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INTRODUCTION

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Mexican brussel sprout production is relatively small and largely dependent on the U.S. market. However, according to the Secretariat of Agriculture, Livestock and Rural Development (SAGAR), area is generally declining due to high production costs and competition from other more profitable crops. Following is a snap-shot overview of the Mexican brussel sprout situation.

PRODUCTION

Baja California is the principal production area for brussel sprout, with smaller areas in Guanajuato, Sonora and Tamaulipas. Sources indicate that for MY 1997 (Jan-Dec), area planted to brussel sprout in Baja California could be lost to tomatoes as a result of the U.S. agreement to end the anti-dumping case against the Mexican tomato industry. For the same reason, brussel sprout production appears to have spiked in 1996 as tomato growers switched in fears that tomato exports to the U.S. would be cut off.

MEXICO'S OFFICIAL BRUSSEL SPROUT PRODUCTION DATA

| YEAR | AREA  | PROD | AVG. FARMGATE PRICE |              |
|------|-------|------|---------------------|--------------|
|      | (Has) | (MT) | (Pesos)             | (US\$ Equiv) |

|         |                      |       |                    |
|---------|----------------------|-------|--------------------|
| 1996    | not yet available /1 |       |                    |
| 1995 /2 | 242                  | 3,260 | 1,841/mt (US\$290) |
| 1994    | 462                  | 4,563 | 1,732/mt (US\$509) |
| 1993    | 458                  | 5,600 | 1,636/mt (US\$527) |

1/ According to industry estimates, production for MY 1995/96 in Baja California was about 4,900 MT.

2/ Peso devaluation from Pesos 3.4/US\$ to 6.35/US\$

Source: SAGAR

#### TRADE

The United States is the main market for Mexican brussel sprouts. About 90 percent of production is shipped to the U.S. According to U.S. Census and Mexican trade data, brussel sprout exports to the U.S. increased the last two years. However, data of both countries is different. Following is GOM official trade data from the Bank of Mexico.

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| YEAR           | EXPORTS<br>to U.S. | FOB PRICE<br>US\$ | EXCH RATE<br>Pesos/US\$ |
|----------------|--------------------|-------------------|-------------------------|
| 1996 (Jan-Sep) | 4,991 MT           | \$542/MT          | 7.75                    |
| 1995 (Jan-Dec) | 3,371 MT           | \$650/MT          | 6.35                    |
| 1994 (Jan-Dec) | 3,550 MT           | \$456/MT          | 3.4                     |
| 1993 (Jan-Dec) | 3,852 MT           | \$426/MT          | 3.1                     |

Growers indicate that the sharply higher export prices between 1993-1994 to 1995-1996 reflect higher production costs due to more costly imported inputs. Before devaluation, the cost of production was reportedly about US\$4.50-5.00/25 lb box. After devaluation, starting in 1995, this cost increased to about US\$6.00-7.00/box.

However, another more likely reason for the higher export price is that growers in Baja California learned to delay planting to improve their access to a window in the U.S. market when supply is low and prices high. Exports are reportedly sold in dollar terms, not Pesos.

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