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## Mexico

## Fresh Deciduous Fruit

## Annual

## 2002

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### Report Highlights:

**Apple production for MY 2002/03 is forecast to increase to 465,000 MT. Apple imports are forecast to decrease if the apple anti-dumping duty is not resolved for MY 2002/03. Pear production is forecast to increase slightly to 33,500. The volume of imported U.S. pears could increase further, due to expectations of a decrease in apple imports. Table grape production is forecast at 189,800 MT. Grape imports from the U.S. are expected to continue to grow. Despite the imposition of the apple anti-dumping duties, the United States is expected to continue as the largest supplier of all these fruits to Mexico.**

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Includes PSD changes: Yes  
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Annual Report  
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## Section I. Situation and Outlook

### APPLES

#### PRODUCTION

Total Mexican apple production for MY 2002/03 (August/July) is forecast at 465,000 MT. Trade sources indicate that weather conditions in Chihuahua, the main apple producing state were very good. There was enough rain during the summer, no freezing temperatures during the flowering season, and no significant damages from hail during the harvest. In general, the color, size and quality of apples from the harvest are expected to be good. The production estimate for MY 2001/02 was revised downward based on preliminary official estimates, although weather conditions were also very good. The national average yield forecast for MY 2002/03 is 7.6 MT/Ha, which is very close to yields of MY 2001/02 of 7.5 MT/Ha. Yields in Chihuahua, are forecast at 13.3 MT/Ha. Chihuahua, Coahuila and Durango account for 80 percent of total Mexican apple production. Production data for MY 2000/01 remains unchanged.

Even though data shows that area planted to apples has decreased, some large growers in the northern states are optimistic about the market and are planting new areas or renewing old orchards, even though apple producers do not have access to credit. Growers indicate, however, that increasing costs of production, tight credit, and limited water, is restricting future expansion. Small producers who cannot modernize their orchards and plant high yielding trees will find it difficult to continue producing apples. Official data estimates consider that area planted and harvested for MY 2002/03 will decrease slightly to 62,500 Has. Yields, however, are forecast to continue increasing, due to increased density in planted areas. In some areas like Chihuahua, large producers are focusing more on increasing yields and introducing modern technology. To remain competitive, some old orchards are being replaced with higher-yielding and higher-density apple trees (600 trees per hectare or more). According to growers, almost 70 percent of the area in Chihuahua is planted with the Golden Delicious variety, and 30 percent with Red Delicious variety. There is an incipient demand for the Gala variety and, as a result, growers have begun planting trees; however they comprise less than 5 percent of the total planted area. Area planted and harvested for MY 2001/02 were revised downward based on official data. According to growers, high density varieties account for approximately 20 percent of Chihuahua's planted area. The remainder of the apple producing areas are planted at the more traditional 200 trees per hectare. Most areas in Chihuahua are irrigated. Area planted and harvested for MY 2000/01 remains unchanged.

Mexico's deciduous fruit industry continues to suffer from a lack of credit availability, high interest rates and increases in input costs that limit expansion. Costs of production range from 22,000 to 34,000 pesos/Ha. (US\$2,233 to 3,452/Ha) including frost protection equipment. Production costs for MY 2002/03 are expected to be on lower range since temperatures were not as low as usual. Costs in general will vary, depending on the number of nights with freezing temperatures. According to producers, packing costs, which depend on imported inputs, such as boxes and waxes, have remained more or less similar to MY 2001/02 costs.

#### CONSUMPTION

Mexico's apple consumption for MY 2002/03 is forecast at 487,000 MT. Although a good demand is expected, the anti-dumping duties imposed on U.S. Red and Golden Delicious apples (See Trade Section), will result in less U.S. apples available at the market at affordable prices. The apple consumption estimate for MY 2001/02 was revised

slightly downward, based on less demand than expected but still higher compared to MY 2000/01, due to affordable prices. MY 2000/01 consumption remains unchanged. According to growers, apples for processing for MY 2002/03 will be approximately 90,000 MT, but the final amount will depend upon international prices for concentrated apple juice (CAJ) which have not been favorable. Apple supplies for processing for MY 2000/01 and 2001/02 remain unchanged.

Domestic apple production competes heavily during January/March with other fruits like mango and papaya. According to wholesale market information, U.S. apple imports dominated the market after April 2002 with higher prices compared to prices in 2001. Prices for U.S. Red Delicious apples began at an average of approximately US\$21.97 per 18 kg box in February 2002, and ended at US\$24.51 per box by the end of July 2002. In August 2002, wholesale U.S. Red Delicious were priced at an average of US\$24 per 18 kg box because of lower supplies, due to declining demand resulting from the imposition of the anti-dumping duties. The new crop from the states of Chihuahua and Durango just began to hit the market in mid-August.

## TRADE

On August 12, 2002, the Government of Mexico (GOM) announced the final conclusion of the anti-dumping investigation against U.S. Red and Golden Delicious apples. Because evidence was found that the domestic apple industry suffered damages as a consequence of an important increase in imported U.S. apples sold in the Mexican market at discriminatory prices, an anti-dumping duty of 46.58 percent was imposed on these apples. This compensatory duty is in addition to and independent of the NAFTA safeguard duty on apples which, for 2002, is 2 percent for in-quota apples and 20 percent for out-of-quota apples. Since the quota has already been filled for 2002, this makes the total duty *ad-valorem* on U.S. Red and Golden Delicious apples 66.58 percent for the remainder of 2002 (see Report MX2111). Two U.S. companies, Importers of Price Cold Storage & Packing Company, Inc., and Washington Fruit and Produce Co., will have a zero duty imposed on their exported apples, but those apples will be subject to certain requirements. While the U.S. industry as well as the U.S. government are deciding on next steps to take in response to this action, importers believe that this process will take time. This anti-dumping duty affects all U.S. Red and Golden Delicious apples from all states, and not just from the states of Washington, Oregon, and Idaho. These varieties represent approximately 90 percent of all U.S. apple imports in Mexico.

As a result, apple imports are forecast to decrease to 112,000 MT for MY 2002/03, on the assumption that an agreement is reached within the next few months to suspend the anti-dumping duty. U.S. apple imports have traditionally accounted for 80 to 85 percent of total Mexican apple imports; the Red and Golden Delicious varieties have comprised approximately 90 percent of all U.S. apple imports. Apple importers indicated that even though there is a demand for apples, U.S. apples will be at least US\$10 per box more expensive than before, due to the duties in place. During a visit to the Central Wholesale Market in Mexico City during August, fruit importers felt that their business was going to slow down, as they had already canceled U.S. apple imports and they were running low on U.S. supplies. U.S. Red and Golden Delicious apples are not expected to be imported until January 2003 when the NAFTA safeguard TRQ is lifted and when only the 46.58 percent anti-dumping duty will apply. However, even then, importers will try to first import cheaper apples from other countries. In August 2002, fruit importers had on display imported apples from South Africa, Chile and Argentina. Other imported apples come from Canada and New Zealand. Although these countries account for approximately 15 to 20 percent of total apple imports, it is expected that they will try to gain more market share now that there will be less of a presence from U.S. apples. The U.S. apple producers could try marketing other apple varieties not included in the anti-dumping duty like Gala, Rome Beauty,

Granny Smith, Jonathan, McIntosh, and mutations of Golden Delicious. For a complete list of the varieties and mutations affected by the anti-dumping duty, see Report MX2111.

Another factor that could affect fruit imports is the weakness of the Mexican peso versus the U.S. dollar. Although this weakening has been more or less gradual, importers are always cautious in avoiding exchange-rate risks and will tend to limit the volume of apples they import at any one time.

The estimate for apple imports for MY 2001/02 was revised upward to 160,000 MT, based on increased demand. The minimum price per box under the suspension agreement reached in Mexico's dumping case against U.S. exporters was US\$11.05 per box for MY 2001/2002. The GOM announced on August 9, 2002, the discontinuation of the suspension agreement and, on August 12, 2002, the subsequent imposition of anti-dumping duties. As previously reported, (see Report MX1160), all imported apples are subject to the Custom Cash Account System (estimated prices) implemented by the Secretariat of Treasury. This system requires importers to deposit in a bank account a percentage of duties assessed on the difference between the actual invoice value (including transportation costs and broker's fees) and the value of the shipment based on the predetermined "estimated price". The estimated prices for apples are published and updated in the *Diario Oficial* (Mexican Federal Register). The last update was published on March 29, 2002. The estimated price for apples are determined on the basis of average import invoices for apples of all varieties from all origins. There are 7 different categories by size, with a different estimated price for each, from US\$0.74/kg for the smallest, to US\$0.825/kg for the largest size. The estimate for apple imports for MY 2000/01 remains unchanged.

Red and Golden Delicious varieties continue to account for almost all U.S. apple exports to Mexico. While Mexican consumers like their size and color, Mexican apples are said to be sweeter. The U.S. apple industry will continue to face strong competition from other countries, especially Chile. Although Argentine apples have recently entered the Mexican market under a temporary agreement between the two governments, they are not yet present in the market in significant volumes. The South African apples are relatively new in the market and according to wholesalers they have good potential, due to their low prices, sweetness, and good visual appeal.

With regard to the apple work plan for the states of Washington, Oregon, and Idaho, APHIS and SAGARPA are almost ready to sign the work plan in which the inspection program will be completely transferred to APHIS. The states of Virginia and Michigan are in the process of fulfilling SAGARPA's phytosanitary requirements in order to be eligible to export apples to Mexico. SAGARPA is planning to have its inspectors visit the cold treatment plants in those states to have the final approval and could begin exporting by the end of the year. It is expected that the imposition of the anti-dumping duties will seriously hamper these states ability to export to Mexico. The state of California is interested in exporting Fuji, Gala, Granny Smith and Pink Lady apple varieties to Mexico. However, some outstanding phytosanitary issues are still to be resolved between California and SAGARPA.

A free trade agreement was signed between Mexico and the European Union (EU) that went into effect on July 1, 2000. This agreement will help strengthen Mexico's strategic position in world trade. Import tariffs for fresh apples, however, were not among agricultural products negotiated in the agreement. They were placed on a waiting list with other sensitive products such as grains, milk and peaches. Mexico gained access to the European market for tropical fruits such as guavas, mangos, limes, grapefruits, and papaya.

## **POLICY**

Mexico has safeguard quotas for apples from the U.S., Canada and Chile under free trade agreements. Under NAFTA, the United States has a 2002 quota of 69,671 MT at a reduced tariff rate of 2 percent. Upon announcing that the quota was filled on April 18, 2002 (see MX 2058), the tariff rate "snapped back" to the non-NAFTA level of 20 percent. Canada's 2002 quota was 1,477 MT at a 2 percent tariff rate and upon announcing that the quota was filled, it also snapped back to 20 percent. Both the U.S. and Canadian quotas will end in December 2002, in accordance with NAFTA commitments. In 2003 there will be no quotas for apples and the duty will be zero. For Chilean apples, the 2002 import quota was 2,496.6 MT at the low-tariff rate of 6.7 percent and a snapback of 23 percent. With the exceptions of Canada and Chile, apples from other countries are subject to a 20 percent duty.

## **MARKETING**

Despite the imposition of the anti-dumping duties, the United States is expected to remain the main apple supplier to the Mexican market. The U.S. apple industry's continued market and in-store promotion efforts have contributed significantly to creating a market for U.S. apples in Mexico. Promotions for 2002 included medium-size cities and relatively new varieties such as Gala and Fuji. Now, however, with the anti-dumping duty in place, U.S. growers will have to rethink their strategy and perhaps have more promotions on different varieties, rather than those of the Red and Golden Delicious varieties. Mexican consumers still prefer the Red and Golden Delicious varieties more than any others. Commercially, these two varieties have the competitive advantage over other varieties because of their longer shelf life. Another variety widely demanded by consumers is the Rome Beauty, which is mainly used for baking and cooking. The Royal Gala, has become more attractive to the Mexican consumer and is being sold in most supermarkets. Moreover, the Chilean producers are also marketing Royal Gala in Mexico.

Mexican producers continue doing market promotions and are now advertising Mexican apples on the radio and certain TV spots. Chilean producers have been working aggressively to penetrate the Mexican market and have introduced several varietal characteristics in an effort to target different population groups. Their promotion strategy focuses on price more than on quality. According to traders, Chile is investing in in-store demonstrations and advertisements. Canada continues promoting its apples by inviting traders to visit Canada with all-expense paid trips. According to traders, other countries like France and China are beginning to explore the Mexican fruit market. Argentina and South Africa are now sending apples to the Mexican market and could sell well for MY 2002/03, if U.S. apple imports decrease significantly as a result of the anti-dumping duties.

## **CONCENTRATED APPLE JUICE**

### **PRODUCTION AND TRADE**

Reliable concentrated apple juice (CAJ) production numbers are difficult to obtain as there are no Mexican statistical data available. Industry tends to keep partial information, most of which is proprietary. According to industry sources, there are about 9 primary processing plants in Mexico, and the most important four plants are in Chihuahua. The industry indicated that the entry of China's CAJ into the U.S. market reduced Mexico's market share. CAJ production forecast for MY 2002/03 is expected to be similar to that of MY 2001/02, unless there is a higher international demand. The industry indicates that there is more fruit available, due to a larger crop and more affordable prices. Fruit

for the processing industry for MY 2002/03 is expected to begin at 350 pesos/MT (US\$38.57/MT) similar to MY 2001/02. Apples for processing for MY 2000/01 and MY 2001/02 remain unchanged. Reportedly, few plants worked during MY 2001/02.

The United States is Mexico's largest CAJ export market. According to Mexican trade data, CAJ exports for CY 2001 were 20,983 MT, a decrease of approximately 39 percent from CY 2000, due to very low international prices. The countervailing duties imposed on China's CAJ by the U.S. encouraged Mexico to increase production and exportation of CAJ to the United States. Three processing plants in Chihuahua are geared towards the export market and they normally export 80 percent of their total CAJ production to the United States. Although Mexico traditionally imports little CAJ, imports grew for CY 2001, due to low international prices.

Mexican trade data has been different from U.S. census data because of the existence of only one tariff category for CAJ in Mexico. However, effective 2002, there are two CAJ categories: (1) 2009.7101 Apple juice of a Brix value  $\leq 20$ , not fortified with vitamins; (2) 2009.7999 Apple juice nesoi, not fortified with vitamins unfermented.

## **PEARS**

### **PRODUCTION**

Pear production in Mexico is not very significant, thus periodic data is not available from the Mexican government. Total pear production in Mexico for MY 2002/03 (July/June) is forecast at 33,500 MT, a slight increase compared to MY 2001/02. Although there has been good weather, production is not expected to increase much, due to the off-season cycle. Approximately 85 percent of the area in Mexico is non-irrigated. Rainfall was good during the growing season. Overall, pear area planted and harvested has declined. The lack of financial support, high costs of production, scarce water supplies in pear producing regions, and disease problems has resulted in an almost stagnant industry. Some growers, however, have begun to experiment with planting more disease-resistant and long shelf-life varieties. Growers indicated that, unless more credit becomes available, area planted for MY 2002/03 will be forecast at 4,900 has. Michoacan and Puebla are Mexico's main pear producing states, accounting for 75 percent of total Mexican production.

Pear production estimates for MY 2001/02 were revised downward according to official estimates, but still reflecting an increase compared to MY 2000/01, due to good weather conditions. Planting and harvesting data have also been revised downward according to recent estimates. Reportedly the state of Puebla has decreased area planted for pears, but the decrease has been offset by small increases in area planted in other states. Pear production for MY 2000/01 remains unchanged.

### **CONSUMPTION**

Domestic supply continues to rely on imports, mainly from the United States, because Mexican pear production is minimal and not expanding. Pear consumption for MY 2002/03 is forecast at 135,500 MT, an increase of 3.4 percent over MY 2001/02. However, if fewer apples are available in the market as a result of the effect of anti-dumping duties imposed on U.S. Red and Golden Delicious apples, more pears could be consumed instead. Pear consumption

estimates for MY 2001/02 were revised downward because of higher prices and some quality problems. Consumption estimates for MY 2000/01 were revised downward based on recent data.

U.S. wholesale pear prices have increased since January 2002 and remained high until the end of the season at approximately US\$18.80 per 18 kg box. In comparison, prices of Chilean pears were about US\$16 per box. Pears from Argentina averaged US\$13 to \$15 per box during May and June. Reportedly, importers' expectations of receiving larger volumes of Argentine pears never materialized in May, and caused them to decrease their imports of U.S. pears for the May-June period. The overall volume of Mexican imports of Argentine pears was small. Mexicans prefer the Anjou variety followed by the Bartlett variety. The remaining varieties of pears are not yet in high demand by consumers in Mexico. Great efforts, however, have been made to promote the Bosc variety, which is a very sweet and juicy pear, previously unknown to Mexican consumers, but with a rapidly-growing acceptance.

## **TRADE**

Pear imports for MY 2002/03 are forecast to increase over MY 2001/02 imports. Furthermore, traders might be able to increase their pear imports by filling the void that could result from fewer Red and Golden Delicious apples in the marketplace. The pear import estimate for MY 2001/02 was revised downward, due to declining demand resulting from a decrease in consumer purchasing power. U.S. Bartlett pears are usually imported during July, August and September, while U.S. Anjou pears are imported toward the end of September and October. The pear import estimate for MY 2000/01 was revised downward based on new trade data.

While the presence of Chilean pears is still not very significant in the Mexican market, they are of fair to good quality and were priced lower than U.S. pears in 2002. Pear imports from Chile grew almost 60 percent from 2000 to 2001, at the expense of the U.S. market share. Under the different trade agreements, the import duty on pears from the U.S., Chile, and Argentina is zero. Exports from Argentina are expected to be low, due to the country's economic problems.

## **MARKETING**

The United States remains Mexico's main pear supplier. Market promotion efforts for U.S. pears continue in several Mexican cities, supermarkets and street markets. According to traders, in-store promotions have helped to increase sales. Most of the imported pears are from Washington, Oregon and California. Of total imports, U.S. pears account for approximately 94 percent of the market, while Chilean pears represent approximately 5 percent.

Due to limited production, Mexican pears are almost exclusively sold through local, small markets; very few are sold through supermarkets. One of the Mexican pear varieties which consumers like is the Kiefer variety, better known as Pera Piña. Low production, however, keeps it from impacting market preferences.

Chilean pears have fair to good quality, and have been marketed at good prices. However, Chilean producers do not conduct marketing or promotional campaigns for their pears in Mexico and are not yet a threat to the U.S. industry. Imported pears from Argentina in CY 2002 were sold at fair prices but were not as appealing to consumers.

## **TABLE GRAPES**

## PRODUCTION

Total table grape production for MY 2003 (Jan/Dec) is forecast at 189,800 MT, a decrease compared to MY 2002 production, due to the off-season cycle. Total production, however, is difficult to determine since price relationships between table grapes, raisin grapes, and industrial grapes in any given period might attract more grapes into or out of each market. Grape production for MY 2002 is estimated at 200,200 MT, a 6 percent increase over MY 2001, due to favorable weather conditions and good yields. Production estimates for MY 2001 were revised upward based on higher yields than previously estimated. Official sources indicate that area planted has been increasing, mainly in the state of Sonora, which is the main table grape producing area, due to attractive international prices the possibility of exporting to other markets. Some new area planted, however, was offset by areas that were abandoned. Other areas are being replanted with new varieties. Therefore, the area planted and harvested for MY 2003 is forecast to increase slightly compared to MY 2002 area. The planted area estimates for MY 2001 reflect recent official data. The state of Sonora accounts for almost 70 percent of the total area planted to table grapes. However, lack of water still limits larger expansions. The national average yield forecast for MY 2003 is expected at 10.7 MT/Ha. The national average yield for MY 2002 is estimated at 11.3 MT/Ha, but is dependent on cultural practices. Sonora had an average yield of 12.7 MT/Ha for MY 2002.

According to producers, the cost of production in Sonora for 2002 was between US\$5,000/Ha and US\$6,000/Ha, depending on inputs. Costs for harvesting/packing were approximately US\$4.50/18-lb box. All area for table grapes is irrigated. Producers indicate that expansion is limited mainly by low water availability from aquifers in Sonora. As a result, producers are trying to become more efficient by increasing yields instead of increasing acreage. The high cost of production and high interest rates for credit also limit table grape expansion. In fact, producers state that the only credit to which they have access comes from U.S. brokers and distributors, who give them advance payments for harvesting and packing table grapes.

## CONSUMPTION

Table grape consumption for MY 2003 is forecast at 166,800 MT, an increase of almost 5 percent compared to MY 2002. Table grapes will keep on selling as long as prices continue to be affordable. The consumption estimate for MY 2002 is estimated to be lower compared to MY 2001 because of reduced demand and consumer purchasing power.

Imported table grapes from the U.S. present in the market during August 2002 were considered high, at about US\$12.00 per 10 kg box, but wholesalers indicate it was due to the beginning of the season. Wholesale prices for domestic Perlette grapes began late in June 2002 at approximately US\$9.10/10 kg box, lower than the June 2001 prices of US\$14/10 kg box. Domestic prices remained more or less similar during the season. U.S. grape prices for August 2002 were approximately US\$12 to \$13/10 kg box compared to US\$13.30/10 kg box in August 2001. The Thompson variety is the most widely sold in Mexico because consumers prefer seedless grapes. This variety was US\$16.40 a box during July 2002. Following this variety in consumer preference is the Red Globe and the Superior varieties.

## TRADE

Table grape imports for MY 2003 are forecast at 87,000 MT, an increase over MY 2002 because of good demand and zero duties on both the U.S. and Chilean grapes. Import data shows that Chilean grape imports are increasing at a higher rate than U.S. grapes. Imports for MY 2002 are estimated at 83,000 MT, an increase of approximately 11 percent over MY 2001 imports. According to importers, U.S. imports are expected to increase this year because of better quality than last year and affordable prices. Chilean imports increased 24 percent for the first quarter of 2002, compared to the same period in 2001. Chile has the advantage of there being no Mexican table grape production at the time its imports hit the Mexican market in December. Table grape imports estimates for MY 2001 were revised downward, due to inferior U.S. crop quality, and the availability of a large, affordably-priced, domestic crop. U.S. grape imports represented approximately 55 percent of total imports in CY 2001, while Chilean grapes increased to 45 percent of total imports. U.S. table grapes can only be imported from California, due to Mexico's phytosanitary restrictions on table grapes from other U.S. states.

According to producers, table grape exports for MY 2003 are forecast at 110,000 MT, a decrease compared to MY 2002, due to lower production resulting from the alternate-bearing nature of the crop. Nevertheless, growers expect to export a good volume of table grapes. Exports for MY 2002 are estimated at 124,000 MT due to a large crop. Growers indicated that, at the peak of the harvest, prices plummeted to US\$12/box. Mexican export prices usually range between US\$14 to \$16/10 kg box. Exports for MY 2001 were revised upward based on recent trade data.

Although the United States is the most important grape export market, Mexico is looking toward Europe and other countries for other markets. As a result of a European Union (EU)/Mexico free trade agreement which went into effect in July 2000, a duty rebate was negotiated in which the grape tariff on Mexican table grape imports to the EU will be reduced from 12.6 percent to zero by 2008. Additionally, Mexico will have access to the EU market from April 1 to June 30 at the low tariff rate of 9.45 percent for 2002 and 7.87 percent for 2003. According to data, 302 MT were shipped to Great Britain in MY 2001.

As U.S. and Chilean table grape production seasons differ, Chilean grapes do not compete with those from the United States. U.S. suppliers export to Mexico during January/February and August/December, before and after the Mexican season. Chile usually exports in January/April and June and July. For MY 2000 and 2001, however, Chilean grapes have arrived in December, earlier than expected, and thus have competed with U.S. grapes for the Christmas season.

For 2003, the import duty for U.S. table grapes, under NAFTA will be zero. Under the Mexico/Chile free trade agreement, Chilean table grapes are duty free during January 1 to April 14, and June 1 to December 31. Mexican importers must obtain an import permit during the period from April 15 to May 31.

## MARKETING

The United States is expected to remain Mexico's main supplier of table grapes, largely as a result of market promotion efforts by U.S. table grape exporters. The United States aggressively promotes its grapes, while Chile puts very limited resources into promoting their grapes in Mexico. As mentioned above, Chilean and U.S. production seasons are different, and therefore there is no important direct price competition between them.

## Section II. Statistical Tables

## Apples, PS&amp;D Tables

| PSD Table              |              |        |                      |        |               |        |
|------------------------|--------------|--------|----------------------|--------|---------------|--------|
| Country                | Mexico       |        |                      |        |               |        |
| Commodity              | Fresh Apples |        | (HA)(1000 TREES)(MT) |        |               |        |
|                        | Revised 2000 |        | Preliminary 2001     |        | Forecast 2002 |        |
|                        | Old          | New    | Old                  | New    | Old           | New    |
| Market Year Begin      | 08/2000      |        | 08/2001              |        | 08/2002       |        |
| Area Planted           | 64366        | 64366  | 63100                | 62869  | 0             | 62500  |
| Area Harvested         | 54023        | 54023  | 61600                | 60861  | 0             | 60600  |
| Bearing Trees          | 12155        | 12155  | 13860                | 13693  | 0             | 13635  |
| Non-Bearing Trees      | 2327         | 2327   | 337                  | 451    | 0             | 427    |
| Total Trees            | 14482        | 14482  | 14197                | 14144  | 0             | 14062  |
| Commercial Production  | 330245       | 330245 | 465000               | 449889 | 0             | 457000 |
| Non-Comm. Production   | 8000         | 8000   | 8000                 | 8000   | 0             | 8000   |
| TOTAL Production       | 338245       | 338245 | 473000               | 457889 | 0             | 465000 |
| TOTAL Imports          | 228063       | 228063 | 145000               | 160000 | 0             | 112000 |
| TOTAL SUPPLY           | 566308       | 566308 | 618000               | 617889 | 0             | 577000 |
| Domestic Fresh Consump | 496308       | 496308 | 528000               | 527889 | 0             | 487000 |
| Exports, Fresh Only    | 0            | 0      | 0                    | 0      | 0             | 0      |
| For Processing         | 70000        | 70000  | 90000                | 90000  | 0             | 90000  |
| Withdrawal From Market | 0            | 0      | 0                    | 0      | 0             | 0      |
| TOTAL UTILIZATION      | 566308       | 566308 | 618000               | 617889 | 0             | 577000 |

## Pears, PS&amp;D Table

|                        |              |        |                  |                      |               |        |
|------------------------|--------------|--------|------------------|----------------------|---------------|--------|
| PSD Table              |              |        |                  |                      |               |        |
| Country                | Mexico       |        |                  |                      |               |        |
| Commodity              | Fresh Pears  |        |                  | (HA)(1000 TREES)(MT) |               |        |
|                        | Revised 2000 |        | Preliminary 2001 |                      | Forecast 2002 |        |
|                        | Old          | New    | Old              | New                  | Old           | New    |
| Market Year Begin      | 07/2000      |        | 07/2001          |                      | 07/2002       |        |
| Area Planted           | 4865         | 4865   | 4900             | 4892                 | 0             | 4900   |
| Area Harvested         | 4842         | 4842   | 4860             | 4858                 | 0             | 4860   |
| Bearing Trees          | 1007         | 1007   | 1018             | 1015                 | 0             | 1018   |
| Non-Bearing Trees      | 5            | 5      | 8                | 7                    | 0             | 8      |
| Total Trees            | 1012         | 1012   | 1026             | 1022                 | 0             | 1026   |
| Commercial Production  | 29780        | 29780  | 32000            | 31468                | 0             | 32000  |
| Non-Comm. Production   | 1500         | 1500   | 1500             | 1500                 | 0             | 1500   |
| TOTAL Production       | 31280        | 31280  | 33500            | 32968                | 0             | 33500  |
| TOTAL Imports          | 95602        | 95513  | 110000           | 98000                | 0             | 102000 |
| TOTAL SUPPLY           | 126882       | 126793 | 143500           | 130968               | 0             | 135500 |
| Domestic Fresh Consump | 124882       | 124793 | 141500           | 128968               | 0             | 133500 |
| Exports, Fresh Only    | 0            | 0      | 0                | 0                    | 0             | 0      |
| For Processing         | 2000         | 2000   | 2000             | 2000                 | 0             | 2000   |
| Withdrawal From Market | 0            | 0      | 0                | 0                    | 0             | 0      |
| TOTAL UTILIZATION      | 126882       | 126793 | 143500           | 130968               | 0             | 135500 |

Table Grapes, PS&amp;D Table

|                        |                    |        |                  |        |               |        |
|------------------------|--------------------|--------|------------------|--------|---------------|--------|
| PSD Table              |                    |        |                  |        |               |        |
| Country                | Mexico             |        |                  |        |               |        |
| Commodity              | Fresh Table Grapes |        |                  |        | (HA)(MT)      |        |
|                        | Revised 2000       |        | Preliminary 2001 |        | Forecast 2002 |        |
|                        | Old                | New    | Old              | New    | Old           | New    |
| Market Year Begin      | 01/2001            |        | 01/2002          |        | 01/2003       |        |
| Area Planted           | 19500              | 20178  | 0                | 20700  | 0             | 21000  |
| Area Harvested         | 19100              | 17562  | 0                | 17600  | 0             | 17700  |
| Commercial Production  | 169200             | 186375 | 0                | 198200 | 0             | 188000 |
| Non-Comm. Production   | 1800               | 1800   | 0                | 2000   | 0             | 1800   |
| TOTAL Production       | 171000             | 188175 | 0                | 200200 | 0             | 189800 |
| TOTAL Imports          | 82000              | 75060  | 0                | 83000  | 0             | 87000  |
| TOTAL SUPPLY           | 253000             | 263235 | 0                | 283200 | 0             | 276800 |
| Domestic Fresh Consump | 158000             | 165496 | 0                | 159200 | 0             | 166800 |
| Exports, Fresh Only    | 95000              | 97739  | 0                | 124000 | 0             | 110000 |
| For Processing         | 0                  | 0      | 0                | 0      | 0             | 0      |
| Withdrawal From Market | 0                  | 0      | 0                | 0      | 0             | 0      |
| TOTAL UTILIZATION      | 253000             | 263235 | 0                | 283200 | 0             | 276800 |

## Apple Prices

| AVERAGE MONTHLY WHOLESALE APPLE DOMESTIC PRICES |       |                |          |
|---|-------|----------------|----------|
| Red Delicious                                   |       | Pesos/Kilogram |          |
| Month   | 2001  | 2002           | Change % |
| January   | 10.14 | 9.13           | (9.96)   |
| February  | 7.50  | 8.96           | 19.47    |
| March   | 7.00  |                |          |
| April   | 7.28  |                |          |
| May   |       |                |          |
| June  |       |                |          |
| July  |       |                |          |
| August  |       |                |          |
| September                                       | 9.50  |                |          |
| October   | 9.50  |                |          |
| November  | 10.00 |                |          |
| December  | 9.50  |                |          |
| <b>CIF - Mexico City</b>                        |       |                |          |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2001 USD\$1.00 = \$9.35 PESOS

EXCHANGE RATE (AUGUST 20, 2002) US\$1.00 = \$ 9.77 PESOS

Note: Shaded area indicates that domestic prices were not available

| <b>AVERAGE MONTHLY WHOLESALE APPLE IMPORT PRICES</b> |             |                       |                 |
|--|-------------|-----------------------|-----------------|
| <b>Red Delicious</b>                                 |             | <b>Pesos/Kilogram</b> |                 |
| <b>Month</b>   | <b>2001</b> | <b>2002</b>           | <b>Change %</b> |
| <b>January</b>                                       |             |                       |                 |
| <b>February</b>                                      | 10.78       | 10.96                 | 1.67            |
| <b>March</b>   | 11.03       | 10.85                 | (1.63)          |
| <b>April</b>   | 11.28       | 11.77                 | 4.34            |
| <b>May</b>   | 11.90       | 13.61                 | 14.37           |
| <b>June</b>  | 11.78       | 12.38                 | 5.09            |
| <b>July</b>  | 11.37       | 13.11                 | 15.30           |
| <b>August</b>  | 11.57       | 13.16                 | 13.74           |
| <b>September</b>                                     | 11.25       |                       |                 |
| <b>October</b>                                       | 11.30       |                       |                 |
| <b>November</b>                                      | 12.12       |                       |                 |
| <b>December</b>                                      | 11.00       |                       |                 |
| <b>CIF - Mexico City</b>                             |             |                       |                 |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2001 USD\$1.00 = \$9.35 PESOS

EXCHANGE RATE (AUGUST 20, 2002) US\$1.00 = \$ 9.77 PESOS

Note: Shaded area indicate that import prices were not available.

## Pear Prices

| <b>AVERAGE MONTHLY WHOLESALE PEAR IMPORT PRICES</b> |             |                       |                 |
|---|-------------|-----------------------|-----------------|
| <b>D'anjou</b>                                      |             | <b>Pesos/Kilogram</b> |                 |
| <b>Month</b>  | <b>2001</b> | <b>2002</b>           | <b>Change %</b> |
| <b>January</b>                                      | 10.83       | 11.26                 | 3.97            |
| <b>February</b>                                     | 10.83       | 10.82                 | (0.09)          |
| <b>March</b>  | 11.38       | 11.11                 | (2.37)          |
| <b>April</b>  | 11.66       | 11.80                 | 1.20            |
| <b>May</b>  | 12.12       | 12.12                 | 0.00            |
| <b>June</b>   | 13.76       | 12.05                 | (12.43)         |
| <b>July</b>   | 15.37       | 13.64                 | (11.26)         |
| <b>August</b>                                       | 16.11       | 14.90                 | (7.51)          |
| <b>September</b>                                    |             |                       |                 |
| <b>October</b>                                      | 11.11       |                       |                 |
| <b>November</b>                                     | 11.38       |                       |                 |
| <b>December</b>                                     | 11.38       |                       |                 |
| <b>CIF - Mexico City</b>                            |             |                       |                 |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2001 USD\$1.00 = \$9.35 PESOS

EXCHANGE RATE (AUGUST 20, 2002) US\$1.00 = \$ 9.77 PESOS

Note: Shaded area indicates that prices for imported pears were not available.

Table Grape Prices

| <b>AVERAGE MONTHLY WHOLESALE GRAPE DOMESTIC PRICES</b> |             |             |                 |
|--|-------------|-------------|-----------------|
| <b>Perlette Pesos/Kilogram</b>                         |             |             |                 |
| <b>Month</b>   | <b>2001</b> | <b>2002</b> | <b>Change %</b> |
| <b>January</b>   |             |             |                 |
| <b>February</b>  |             |             |                 |
| <b>March</b>   |             |             |                 |
| <b>April</b>   |             |             |                 |
| <b>May</b>   |             |             |                 |
| <b>June</b>  | 13.16       | 9.00        | (31.61)         |
| <b>July</b>  | 7.92        | 8.75        | 10.48           |
| <b>August</b>  | 6.94        | 8.87        | 27.81           |
| <b>September</b>                                       |             |             |                 |
| <b>October</b>   |             |             |                 |
| <b>November</b>  |             |             |                 |
| <b>December</b>  |             |             |                 |
| <b>CIF - Mexico City</b>                               |             |             |                 |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2001 USD\$1.00 = \$9.35 PESOS

EXCHANGE RATE (AUGUST 20, 2002) US\$1.00 = \$ 9.77 PESOS

Note: Shaded area indicates that prices for imported grapes were not available.

| <b>AVERAGE MONTHLY WHOLESALE GRAPE IMPORT PRICES</b> |             |                       |                 |
|--|-------------|-----------------------|-----------------|
| <b>Globe</b>   |             | <b>Pesos/Kilogram</b> |                 |
| <b>Month</b>   | <b>2001</b> | <b>2002</b>           | <b>Change %</b> |
| <b>January</b>                                       | 15.09       | 19.88                 | 31.74           |
| <b>February</b>                                      | 12.85       | 17.72                 | 37.90           |
| <b>March</b>   | 13.28       | 13.70                 | 3.16            |
| <b>April</b>   | 13.32       | 12.77                 | (4.13)          |
| <b>May</b>   | 13.31       | 12.22                 | (8.19)          |
| <b>June</b>  | 16.36       | 15.55                 | (4.95)          |
| <b>July</b>  | 14.73       |                       |                 |
| <b>August</b>  | 15.92       |                       |                 |
| <b>September</b>                                     | 14.44       |                       |                 |
| <b>October</b>                                       | 15.56       |                       |                 |
| <b>November</b>                                      | 14.20       |                       |                 |
| <b>December</b>                                      | 16.60       |                       |                 |
| <b>CIF - Mexico City</b>                             |             |                       |                 |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2001 USD\$1.00 = \$9.35 PESOS

EXCHANGE RATE (AUGUST 20, 2002) US\$1.00 = \$ 9.77 PESOS

Note: Shaded area indicates that prices for imported grapes were not available.

## Exchange Rates

| <b>MONTHLY EXCHANGE RATE AVERAGES</b> |             |             |               |
|---------------------------------------|-------------|-------------|---------------|
|                                       | <b>2000</b> | <b>2001</b> | <b>2002</b>   |
| <b>January</b>                        | <b>9.02</b> | <b>9.76</b> | <b>9.16</b>   |
| <b>February</b>                       | <b>9.43</b> | <b>9.70</b> | <b>9.10</b>   |
| <b>March</b>                          | <b>9.28</b> | <b>9.60</b> | <b>9.07</b>   |
| <b>April</b>                          | <b>9.37</b> | <b>9.33</b> | <b>9.14</b>   |
| <b>May</b>                            | <b>9.50</b> | <b>9.14</b> | <b>9.49</b>   |
| <b>June</b>                           | <b>9.81</b> | <b>9.09</b> | <b>9.75</b>   |
| <b>July</b>                           | <b>9.43</b> | <b>9.15</b> | <b>9.79</b>   |
| <b>August</b>                         | <b>9.27</b> | <b>9.12</b> | <b>9.82 *</b> |
| <b>September</b>                      | <b>9.33</b> | <b>9.40</b> | <b>n/a</b>    |
| <b>October</b>                        | <b>9.52</b> | <b>9.45</b> | <b>n/a</b>    |
| <b>November</b>                       | <b>9.50</b> | <b>9.25</b> | <b>n/a</b>    |
| <b>December</b>                       | <b>9.44</b> | <b>9.16</b> | <b>n/a</b>    |
| <b>Annual Avg.</b>                    | <b>9.40</b> | <b>9.35</b> | <b>n/a</b>    |

Source: Mexican Federal Register

Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.

\* as of August 20, 2002.

## NAFTA Tariffs

| NAFTA TARIFF REDUCTIONS<br>-U.S. APPLES, PEARS & GRAPES- |                    |          |                    |                    |  |
|--|--------------------|----------|--------------------|--------------------|--|
| Year   | Apples             |          | Pears              | Grapes             |  |
|  | Duty <sup>/a</sup> | TRQ (MT) | Duty <sup>/b</sup> | Duty <sup>/c</sup> |  |
| 0  |                    |          |                    |                    |  |
| 1  | JAN 1994           |          |                    |                    |  |
| 2  | JAN 1995           |          |                    |                    |  |
| 3  | JAN 1996           |          |                    |                    |  |
| 4  | JAN 1997           |          |                    |                    |  |
| 5  | JAN 1998           |          |                    |                    |  |
| 6  | JAN 1999           |          |                    |                    |  |
| 7  | JAN 2000           |          |                    |                    |  |
| 8  | JAN 2001           |          |                    |                    |  |
| 9  | JAN 2002           |          |                    |                    |  |
| 10   | JAN 2003           |          |                    |                    |  |

**Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register)**

<sup>/a</sup> Tariff to be eliminated in ten equal annual stages beginning on January 1, 1994 and ending in December 31, 2002, with a Tariff Rate Quota (TRQ). If TRQ is filled a 20% duty will be applied on over quotas.

<sup>/b</sup> Tariff to be eliminated in five equal annual stages, beginning on January 1, 1994 and ending December 31, 1997.

<sup>/c</sup> Tariff to be eliminated in ten equal annual stages, beginning January 1, 1994 and ending December 31, 2002. Duties apply for imported grapes from Jun 1 to Oct 14. Grapes imported between Oct 15 and May 31 have not been subject to a duty since NAFTA implementation.

## Tariffs for Chile

| TARIFF REDUCTION SCHEDULE<br>-CHILEAN APPLES, PEARS & GRAPES- |        |                      |       |                    |
|---|--------|----------------------|-------|--------------------|
| YEAR  | APPLES |                      | PEARS | GRAPES             |
|   | Duty   | TRQ (MT)             | Duty  | Duty <sup>/d</sup> |
| 1998  | 13.3%  | 2,156.7              | 0%    | 0%                 |
| 1999  | 11.7%  | 2,200.0              | 0%    | 0%                 |
| 2000  | 10.0%  | 2,264.5 <sup>f</sup> | 0%    | 0%                 |
| 2001  | 8.3%   | 2,377.7              | 0%    | 0%                 |
| 2002  | 6.7%   | 2,496.6              | 0%    | 0%                 |
| 2003  | 5.0%   | 2,621.4              | 0%    | 0%                 |
| 2004  | 3.3%   | 2,752.4              | 0%    | 0%                 |
| 2005  | 1.7%   | 2,890.0              | 0%    | 0%                 |
| Starting 1/1/2006   | 0.0%   | 0 <sup>g</sup>       | 0%    | 0%                 |

Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register) published on July 28, 1999.

<sup>/d</sup> Grape imports made between January 1 to April 14, and June 1 to December 31 are duty free Imports, from April 15 to May 31 must have an import permit to be duty free.

<sup>/f</sup> Initial TRQ that will be incremented on an annual basis five percent up from the previous figure starting on 2000 up to 2005 inclusive.

<sup>/g</sup> Starting on January 1<sup>st</sup>. 2006, imports of Chilean fresh apples will be duty free and not subjected to TRQ quotas.