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GAIN Report #MX2095

## Mexico

## Asparagus

## Annual

## 2002

Approved by:  
Lisa Anderson  
U.S. Embassy Mexico  
Prepared by:  
Gabriel Hernandez

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### Report Highlights:

**The production of 65,000 mt of high-quality fresh asparagus for MY 2002 will spur Mexican producers and exporters to search for and develop new international markets. The United States will prevail as the main foreign market for Mexican asparagus. Exports are forecast at 55,000 MT for MY 2002.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## **ASPARAGUS SITUATION AND OUTLOOK**

MY 2002 Mexican asparagus production is forecast at 65,000 mt, 18 percent above the previous year's estimate, due to good weather conditions and cutting-edge irrigation systems which are expected to result in higher yields. In MY 2001, fresh asparagus production reached 64,368 mt, far surpassing the initial forecast, also due to good weather and more efficient irrigation systems. Official and private sources indicated that MY 2002 area planted is expected to remain at MY 2001 levels. The United States and Japan remain Mexico's most important export markets. The export forecast for MY2002 is 55,000 mt, which is greater than the revised MY 2001 estimate, but about the same as the 1999 crop. Imports remain insignificant and are expected to return to normal historic levels. The MY 2002 import forecast is 400 mt, which is 11.5 percent below the revised forecast for MY 2001.

## **PRODUCTION**

Asparagus production for MY 2002 is forecast at 65,000 mt, only slightly up from the revised MY 2001 estimate due to two offsetting factors: the state of Sonora is not increasing acreage but is increasing yields; and lower production in Baja California, due to grower migration to lands which are closer to the important U.S. consumer and distribution centers for horticultural products.

Production in Sonora, the main producing state which accounts for 6,500 has. of planted area, is forecast to increase yields, due to improved seeds, expectations of good weather, and widespread use of cutting-edge irrigation systems which have resulted in higher yields. On the other hand, production in the state of Baja California, the second largest producing state, has decreased, due to migration of horticultural producers to coastal areas, where they hope to find more available farm land requiring less investment so that they can grow a variety of horticultural products within better proximity of important U.S. consumer and distribution centers. Growers are switching from basic field crops to horticultural crops, including asparagus, to supply the produce demanded by both the domestic and export markets. Finally, Guanajuato producers are keeping pace with their Sonoran and Baja Californian counterparts by transitioning from a flood to a pressurized irrigation system. At present, more than 95 percent of the area devoted to asparagus production in Mexico uses pressurized irrigation systems. Sonora, Baja California, and Guanajuato comprise the three largest asparagus-producing states, accounting for more than 95 percent of total Mexican production. The remainder comes from Aguascalientes, Baja California Sur, Chihuahua, Coahuila, Jalisco and Nuevo Leon. Mexico produces mainly green varieties and only a small quantity of the white variety in two different growing seasons. The major crop is harvested in Baja California and Sonora from December through April. A second, smaller crop is harvested from late June to September in Guanajuato.

MY 2002 yields are forecast at 4.5 mt/ha compared with 4.4 mt/ha in MY 2001. This increase can be attributed to grower installation of better irrigation systems as well as good weather. The MY 2001 estimates for area planted, area harvested, and production have been revised upward based on final official Mexican data. Currently, the relatively low average international prices still provide little economic incentive to increase acreage.

The northern state of Sonora remains the main asparagus-producing state, accounting on average for more than 20,000 mt produced per season, due mainly to the state's good climate and widespread grower use of cutting-edge irrigation systems. These facts have allowed the Caborca region of Sonora to become the main producer of high-quality fresh asparagus which is able to meet very strict international buyers' quality requirements. In MY 2002, as happened in MY 2001, yields in Sonora are forecast to be higher than average. Area planted is expected to be consistent with last year.

MY 2001 production in Baja California decreased slightly, due to lower yields and unfavorable weather conditions. Currently, asparagus growers are expecting higher yields by the end of MY 2002 because their mature and younger plantings will have benefitted by then from the greater efficiency of the new irrigation system. Historically, most Baja California asparagus growers lease the ground they cultivate; only a small number of growers actually own their land. In fact, many growers are migrating from inland Baja California to the coast in search of available farm land requiring less investment and yielding more profitable, short-term results. The geographic proximity of the coast to important U.S. consumer and distribution centers also figures prominently in their decision to migrate.

Finally, production and planted area in Guanajuato are forecast to be similar to the state's historic average. In 2001, production returned to average levels, due to beneficial weather and sufficient water supplies since adverse weather conditions in MY 2000 had resulted in a decrease in yields. Guanajuato, like Sonora, is experiencing higher water pumping costs, due to a falling water table. Due to a general preference for green varieties in the international market, the production of white asparagus has declined to minimal quantities.

### **COST OF PRODUCTION**

The overall cost of Mexican asparagus production has increased, due to increased costs in imported inputs and water pumping. According to industry sources, the cost of establishing a new asparagus planting is between US\$6,000 and US\$7,000 per hectare. The cost of field maintenance is US\$4,000 to US\$4,700 per hectare.

### **CONSUMPTION**

Traditionally, Mexican domestic consumption is residual, with asparagus grown mainly for the fresh export market. Due mainly to third country competition, Mexican fresh asparagus exports dropped in developed and developing European markets; as a result, MY 2001 domestic consumption skyrocketed to more than 24,000 mt. Although Mexico does not produce asparagus specifically for the processing industry, some of last year's surpluses went to the processing industry, as well as to the retail and animal feed sectors. For MY 2002, domestic consumption of fresh asparagus is forecast at 10,400 mt or 65 percent above the previous year's first estimate. The consumption estimate for MY 2001 has been revised upward based on the most recent official data.

**TRADE**

MY 2002 exports are forecast at 55,000 mt because of international market preferences for high quality fresh asparagus from Mexico. Exports to the United States are expected to be near 50,000 mt. Reportedly, third country competition has forced Mexican exporters to avoid shipping at the same time as the Peruvian and Californian producers. Memories of low asparagus prices resulting from market saturation still concern Mexican producers and exporters. However, they are optimistic that international demand will improve and are continuing to search for alternative markets. According to official Mexican government trade data, MY 2001 asparagus exports reached 40,521 mt, which is 7.6 percent less than MY 2000 exports, due in part to a deliberate grower strategy of staggering shipments to avoid market saturation.

The United States remains Mexico's largest export market for asparagus. According to official data, in MY 2001 practically the total domestic production was exported to the United States, with only an insignificant amount going to Costa Rica. However, producers hope to develop new market niches in the European Union based on the high quality asparagus grown by Mexican producers.

According to official Mexican data, exports to Japan during CY 2000 and CY 2001 dropped to zero from nearly 79 mt in CY 1999. This data, however, may not reflect the true situation because industry sources indicated that some Mexican asparagus is being transhipped through the United States to Japan. These same sources confirmed that the traditionally demanding Japanese consumers have readily accepted Mexican asparagus and are continuing to demand high quality Mexican asparagus.

For MY 2002, imports are forecast at 400 mt, which, while less than the revised MY 2001 import figure, is still greater than the historic import average. During MY 2001, fresh asparagus imports decreased 13.57 percent to 452 mt compared to MY 2000, due to ample domestic supplies and extremely low household consumption. Asparagus imports remain insignificant relative to the overall market. The main consumers of imported asparagus are gourmet restaurants and tourist resorts.

According to industry sources, the average export price for Mexican asparagus during 2001 was approximately US\$33.00 per 28-pound box. For MY 2002, export prices are expected to be about the same.

**POLICY**

Under NAFTA, asparagus (HS 0709.20.10 and 0709.20.90) imports from the United States are subject to the following duties:

**MEXICAN SEASONAL TARIFFS  
FOR ASPARAGUS IMPORTED FROM THE U.S. DURING 2002**

<b>Season</b>	<b>Current Tariff</b>	<b>Tariff Phase-Out Year (Jan 1)</b>
Jan 1 - Jun 30	1.0%	2003
Jul 1 - Dec 31	0.0%	1998
Sep 15 - Nov 15 (by air only)	Free	1994
Jan 1 - Dec 31 (white asparagus only)	Free	1994

## SECTION II. STATISTICAL TABLES

## PS&amp;D FRESH ASPARAGUS

PSD Table						
Country	Mexico					
Commodity	Fresh Asparagus				(HA)(MT)	
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Area Planted	16000	15285	15000	16346	0	16000
Area Harvested	15500	13383	14000	14440	0	14500
TOTAL Production	62000	50425	55000	64348	0	65000
Imports, Fresh	100	523	300	452	0	400
TOTAL SUPPLY	62100	50948	55300	64800	0	65400
Exports, Fresh	55000	43856	49000	40521	0	55000
Domestic Fresh Market	7100	7092	6300	24279	0	10400
For Processing	0	0	0	0	0	0
TOTAL UTILIZATION	62100	50948	55300	64800	0	65400

## TRADE MATRIX

ASPARAGUS		UNITS: METRIC TONS	
EXPORTS FOR 2001 TO:		IMPORTS FOR 2001 FROM:	
U.S.	40,521	U.S.	357
OTHER		OTHER	
		PERU	58
		CHILE	35
TOTAL OF OTHER	0	TOTAL OF OTHER	93
OTHERS NOT LISTED	0	OTHERS NOT LISTED	2
GRAND TOTAL	40,521	GRAND TOTAL	452