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## Mexico

## Asparagus

## Annual

## 2003

**Approved by:**

William L. Brant  
U.S. Embassy Mexico City

**Prepared by:**

Gabriel Hernandez

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**Report Highlights:**

Although lack of water and credit to producers will affect production in the main producing areas, MY 2003 asparagus production is forecast to increase slightly to 55,000 MT. The United States remains the main export market for fresh Mexican asparagus. New market niches in Japan and the EU are being developed through market strategies promoting the high quality of fresh Mexican asparagus. Exports are forecast at 50,000 MT for MY 2003.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
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**ASPARAGUS SITUATION AND OUTLOOK**

MY 2003 (January-December) Mexican asparagus production is forecast at 55,000 MT, an increase of only 3 percent above the previous year's estimate. In MY 2002, fresh asparagus production dropped 18.02 percent to 53,286 MT, well below the initial forecast of 65,000 MT, due mainly to the depletion of aquifers in producing areas, lack of credits, and asparagus producers turning to higher-profit crops. Official and private sources indicate that MY 2003 planted area will remain unchanged. The United States and Japan will remain as the main export markets. Mexican asparagus exports are forecast at 50,000 MT, 17.3 percent above the revised MY 2002 estimate. The MY 2003 import estimate is forecast at 350 MT.

**PRODUCTION**

The MY 2003 fresh asparagus production is forecast at 55,000 MT, up 3 percent from the revised MY 2002 figure, due to expectations that higher yields resulting from good weather conditions, improved seed, and cutting-edge irrigation systems will slightly offset the lack of water and credits to producers. The Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) is actually forecasting MY 2003 asparagus production at 65,500 MT, but both industry and FAS/Mexico maintain that this forecast is too high and not in line with actual growing conditions. Reportedly, the state of Sonora is maintaining the same acreage even though it, and the state of Guanajuato, are suffering from depletion of their water aquifers.

The Mexican states of Sonora, Baja California, and Guanajuato account for 95 percent of total Mexican asparagus production. The Caborca region in the state of Sonora has depleted its aquifers more than expected and producers are reprioritizing all crop production in the region according to water availability and the economic importance of the crop; the most important crops in the region are table grapes, asparagus, raisins and olives. Therefore, asparagus, which is one of the higher-yielding crops with good profit margins, should receive water first. Planted area destined to asparagus has not been increased due to less water availability, and planted area is now expected to remain at this level. The industry has indicated that the situation is forcing them to not only switch to more effective drip-irrigation systems but to also plant higher-yielding and better quality green asparagus varieties which will increase output and thereby give producers better profits and overall value for their produce.

Currently 95 percent of the total area devoted to asparagus production in Mexico uses pressurized irrigation systems. Sonora accounts for approximately 7,000 has. of asparagus production, while Guanajuato and Baja California account for 3,500 has. and 3,100 has. respectively; together the three states account for 87.3 percent of the total planted area in Mexico. Reportedly, the second largest producing state, Baja California, has decreased its planted acreage due to horticultural producers switching to different crops because of the lack of water availability. Like the state of Sonora, Guanajuato has suffered a lowering of its water table which has forced producers to keep pace with their Sonoran and Baja Californian counterparts by moving to pressurized irrigation systems. A few years ago, Guanajuato devoted significant acreage to white asparagus varieties, but international demand and third country competition forced producers to switch to green varieties. Mexico now produces mainly green varieties in two different growing seasons.

Despite the fact that demand for organic produce is increasing year by year, there is little evidence of organic asparagus production in Mexico. However, recent research reveals that the limiting factor on organic asparagus production is the lack of an adequate marketing

infrastructure rather than yields or cost of production, which are similar to those for conventional asparagus.

Caborca growers recognize the importance of food safety and have embraced the principles of the Hazard Analysis and Critical Control Points (HACCP) procedures. They have made a concerted effort to provide their workers with good sanitary working conditions and to supervise their hygienic practices.

MY 2003 yields are forecast at 4-5 MT/Ha, an increase that can be attributed to grower installation of better irrigation systems, improved seeds and good weather. For MY 2002, yields were nearly 17 percent lower than the initial forecast at 3.72 MT per hectare. The MY 2002 and 2001 estimates for area planted, area harvested, and production have been revised downward and upward respectively, based on final official Mexican data.

### **COST OF PRODUCTION**

The overall costs of production for Mexican asparagus have increased, due to increased costs of imported inputs and the costs of water pumping. Industry sources indicated that the cost for establishing a new asparagus planting is between USD \$6,000 and USD \$8,000 per hectare. Annual field maintenance is about USD \$4,000 per hectare.

### **CONSUMPTION**

Reportedly, most of the Mexican production is grown mainly for the fresh export market, with Mexican domestic consumption being residual. Asparagus is a food consumed by the more affluent population and tourist resorts that cater to that same demographic. Although Mexico does not produce asparagus specifically for the processing industry, some surpluses do go to the processing industry as well to the retail and animal feed sectors.

MY 2003 consumption is forecast to be more consistent with historic levels at 5,350 MT, since attractive international prices are expected in the export market for high-quality fresh asparagus. The MY 2002 asparagus consumption has been revised upward to 11,013 MT, due to more recent official information. This is a high figure when compared historically, but well below the MY 2001 record consumption of 24,279 MT, which was due to a large Mexican crop and a drop in exports caused by third country competition. During MY 2002, Chilean and Peruvian asparagus entered the international market, causing demand for Mexican asparagus to decrease and domestic asparagus consumption, being residual, subsequently increased. The consumption estimate for MY 2002 has been revised upward based on the most recent official data.

### **TRADE**

MY 2003 exports are forecast at 50,000 MT, 17.3 percent above the final MY 2002 export figure of 42,612 MT, due to international demand for high quality fresh asparagus from Mexico. In MY 2002, strong third country competition in the international market was the main factor limiting Mexican exports. Exports of regular-sized asparagus to the United States are forecast to be near 45,000 MT in MY 2003, while the rest, according to industry, will be transshipped to Japan and the European Union (EU). Mexican trade data for MY 2002 and MY 2003 does not reflect any exports to Japan or the EU because of this transshipment through the United States. The EU market is demanding jumbo & extra large-sized asparagus and Mexican exporters are trying to develop niche markets for high-quality, large-sized, fresh green asparagus from Mexico. Both MY 2001 & 2002 export figures were revised downward to reflect the latest official data.

MY 2003 imports are forecast at 350 MT, an increase of 3 percent from the revised MY 2002 import figure but higher than the historical average. During MY 2002, fresh asparagus imports decreased to 339 MT, a decrease of 25 percent compared to MY 2001, due to higher international prices that limited the demand from restaurants and tourist resorts, which covered their asparagus demand with domestic produce. Consumption in Mexican households is still extremely low and asparagus imports remain insignificant relative to the overall market. The main consumers of imported asparagus are gourmet restaurants, tourist resorts and a small number of affluent consumers.

According to industry sources, the average export price for Mexican asparagus during MY 2002 was US\$22-24 per 30-pound box. For MY 2003, export prices are expected to be slightly up at US\$26-28 per box.

#### **POLICY**

Under the North American Free Trade Agreement (NAFTA), tariffs were phased out on almost all U.S. agricultural goods, with the exception of a few sensitive commodities, on January 1, 2003. As a result, asparagus (H.S. 0709.20.10 & 0709.20.90) imported from the United States is now duty free.

## PS&amp;D TABLE

| PSD Table                |                     |                     |                     |                     |                     |                     |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Country                  | Mexico              |                     |                     |                     |                     |                     |
| Commodity                | Fresh Asparagus     |                     |                     |                     | (HA) (MT)           |                     |
|                          | 2000 Revised        |                     | 2001 Estimate       |                     | 2002 Forecast       |                     |
|                          | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] |
| Market Year Begin        | 01/2001             |                     | 01/2002             |                     | 01/2003             |                     |
| Area Planted             | 15000               | 16634               | 16000               | 15870               | 0                   | 16000               |
| Area Harvested           | 14000               | 14440               | 14500               | 14300               | 0                   | 14000               |
| TOTAL Production         | 55000               | 64348               | 65000               | 53286               | 0                   | 55000               |
| Imports, Fresh           | 300                 | 452                 | 400                 | 339                 | 0                   | 350                 |
| <b>TOTAL SUPPLY</b>      | 55300               | 64800               | 65400               | 53625               | 0                   | 55350               |
| Exports, Fresh           | 49000               | 40521               | 55000               | 42612               | 0                   | 50000               |
| Domestic Fresh Market    | 6300                | 24279               | 10400               | 11013               | 0                   | 5350                |
| For Processing           | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>TOTAL UTILIZATION</b> | 55300               | 64800               | 65400               | 53625               | 0                   | 55350               |

## TRADE MATRIX

| ASPARAGUS                |        | UNITS: METRIC TONS       |     |
|--------------------------|--------|--------------------------|-----|
| EXPORTS FOR 2002 TO:     |        | IMPORTS FOR 2002 FROM:   |     |
| U.S.                     | 42,612 | U.S.                     | 229 |
| OTHER                    |        | OTHER                    |     |
|                          |        | CHILE                    | 70  |
|                          |        | PERU                     | 40  |
| <b>TOTAL OF OTHER</b>    | 0      | <b>TOTAL OF OTHER</b>    | 110 |
| <b>OTHERS NOT LISTED</b> | 0      | <b>OTHERS NOT LISTED</b> | 0   |
| <b>GRAND TOTAL</b>       | 42,612 | <b>GRAND TOTAL</b>       | 339 |

Source: World Trade Atlas, Mexico Edition, March 2003.