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Global Agricultural Information Network

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Mexico

Avocado Annual

Record Production Forecast for Marketing Year 2010/11

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Report Highlights:

Mexican Hass avocado production is forecast to reach a record 1.24 million metric tons (MMT) in marketing year (MY) 2010/11, a 6.4 percent increase over MY 2009/10. Michoacán is the world leader in avocado production and accounts for 92 percent of total Mexican avocado production. Fresh domestic consumption in MY 2010/11 is forecast at 806,119 MT, an 8.45 percent increase over MY 2009/10. Mexican avocado exports are forecast to reach 410,000 MT in MY 2010/11.

Commodities:

Avocados, Fresh

Production:

For MY 2010/11, the official Mexican Hass avocado production figure is forecast at a record 1.24 million metric tons (MMT), a 6.4 percent increase over MY 2009/10. Private sector sources indicate, however, that production will be similar to MY 2009/10 levels even though favorable weather conditions existed throughout the year and continued implementation of phytosanitary pest control programs could boost production. In addition, there is potential for harsh weather in Michoacán in early 2011 and this year is expected to be the low year in the alternate bearing cycle. As such, production expectations could be reduced during the course of the year. In spite of this, producers are confident that new trees will come into full bearing this season.

Producers continue applying the best agricultural practices to ensure the highest quality and food safety of avocados. Producers in Michoacán are taking steps to comply with food safety requirements that would allow them to certify that all procedures (production and packaging) are implemented in the safest way possible. Producers, supported by the Avocado Association in Michoacán, 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 leader in avocado production and accounts for 92 percent of total Mexican avocado production.

Despite the continued presence of good weather and ample water supplies, production in MY 2009/10 was revised downward approximately 1.8 percent due to lower than expected production. MY 2008/09 production data remains unchanged and reflects official data.

CROP AREA

The official forecast for total planted area for MY 2010/11 is 132,036 hectares, two percent higher than the revised MY 2009/10 planted area estimate. In recent years, planted area has increased as producers seek to meet greater international demand for Mexican Hass avocados. As reported, State authorities confirm that Michoacán has devoted roughly 106,000 hectares to Hass avocado production, and neighboring states, specifically Jalisco and the State of Mexico, have increased their planted area, as well.

Michoacán is currently the only state in Mexico authorized to export avocados to the United States. The USDA Animal and Plant Health Inspection Service (APHIS) list of authorized pest-free municipalities in Michoacán continues expanding and enables producers to export to the United States. At present, APHIS's export inspection program has certified 56,645 hectares as eligible to export to the United States. Phytosanitary authorities in Michoacán have requested that APHIS certify 62,928 hectares for the current growing season (which started October 15, 2010, and goes through April 15, 2011). Currently, 19 Michoacán municipalities are certified to export to the United States, and it is expected that a total of 22 municipalities will be certified during the MY 2010/11 season. Within Michoacán, the following municipalities can export to the United States: Acuitzio, Tancitaro, Uruapan, Tingüindin, Salvador Escalante, Nuevo Parangaricutiro, Periban de Ramos, Ario de Rosales, Los Reyes, Apatzingan, Taretan, Tacambaro, Tingambato, Madero, Cotija, Turicato, Ziracuaretiro, Paracuaro and

Tangamandapio. During this marketing year, Tuxpan, Ciudad Hidalgo, Irimbo, are expected to be certified.

INPUTS

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.

YIELDS

Official data reveal average yields for MY 2010/11 are forecast at 9.04 metric tons per hectare (MT/ha). The MY 2009/10 yield estimate was revised upward to 9.88 MT/ha because of official data and MY 2008/09 yields remains unchanged at 9.82 MT/ha.

Consumption:

Fresh domestic consumption in MY 2010/11 is forecast at 806,119 MT, an 8.45 percent increase over MY 2009/10. The vast majority of Mexico's avocado production is consumed domestically as avocados are a staple food in most Mexican households. Fresh domestic consumption figures for MY 2009/10 were revised downward due to lower production and attractive prices in international markets that encouraged increased exports. MY 2008/09 consumption remains unchanged.

Data on avocado consumption by the processing industry is either proprietary or non-existent. Industry representatives indicate that domestic processing use will be similar to MY 2009/10 levels despite various projects (e.g., freeze drying) that have been developed within the avocado processing sector. FAS Mexico estimates avocado consumption by the processing industry at 25,000 MT for MY 2010/11.

Fresh avocado exports continue driving producers to attractive profits despite the fact that new 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:

Mexican avocado exports are forecast to reach 410,000 MT in MY 2010/11, which is consistent with the MY 2009/10 estimate. This sustained export volume is possible due to a combination of factors, such as year-round market access to all 50 U.S. states and attractive international prices (given low production in Chile). Exports to the United States in MY 2010/11 are forecast at 270,000 MT, the same volume as exported in MY 2009/10. This amount represents an 11 percent reduction compared to the export figure of 304,000 MT in MY 2008/09.

On February 1, 2007, Mexican Hass avocados were allowed access to all 50 states on a year-around basis. Currently, 25 packers are eligible to export Mexican avocados to the United States under the APHIS export program. Although the majority of avocado exports are destined for the United States, other markets include Japan, Canada, France, and El Salvador. Currently, China is an untapped market that Mexico is seeking to enter. Exports to Japan and the EU continue to represent strategic market niches.

Mexican imports for 2009/10 are estimated to decrease because of a smaller crop in California. This is expected to continue for MY 2010/11.

Policy:

Mexico continues to implement phytosanitary requirements and good manufacturing practices for the transportation of fresh avocados within the country (see [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.

Currently, 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 cents per pound for promotional purposes (see Marketing section, below). Fresh avocado imports (HS 08.04.40.01) from the United States are also not subject to any duty but are subject to phytosanitary and sanitary inspections by SAGARPA.

Marketing:

Under the 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 to finance promotion, research, consumer information, and industry programs. Mexico does not assess a charge against U.S. avocados.

Author Defined:

Prices:

MY 2010/11 export prices are expected to be as attractive as MY 2009/10 given the reduced amount of fruit on the international market. Mexican domestic prices are expected to remain attractive and stable, as well. Wholesale domestic prices during the middle of CY 2010 peaked between U.S. \$32.43 - \$37.29 per 12 kg (26.46 lbs) box.

Tables:

Table 1. Mexico: Avocado Wholesale Prices in Pesos per Kilogram in 2009 and 2010

	2009	2010	Percent Change
January	15.73	15.95	1.40
February	15.68	16.42	4.72
March	17.29	18.53	7.17
April	21.84	22.85	4.62

May	25.43	22.26	-12.47
June	28.83	24.53	-14.92
July	34.73	27.16	-21.80
August	28.25	31.12	10.16
September	20.55	33.04	60.78
October	14.33	23.36	63.01
November	13.68	16.98 [ⓐ]	24.12
December	14.53	n/a	n/a

Source: Servicio Nacional de Informacion de Mercados
2009 Exchange Rate Avg.: U.S.\$ 1.00 = \$ 12.33 pesos
November 26, 2010 exchange rate U.S. \$ 1.00 = \$ 12.37 pesos
[ⓐ] As of fourth week of November

Table 2. Mexico: Avocado Trade Tables

AVOCADO	H.S. 0804.40	UNITS: MT	
EXPORTS FOR (JAN-DEC) TO:			
CY 2009		CY 2010 [ⓐ]	
U.S.	309,928	U.S.	179,583
JAPAN	27,246	JAPAN	28,179
CANADA	22,583	CANADA	17,526
FRANCE	10,199	COSTA RICA	5,506
OTHER	28,197	OTHER	15,404
TOTAL	398,153	TOTAL	246,198

AVOCADO	H.S. 0804.40	UNITS: MT	
IMPORTS FOR (JAN-DEC) FROM:			
CY 2009		CY 2010 [ⓐ]	
U.S.	0	U.S.	3
OTHER	0	OTHER	0
TOTAL	0	TOTAL	3

Source: Secretariat of Economy

[ⓐ] As of August 2010.

Table 3. Mexico Production, Supply, and Demand of Avocados

Avocados, Fresh Mexico	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA	New Post	USDA	New Post	USDA	New Post

	Official		Official		Official	
Area Planted	122,000	122,186	127,950	129,451	0	132,036
Area Harvested	110,000	114,471	118,000	118,013	0	130,000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	1,150,000	1,124,565	1,187,934	1,166,461	0	1,241,119
Imports	400	101	100	0	0	0
Total Supply	1,150,400	1,124,666	1,188,034	1,166,461	0	1,241,119
Exports, Fresh	320,000	400,985	400,000	398,153	0	410,000
Fresh Dom. Consumption	795,400	698,681	763,034	743,308	0	806,119
For Processing	35,000	25,000	25,000	25,000	0	25,000
Total Distribution	1,150,400	1,124,666	1,188,034	1,166,461	0	1,241,119

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.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
<http://www.youtube.com/user/ATOMexicoCity>

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX0074	Mexico to Revise Fruit and Vegetable Import Regulation NOM-008	10/15/10
MX9090	Avocado Annual – Mexican Avocado Production to Increase	12/1/09
MX8081	Avocado Annual	12/4/08
MX7084	Avocado Annual	12/7/07
MX6101	Avocado Annual	12/4/06

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.