



AVOCADO SITUATION IN SELECTED COUNTRIES

Avocado production in selected countries is forecast to increase 3 percent in 1997/98 to a record 1.27 million metric tons. Selected country avocado exports in 1997/98 are forecast at a record 218,000 tons, 8 percent above the previous year's shipments. Increased exports from Spain, South Africa, and Mexico will likely more than offset lower exports from Israel. U.S. exports in 1997/98 are forecast to approximate the previous year's level. U.S. avocado imports in 1997/98 are forecast at 37,000 tons, 36 percent above the previous year's imports, based on expected higher imports from Mexico.

Chile

Avocado production for the 1997/98 season (January-December 1998) is forecast at a record 55,000 tons, up 8 percent from the 1996/97 output, due to a large number of orchards reaching bearing age. Production is projected to surpass 95,000 tons by the year 2000, with the Hass variety comprising approximately 70,000 tons of the total. The Hass variety currently accounts for over 55 percent of all avocado production in Chile. The expected increase is based on increased plantings due to high producer prices during the past few years and favorable export opportunities.

Chilean avocado exports in 1997/98 are forecast to increase by 3 percent to 18,000 tons. The United States continues to be Chile's largest export market, making up 97 percent of total exports (1996). However, the avocado producers have been attempting to diversify markets. Since Mexican avocados are permitted access to the U.S. market from November to February, the strategy of Chilean exporters appears to be to export most of their avocados before November 1. In addition, Chilean promotional campaigns aimed at the domestic market and Argentina have continued this past year. Chilean producers and exporters contribute U.S. \$.01 per kilogram exported towards foreign market promotional campaigns. The Chileans also believe that they can export more avocados to Europe. Good international prices have helped improve export opportunities.

Consumption in 1997/98 is forecast at 37,000 tons, 11 percent above the previous year's revised estimate. Larger supplies and promotional campaigns contributed to the increase. The majority of avocados consumed domestically are non-Hass varieties and Hass avocados that are unsuitable for export.

The Chilean Government does not provide direct subsidies or special tax incentives for avocado production. Avocados and other fruits and vegetables do benefit from the recently created Export Promotion Fund for agricultural products.

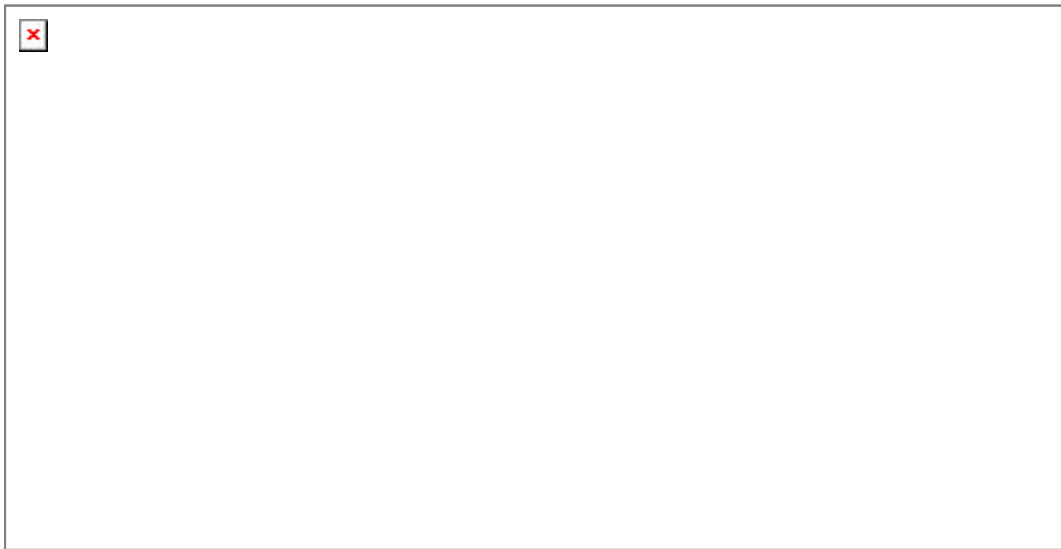
Avocado Situation

Israel

Avocado production in 1997/98 (October/September) is forecast at 80,000 tons, down 6 percent from 1996/97 because of scarce water supplies.

Israel's exports expected to fall in 1997/98

Exports from Israel are forecast to decrease 9 percent to 50,000 tons in 1997/98 due to lower domestic production. France remains Israel's largest export market, accounting for over 50 percent of total exports. Israel has increasingly diversified its markets. Germany, the second largest export market, now purchases about 15 percent of Israel's avocado exports. Other important European customers include the United Kingdom, Scandinavia, Belgium-Luxembourg, Switzerland and Italy. Spain and Mexico are Israel's primary competition in the European markets, although Mexican avocados are reported to be at much higher prices this year. South African avocados also compete in Europe beginning around April.



Japan

Volatile regional economy and strong U.S. dollar temper avocado imports in 1997

Avocados, which are not produced domestically, were introduced to Japan in the early 1970's. Because of Japan's strong domestic demand and despite less favorable exchange rates of the dollar against the yen, Japan continues to be a desirable market for the sale of quality fruit.

However, consumption is forecast to decrease 29 percent in 1997, due to higher prices influenced by a stronger dollar and a more volatile economy in the region, generally. Currently, only the Hass variety is marketed to Japan. The United States and Mexico are currently the only suppliers of avocados to Japan.

Mexico's weaker peso and lower avocado prices have significantly helped to increase Mexican market share in Japan. Larger volumes of early season Mexican avocados in July and August are increasingly

Avocado Situation

competing with U.S. avocados, where they did not compete in the past. In addition, Mexican avocados have improved in quality recently and are favored by a lower rate of import duty (4.5 percent for the United States compared to 3 percent for Mexico) on a CIF basis due to Mexico's status under the Generalized System of Preferences.

Challenges for expanding consumption in the future in Japan will be to further educate the Japanese consumer and local handlers (especially regional distributors outside the big cities) on the health benefits of avocados, and when to deliver, eat, and how to use them. In-store promotions and menu presentations at the beginning of the U.S. avocado season have been successful and are considered very important to traders. At present, most avocados in Japan are sold at the retail level and are prepared either plain or in salad plates with vegetables. In addition, the industry plans to promote the use of avocados on hamburger sandwiches at chain restaurants.

Currently 80 percent of avocados in Japan are consumed in the Tokyo, Osaka, and Nagoya areas. Avocado use in the food service industry including restaurants and hotels, is still limited (about 20 percent) but has promising potential for the future. Marketers are concentrating on menu presentations of health-oriented avocado dishes in family and fast-food restaurants.

The Japanese prefer the larger size 24 avocados which constitute over 80 percent of avocados on the market, but U.S. avocados of this size were reportedly in short supply last year. Prices in 1997 of California 24's were approximately 2,300 yen per tray, wholesale, and 120 to 180 yen per fruit, retail. Mexican avocados ranged from 1,800 to 2,000 yen per tray and 100 to 120 yen per fruit.

Mexico

Avocado output to rise sharply in 1997/98

Mexico remains the world's largest producer of avocados. The 1997/98 crop (harvested August 1997 through July 1998) is forecast at 865,000 tons, up 3 percent from the revised 1996/97 estimate because of favorable weather and normal water supplies during the growing season of the Michoacan crop.

The area planted to avocados in 1997/98 is forecast at 95,000 hectares, up 3 percent from the previous year; harvested area is also forecast up 3 percent, to 93,000 hectares. This increase is based on smaller growers returning to their orchards and additional trees coming into production. Given the significant number of new trees planted in the late-1980's and early-1990's, some sources expect total production to expand between 1998 and the year 2000 as trees reach full maturity. Avocados are also grown in the states of Nayarit, Puebla, Morelos, and Mexico.

The average farmgate price for export-quality fruit was estimated at about 1,200 pesos per ton (US\$156 per ton) for the peak season (November through April) in 1996/97. During the off season (May through September), growers received over 2,500 pesos per ton (US\$325 per ton). Growers expect prices to remain near these levels in 1997/98 and will likely be influenced by increased exports. In addition, total production costs have remained fairly stable this year.

Mexican avocado exports reach record levels in 1996/97

On January 31, 1997, the Animal Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture approved the import of Mexican Hass avocados from Michoacan state to be imported into

Avocado Situation

19 northeastern U.S. states and the District of Columbia during the months of November, December, January and February, provided growers meet pest-control requirements.

APHIS approval requires strict compliance with phytosanitary procedures and standards as well as passing a series of APHIS inspections during the growing, packing, and exporting processes.

Avocado exports in 1997/98 are forecast at a record 81,000 tons, a 19 percent increase. Increased production and the partial opening of the U.S. market are primary factors for the expected increase.

Mexico continues to export processed avocados to the U.S. market, however apparently at a decreasing rate. Processed products include guacamole, paste and avocado oil. In 1996/97, exports of processed avocados decreased 13 percent to 13,034 tons. Because of the strong demand and higher prices obtained for fresh avocados in the United States and other countries, exports of processed avocados are likely to level off until more lower-priced avocados are available for processing.

The vast majority of avocado production in Mexico is sold to the fresh domestic market. Exports of avocados currently account for only about 8 percent of production. Europe (especially France), Canada, Japan, and most recently, Central America, are Mexico's largest export markets. The United States also imports avocados from Mexico and has the potential to soon become a major market now that the phytosanitary ban has been partially lifted.

SAGAR, the Mexican inspection agency, recently published a new phytosanitary regulation in order to establish phytosanitary requirements and procedures for transporting fresh avocados within Mexico. The goal of this action is to facilitate exports by protecting the major growing regions from pest infestations.

Although Mexico permits the import of avocados, because of current prices and the peso devaluation, avocado imports are not generally competitive in Mexico. Mexico maintains its 20 percent tax on imports of avocados with the exception of the United States, where under NAFTA regulations there is a mutual tariff of approximately 7.92 cents/Kg in 1995. This tariff (08.04.40.01) will be phased out over 10 years by 2004. Imported avocados are also subject to phytosanitary and other inspections by SAGAR.

South Africa

The 1997/98 (November/October) avocado crop is forecast at a record 53,000 tons, up 11 percent from 1996/97. Rains during the early summer provided adequate water supplies, while dry weather later in the season is expected to improve the overall quality of the fruit.

The majority of South African avocados are exported. In 1996/97 exports totaled 24,793 tons, 9 percent below the previous year. This was largely due to the lower availability of export quality fruit. In 1997/98 exports are forecast to increase 17 percent to 29,000 tons, due to the expected larger harvest. Practically all of South Africa's avocado exports go to the EU.

Domestic consumption of avocados in 1997/98 is forecast to rise modestly by 4 percent to 24,000 tons. Approximately 30 percent of the crop is consumed domestically.

South Africans hope to reach tariff agreement with the EU in 1998

Avocado Situation

The South Africans are continuing negotiations with the EU for a zero percent tariff rate and hope to reach an agreement in 1998. A reduction from 4 to 3.5 percent (December to May) and from 8 to 6 percent (June to November) was granted last year under the General System of Preferences (GSP).

Spain

Avocado production 1997/98 (July/June) is forecast at 45,000 tons, 13 percent above last year's output because of excellent growing conditions and maturing orchards. Although avocados are harvested October through June, the bulk of the crop is harvested between November and January.

The primary avocado varieties grown in Spain are the Hass, Bacon, and Fuerte. Hass accounts for almost 80 percent of the total production.

Export prospects improve in 1997/98

Exports in 1997/98 are forecast to rise 14 percent to 36,000 tons due to the expected larger harvest. Spain exports primarily to EU countries with France taking about 70 percent of the total. The remainder is exported to Scandinavia and Switzerland. Less competition from Israel for sales to the EU are expected this year because of Israel's lower export forecast. Spain and Israel ship during the same export season.

Dominican Republic

Commercial avocado production in 1997 (calendar year) is forecast at 12,000 tons, down 8 percent from 1996 because of extended drought conditions. Fruit quality has reportedly suffered as a result of the weather problems. Production for export quality fruit primarily occurs in the Mao and Bani areas. The Dominican Republic is the second largest exporter of avocados to the United States, after Chile.

In 1996/97 (November/October) Dominican avocado exports to the United States rose 12 percent to a record 6,860 tons. They are marketed mostly in New York, Puerto Rico, and Miami. Dominican avocados enter the United States duty free under the Caribbean Basin Economic Recovery Act. The remainder of exports are largely sent to the European Union including to Belgium-Luxemburg, Germany, the Netherlands, France and Italy.

United States

Preliminary assessments for 1997/98 indicate production could approximate 170,000 tons, as the previous year's output. Avocados are harvested year-round in California, which accounts for approximately 85-90 percent of total U.S. production. The main harvest in Florida runs from July through February. The official 1997/98 estimate of U.S. avocado production will be available from USDA's National Agricultural Statistics Service (NASS) in July 1998.

U.S. exports fall sharply

U.S. exports of avocados totaled 5,001 tons in 1996/97, 47 percent below the previous year's level. Higher prices in foreign markets influenced by a stronger dollar and increased domestic demand discouraged exports. The Netherlands and Japan, the largest markets last year, reduced their imports of U.S. avocados by 70 and 34 percent, respectively. This year Canada increased imports by 18 percent

Avocado Situation

or 1,304 tons, accounting for 26 percent of total U.S. exports. Exports to Hong Kong, a smaller targeted market, also increased this season by 81 percent.

Exports in 1997/98 are forecast to be similar to the previous year's level, but could increase if supplies are higher and more favorable exchange rates occur and the industry expands in markets where Mexico's exports may be lower due to increased exports to the United States.

U.S. avocado imports increased markedly in 1996/97 to 27,177 tons, up 28 percent above the previous year. Most of the imports came from Chile, over 17,451 tons or 64 percent, and the Dominican Republic, 6,860 tons or 25 percent of the import total. Total U.S. imports in 1997/98 are likely to increase to 37,000 tons, based on expected higher imports from Mexico.

The United States imports Mexican processed avocados. In 1996/97 imports decreased 13 percent to 13,034 tons. Higher prices for fresh avocados and growing demand in the United States and other countries indicate that imports of processed avocado are likely to level off until greater supplies are available.

U.S. consumption of avocados has kept pace with U.S. production in recent years. Current data indicates U.S. demand for avocados will continue growing. Supplemented by avocado imports, U.S. consumption in 1996/97 increased 7 percent to 193,301 tons. In 1997/98 consumption may exceed 200,000 tons, assuming the supply from the U.S. crop and imports is sufficient. The nation's growing interest in health oriented and specialty, gourmet foods appears to signify a future of opportunities for avocados in the United States.



Avocado Situation

(For further information on avocado production, supply, distribution, and trade, contact Stephanie Riddick, 202-720-9792. For information on marketing contact Steve Shnitzler, 202-720-8495.

Avocado Situation



Avocado Situation



Avocado Situation



[../../images/footer.html]