



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 6/14/2004

GAIN Report Number: MX4075

Mexico

Asparagus

Annual

2004

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Report Highlights:

Mexican asparagus production for MY 2004 is forecast at 65,000 MT, a slight decrease from last year, due to adverse weather conditions. Exports are forecast at 50,000 MT, of which approximately 45,000 MT will be shipped to the United States. The U.S. and Japan will continue to be the main export markets for Mexican green asparagus.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1]
[MX]

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ASPARAGUS SITUATION AND OUTLOOK

MY 2004 (January-December) Mexican asparagus production is forecast at 65,000 MT, a decrease of less than one percent from the previous year's estimate, due to bad weather conditions. In MY 2003, despite such factors as aquifer water depletion in key production areas and lack of credits, fresh asparagus production increased 19 percent to 65,218 MT, well above the initial forecast of 55,000 MT, due mainly to the beneficial weather, higher-yields, and attractive international prices. Official and private sources indicate that MY 2004 planted area will remain relatively unchanged. The United States and Japan will continue to be the main export markets. Mexican asparagus exports are forecast at 50,000 MT, slightly above the revised MY 2003 estimate. The MY 2004 import estimate is forecast at 230 MT.

PRODUCTION

The MY 2004 fresh asparagus production is forecast at 65,000 MT, slightly down from the revised MY 2003 figure due to low winter temperatures which delayed the blossoming stages and subsequently harvest time. Moreover, producers indicated that even though low temperatures are common to the region, these low temperatures also occurred simultaneously in several U.S. Eastern states where roads were blocked and impeded the normal shipping and supply of Mexican green asparagus to those markets. However, there are expectations that higher yields resulting from improved seed and cutting-edge irrigation systems will offset these negative weather effects. Government of Mexico (GOM) support programs under the National Agreement on Agriculture (NAA) may also offset the lack of water and credits to producers.

The Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) is forecasting MY 2004 asparagus production at 68,278 MT, but it appears that this forecast is too high and not in line with growing conditions relating to water availability and the delay in crop maturation. 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 Caborca region in the state of Sonora, the main producer state, 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 continue to be table grapes, asparagus, raisins and olives. Currently, asparagus is one of the higher-yielding crops with good profit margins and, recently has been granted concessions to receive water first. Planted area destined to asparagus has not increased due to less water availability, and is not expected to increase much above MY 2003 levels. The industry has indicated that the situation is forcing them to switch to more effective drip-irrigation systems and to 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.

Mexico produces mainly green varieties in two different growing seasons. Caborca producers indicated that usually the region holds its peak production during the January-March season, which represents 50 percent of the total production. This peak production season is preceded and followed by the December and March-April production seasons, which represent 20 and 30 percent respectively of total Mexican asparagus production. Additionally, other significant amounts are produced in Baja California and Guanajuato during the rest of the year. The states of Sonora, Baja California and Guanajuato account for 95 percent of the total Mexican asparagus production. Producers have indicated that asparagus prices could drop, if the weather-induced delay in the Mexican asparagus harvest causes a void in the international market and that void is then filled by Peruvian or U.S. asparagus.

Reportedly, despite the fact that demand for organic produce is increasing year by year, there is little evidence of organic asparagus production in Mexico. 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 are keeping pace with the implementation of the Hazard Analysis and Critical Control Points (HACCP) procedures in a concerted effort to provide their workers with good sanitary working conditions and to supervise their hygienic practices.

MY 2004 yields are forecast to be similar to those obtained in MY 2003, at 4.33 MT/Ha, due to grower installation of better irrigation systems, improved seeds and good weather.

The MY 2003 production estimate was revised upward 19 percent, due to improved yields of 4.35 MT/Ha. The MY 2003 estimates for area planted and area harvested have been revised downward and upward respectively, based on final official Mexican data. Figures for MY 2002 were kept unchanged.

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 \$10,000 and USD \$11,000 per hectare. Annual field maintenance is about USD \$4,000 per hectare.

CONSUMPTION

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 go to the processing industry as well to the retail and animal feed sectors.

MY 2004 consumption is forecast at 15,230 MT – a figure more consistent with previous levels, due to expectations that a delay in Mexican production could overlap with the Chilean and Peruvian harvests, thereby flooding international markets. The MY 2003 asparagus consumption has been revised upward to 17,793 MT, due to more recent industry information. This is a high figure when compared historically, but well below the MY 2001 record consumption of 24,279 MT. During MY 2003, Chilean and Peruvian asparagus entered the international market, causing demand for Mexican asparagus to decrease and domestic asparagus consumption, being residual, subsequently increased. 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. Current prices in main food chain stores are between MXN \$85.00–\$88.00 (US \$7.50-\$7.76) per pound for imported asparagus.

The consumption estimate for MY 2002 is unchanged based on the most recent industry data.

TRADE

MY 2004 exports are forecast at 50,000 MT, 5 percent above the final MY 2003 export figure of 47,657 MT, due to expectations of good international demand for high quality fresh asparagus from Mexico and an ample domestic production. In MY 2003, although strong third country competition in the international market was the main factor limiting Mexican exports, exports nevertheless increased 12 percent compared to those from MY 2002. Private sources indicated that exports of fresh green asparagus to the United States are forecast to be near 45,000 MT in MY 2004, while the rest will be transshipped via the United States to Japan and the European Union (EU). Mexican trade data for MY 2003 does not reflect any exports to Japan or the EU because of this transshipment through the United States. MY 2003 export figures were revised downward to reflect the latest official data. MY 2002 figures were kept unchanged.

MY 2004 imports are forecast at 230 MT, less than a 1-percent decrease from the revised MY 2003 import figure. During MY 2003, fresh asparagus imports decreased to 232 MT due to higher international prices that limited the demand from restaurants and tourist resorts, which covered their asparagus demand with domestic produce.

According to industry sources, the average export price for Mexican asparagus during MY 2003 was US \$22-24 per 30-pound box. For MY 2004, export prices are expected to be more attractive at US \$25 per 30-pound box.

POLICY

Currently, asparagus (H.S. 0709.20.10 & 0709.20.90) imported from the United States is duty free.

Under the 2003 National Agreement on Agriculture (NAA), the Caborca region —as well as other regions that are suffering from aquifer water depletion — was integrated into the GOM's Purchase of Water Concession Program (in Spanish "*Programa de Adquisición de Derechos de Uso del Agua-PADUA*"). This program was first published, on August 12, 2003 and was recently modified on April 23, 2004, in Mexico's Federal Register ("*Diario Oficial*"). It establishes the government's right to use water resources to guarantee producers an adequate water supply for the forthcoming seasons.

PS&D TABLE

PSD Table						
Country	Mexico					
Commodity	Fresh Asparagus				(HA) (MT)	
	2001 Revised		2002 Estimate		2003 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2002		01/2003		01/2004	
Area Planted	15870	15870	16000	15887	0	15900
Area Harvested	14300	14300	14000	14970	0	14900
TOTAL Production	53286	53286	55000	65218	0	65000
Imports, Fresh	339	339	350	232	0	230
TOTAL SUPPLY	53625	53625	55350	65450	0	65230
Exports, Fresh	42612	42612	50000	47657	0	50000
Domestic Fresh Market	11013	11013	5350	17793	0	15230
For Processing	0	0	0	0	0	0
TOTAL UTILIZATION	53625	53625	55350	65450	0	65230

TRADE MATRIX

ASPARAGUS		UNITS: METRIC TONS	
EXPORTS FOR 2003 TO:		IMPORTS FOR 2003 FROM:	
U.S.	47,657	U.S.	77
OTHER		OTHER	
	0	PERU	96
	0	CHILE	59
TOTAL OF OTHER	0	TOTAL OF OTHER	155
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	47,657	GRAND TOTAL	232

Source: World Trade Atlas, Mexico Edition, March 2004.