in thousands)	Value (millions of US\$)	Market Share (%)	% Change 2004/2005
Spain	145.8	272.7	34.5	0.2
Brazil	41.3	64.8	8.2	25.1
Italy	34.2	62.2	7.9	-29.0
United States	30.5	53.5	6.8	-12.7
Japan	33.6	37.6	4.8	-22.0
Germany	19.4	30.0	3.8	11.3
Russia	4.7	29.3	3.7	99.1
China	24.7	16.9	2.1	27.8
Nigeria	8.0	7.5	1.0	38.8
Colombia	21.4	7.3	0.9	-8.0

Source: USDA

Imports

Argentine imports of fishery products are small compared to exports. Through 2005, the country imported a total of US\$ 61.3 million (37,000 MT). From January to June 2006, it has imported US\$ 32.8 million (17,600 MT). Processed products are the main imports; canned tuna as well as prepared or preserved mollusks have a significant market share. In addition, fish flour, salmon, and frozen fish fillets are other important products which are imported. Below is a table that shows the country of origin of imports by Argentina.

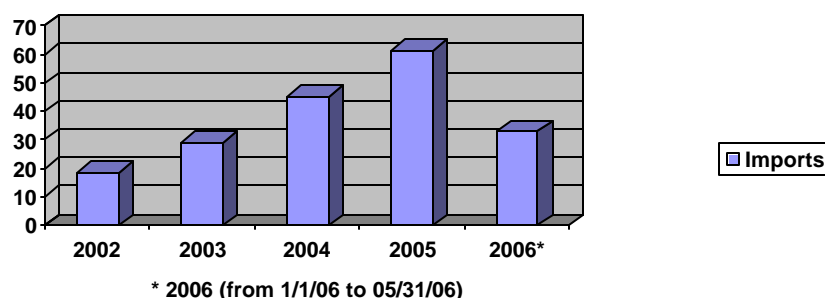
Country Origin of Imports (2005)

Country	Tons (in thousands)	Value (millions of US\$)	Market Share (%)	% Change 2004/2005
Chile	13.1	19.6	32.7	57.7
Thailand	10.1	15.2	25.3	16.0
Ecuador	5.1	10.4	17.4	37.5
Brazil	5.2	9.8	16.3	23.9
Spain	0.3	0.89	1.5	14.4
Norway	0.07	0.45	0.7	45.3
Uruguay	0.2	0.44	0.7	49.4
Peru	0.09	0.16	0.3	-83.6
Germany	0.01	0.11	0.2	-58.7
United States	0.08	0.10	0.2	25.6

Source: USDA

Since 2002, Argentina has increased its imports considerably. In that same year, the country imported about US\$ 18.6 million. In 2005, the country imported a total of US\$ 61.3 million and through May 31st, 2006 Argentina had imported a total of US\$ 32.8 million. Below is a chart that shows the growth of Argentine imports.

**Argentine Imports (2002-2006)
(US\$ millions)**



The country imports fresh fish, prepared or preserved fish, and prepared or preserved crustaceans and mollusks. In 2005, Argentina imported a total of US\$ 16.4 million of fresh or frozen fish, crustaceans, and mollusks mainly from Brazil, Chile, and Spain. From the United States, frozen calamaries were imported for about US\$ 60,000 (51.8 tons). Through June 2006, Argentina has imported about US\$ 5.1 million of fresh fish. Fresh or frozen salmon from Chile has become a very important product. This year it has imported about US\$ 3.5 million (US\$ 6.1 million in 2005). Stripe-bellied bonito tuna and shrimp mainly from Brazil and Ecuador have also been imported for a total of US\$ 1.3 million and US\$ 1.7 million respectively from January to June 2006.

Prepared or preserved fish are the most significant products which can be exported to Argentina. During 2005, the country imported about US\$ 42.1 million. Canned or processed products are the most important products Argentina consumes from abroad. About US\$ 16 million of canned or processed tuna was imported mainly from Brazil, Ecuador, and Thailand in 2005. Other important products such as processed or preserved fish were also imported for about US\$ 24.2 million in 2005. Through June 2006, the country has imported about US\$ 20 million of these products, including US\$ 8.7 million of preserved tuna and about US\$ 10 million of preserved fish.

Prepared or preserved crustaceans and mollusks are other products that Argentina imports. Chile and Spain are the main suppliers of these products to Argentina. During 2005, the country imported about US\$ 1.6 million. Preserved or prepared mollusks were the most important products imported for a value of US\$ 1.3 million. Preserved shrimp from Brazil, Spain, and Thailand were imported for a value of about US\$ 195,000. Through June 2006, Argentina has imported about US\$ 1.5 million of these products with a significant increase in processed shrimp compared to previous years from Brazil and Ecuador (US\$ 662,000).

Market Opportunities

According to private industry contacts, shrimp is a product with great potential to penetrate the Argentine market. Red shrimp in Argentina has been mainly exported to Europe for very high prices. As a result, this specie is very expensive in the domestic market. Therefore, Argentina has been importing shrimp from Brazil and Ecuador at lower prices. Another product with potential in Argentina is Pacific and Atlantic salmon. Even though Chile is the main supplier of salmon for Argentina, private industry contacts believe salmon from the United States can be competitive.