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Global Agricultural Information Network

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Mexico

Avocado Annual

Production and Trade Forecast to Grow

Approved By:

Dan Berman

Prepared By:

Dulce Flores and Pete Olson

Report Highlights:

Mexican Hass avocado production is forecast to reach 1.25 million metric tons (MMT) in marketing year (MY) 2011/12, a significant increase over MY 2010/11. Michoacán is the world leader in avocado production and accounts for 85 percent of total Mexican avocado production. Fresh domestic consumption in MY 2011/12 is forecast at 723,000 MT, and avocado exports are forecast to reach 330,000 MT in MY 2011/12. Exports to the U.S. are expected to continue increasing.

Commodities:

Avocados, Fresh

Production:

The avocado production forecast for MY 2011/12 (July/June) is 1.25 million metric tons (MMT), a 12 percent increase over MY 2010/11 production. Sources indicate that favorable weather conditions existed throughout the year and the implementation of phytosanitary pest control programs helped boost production. Also, MY 2011/12 is the high alternate bearing cycle. Production estimates for MY 2010/11 are 1.11 MMT, lower than first estimated as weather conditions in Michoacán (rainfall and freezing temperatures) during May/June 2010, affected production. Production for MY 2009/10 was raised slightly to 1.23 MMT.

Table 1. Mexico Fresh Avocado Production			
PRODUCTION	Estimate MY 2009/10 July/June	Estimate MY 2010/11 July/June	Forecast MY 2011/12 July/June
Area planted (Ha)	129,354	134,322	138,000
Area Harvested (Ha)	121,490	123,403	125,000
Production (MT)	1,230,972	1,107,135	1,250,000

Avocado producers continue applying the best agricultural practices and food safety procedures to ensure the highest quality. Producers in Michoacán comply with SAGARPA and APHIS food safety and plant health requirements to have their U.S. export certifications in place. This includes all procedures from production to packaging.

Producers, sponsored by the Avocado Association in Michoacán (APEAM – Asociacion de Productores y Empacadores Exportadores de Aguacate de Michoacan), invested nearly U.S. \$2 million in technological improvements that came on line in June 2010 to ensure that avocados are free of pests and any chemical or biological residues. Michoacán is the world's leader in avocado production and accounts for 85 percent of total Mexican avocado production.

Total area planted for MY 2011/12 is forecast at 138,000 hectares an increase of nearly 10% over MY 2010/11, as growers in different states in Mexico are interested in increasing area due to good domestic and international demand for Mexican Hass avocados. Area planted and harvested for MY 2010/11 was updated based on official data. Michoacan has about 107,000 hectares planted with Hass avocado, followed by the state of Jalisco with 8,468 planted hectares. Other avocado varieties planted in Mexico at smaller scales are Fuerte, Criollo, Bacon, Pinkerton, Gwen and Reed.

Michoacan is currently the only state in Mexico authorized to export avocados to the United States. USDA Animal and Plant Health Inspection Service (APHIS) registration of authorized pest-free municipalities in Michoacán continues expanding and is required for producers to export to the United

States. At present, APHIS's export inspection program has certified 63,408.216 hectares as eligible to export to the United States. Currently, 24 Michoacán municipalities are certified to export to the United States. Within Michoacan, the following municipalities can export to the United States: Acuitzio, Tancitaro, Uruapan, Tingüindin, Salvador Escalante, Nuevo Parangaricutiro, Periban de Ramos, Ario, Los Reyes, Apatzingan, Taretan, Tacambaro, Tingambato, Madero, Cotija de la Paz, Erongaricuaru, Tocumbo, Tuxpan, Irimbo, Hidalgo, Turicato, Ziracuaretiro, Paracuaro and Tangamandapio.

Despite the relatively high cost of production, producing Mexican Hass avocados has been a profitable activity due to high domestic retail prices and increased exports. The latest information indicates that the cost of irrigated production per hectare has not increased dramatically. Many producers have implemented SAGARPA's non-mandatory food safety program recommendations and consider this practice and any added costs as a long-term investment. According to sources, costs of production in Michoacan vary from about \$45,000 pesos/hectare (USD \$3,265/hectare) using basic technology to about \$60,000 pesos/hectare (USD \$4,354/hectare) with advanced technology that includes machinery and irrigation systems. Yields also vary from 8 or 9 metric tons per hectare (MT/ha) to 14 or 15 MT/ha, depending on the level of technology used. Overall yields in Mexico for MY 2011/12 are forecast at 9.1 MT/ha. Yields for MY 2010/11 are estimated at 8.97 MT/ha. According to sources, about 98 percent of the area in the state of Michoacan has a tree density of 100 trees per hectare. However, there are few growers that are trying higher densities of about 115 trees per hectare. The state of Jalisco, with new developments, is planting at higher tree densities and yields there are expected to be between 15 and 20 MT/ha.

Consumption:

Fresh domestic consumption for MY 2011/12 is forecast at 723,000 MT, an increase of about 16 percent over MY 2010/11 consumption due to favorable expected prices. The vast majority of Mexico's avocado production is consumed domestically as avocados are a staple food in most Mexican households. Consumption for MY 2010/11 was revised downward from previous estimates to 622,343 MT due to unexpected lower production and higher domestic prices. Consumption for MY 2009/10 was revised downward from previous estimates to 720,652 MT.

Data on avocado consumption by the processing industry is either proprietary or non-existent. Industry representatives indicate that domestic processing use is between 170,000 to 200,000 MT.

Fresh avocado exports continue to drive producer profitability despite the fact that new domestic market niches (related to the extraction and export of avocado oil for the cosmetic industry) are developing. The cosmetic industry has not taken advantage of this demand segment as there is a consumer perception that avocado byproducts are expensive.

Sources indicate that increased output, new orchards coming into production, and an increased number of certified municipalities will allow producers and exporters to adequately meet both domestic and international demand.

Trade:

Avocado exports are forecast at about 330,000 MT for MY 2011/12, a 3.6 percent increase compared to MY 2010/11. Exports have been increasing due to attractive international prices and year-round market access to all 50 U.S. states. Exports for MY 2010/11 were revised downward to 318,462 MT as it was a

low production year. Exports to the U.S., in contrast, increased 5 percent in volume and 18.82 percent in value. Exports for MY 2009/10 were revised downward to 323,704 MT.

The United States is the top export market for Mexico representing 75 percent of total exports. For MY 2010/11, Mexico exported 240,136 MT of avocado to the United States. Japan and Canada are strategic market niches where Japan has 10 percent of the market and Canada 7 percent. Currently, 34 packers in Michoacan are eligible to export Mexican avocados to the United States (See Production section).

According to sources, avocado imports, mainly from California, remain low. Mexican imports for 2010/11 are estimated at 3,670 MT. Imports for MY 2011/12 are expected to be lower or about 3,000 MT, due to a strong domestic crop at affordable prices. Imports for MY 2009/10 were revised upward to 3,384 MT.

SAGARPA just published an informative brochure on Mexican avocado with general information on production, trade, marketing and regulations. The web page is:

<http://www.sagarpa.gob.mx/agronegocios/Documents/pablo/Documents/Monografias/aguacate.pdf>

Policy:

Mexico continues to implement phytosanitary requirements and good manufacturing practices for the transportation of fresh avocados within the country (see report [MX2080](#)). Unofficial reports indicate that the vast majority of Michoacán producers and packers have implemented SAGARPA's recommended good manufacturing practices in order to guarantee the distribution of high quality produce in international and domestic markets.

Mexican fresh Hass avocados entering the United States are not subject to any duty. Mexican avocados are required to pay a fee of 2.5 U.S. cents per pound for the Hass Avocado Board and AMS for promotional purposes (see Marketing section). The producers also pay their Association (APEAM) 5 U.S. cents per pound of exported avocado for USDA inspection fees. Fresh avocado imports (HS 08.04.40.01) from the United States are not subject to any duty but are subject to phytosanitary and sanitary inspections by SAGARPA.

Marketing:

Under the U.S. Hass Avocado Promotion, Research and Information Order an assessment of 2.5 cents per pound is levied on fresh Hass avocados imported into the United States. The fee is used for finance, promotion, research, consumer information, and industry programs. Mexico does not assess a charge against U.S. avocados. The avocado association, APEAM, has invested about 1 million dollars each to promote avocados in both the Japanese and Canadian markets, as producers and packers are interested in exporting larger volumes to those countries with the goal of diversifying export markets.

MY 2011/12 export prices are expected to be good. Wholesale domestic prices during the middle of CY 2011 increased more than 60% compared to CY 2010 prices, due to lower supplies. Overall, however, Mexican domestic prices for this food staple are expected to remain attractive for consumers as the domestic crop is expected to be higher.

Production, Supply and Demand Data Statistics:

Table 1. Mexico: Avocado Wholesale Prices
Pesos per Kilogram

	2009	2010	2011	% Change
January	15.73	15.95	19.48	22.13
February	15.68	16.42	21.57	31.36
March	17.29	18.53	28.60	54.34
April	21.84	22.85	30.56	33.74
May	25.43	22.26	36.34	63.25
June	28.83	24.53	41.07	67.42
July	34.73	27.16	50.84	87.18
August	28.25	31.12	33.82	8.67
September	20.55	33.04	25.07	(24.12)
October	14.33	23.36	18.40	(21.23)
November	13.68	17.08	18.37 [ⓐ]	7.55
December	14.53	17.19	n/a	n/a

Source: Servicio Nacional de Informacion de Mercados
 2009 Exchange Rate Avg.: U.S.\$ 1.00 = \$ 12.33 pesos
 2010 Exchange Rate Avg.: U.S.\$ 1.00 = \$ 12.62 pesos
 November 15, 2011 exchange rate U.S. \$ 1.00 = \$ 13.51 pesos
[ⓐ] As of third week of November

Table 2. Mexico: Avocado Trade Tables

Avocado 0804.40		Unit: Metric Tons	
Exports for MY 2009/10 (July-June) to:		Imports for MY 2009/10 (July-June) from:	
U.S.	228,372	U.S.	3,384
JAPAN	33,224		
CANADA	25,435		
TOTAL OF OTHER	36,673		
TOTAL	323,704	TOTAL	3,384

Avocado 0804.40		Unit: Metric Tons	
Exports for MY 2010/11 (July-June) to:		Imports for MY 2010/11 (July-June) from:	
U.S.	240,136	U.S.	3,670
JAPAN	32,842		
CANADA	22,687		
TOTAL OF OTHER	22,797		
TOTAL	318,462	TOTAL	3,670

SOURCE: Global Trade Information Services, Inc. Global Trade Atlas, Mexico Edition, August 2011

Author Defined:

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.