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Mexico

Asparagus

Annual

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Report Highlights:
MY 2005 asparagus production is forecast to increase to 58,000 MT, 10.5 percent from the previous year's revised estimate, due to good weather conditions in regions devoted to asparagus production. Exports are forecast at 48,000 MT, 29 percent higher than the previous year's estimate due to the expected strong international demand for high quality fresh asparagus.

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

Table of Contents

Asparagus Situation and Outlook

MY 2005 (January-December) Mexican asparagus production is forecast at 58,000 MT, 10.5 percent above the previous year's estimate due to favorable weather conditions, despite the depletion of aquifers in the main growing regions. For MY 2004, the production estimate for fresh asparagus has been decreased from the previous forecast of 65,000 MT, to 52,500 MT due to difficult producing conditions in key northern and central productive areas. Official and private sources indicate that MY 2005 planted area will remain unchanged. The United States and Japan will continue to be the main export markets. Mexican asparagus exports are forecast to rebound in MY 2005 to 48,000 MT, returning to historic export levels, due to higher prices in international markets. The MY 2005 import estimate is forecast at 200 MT.

Production

MY 2005 fresh asparagus production is forecast at 58,000 MT, 10.5 percent above the revised MY 2004 figure mainly due to beneficial winter temperatures at harvest time allowing the opportune cutting of stalks. In addition, the continued use of improved seed and cutting-edge irrigation systems have helped producers realize improved yields despite water restrictions due to a falling water table. For MY 2004, in addition to the depletion of aquifers, the production estimate was revised downward 19.2 percent, to 52,500 MT, due to the occurrence of winter hails in parts of Sonora (Northern Caborca) and Baja California regions and excessive rains in Guanajuato.

It should be noted that although latest Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) official production figure for MY 2004 (63,924 MT) shows a small decrease in comparison to the initial estimate, industry sources believe that those figures remain too high and are not in line with growing conditions relating to water availability and bad weather. Moreover, despite the absence of adverse weather conditions as in MY 2004, the private industry considers SAGARPA's production forecast for MY 2005 to be too high as well.

Mexico produces mainly green varieties throughout the year. Most of Mexico's asparagus, approximately 95 percent, is produced in the Mexican states of Sonora, Guanajuato, and Baja California. The Caborca region of Sonora, which represents the majority of the total production, usually holds its peak production during the January-March season. This peak production season is followed by production during the June-September season in Baja California and by the November-December season in Guanajuato. Additionally, much smaller amounts are produced in Baja California Sur, Jalisco, Nuevo Leon, Queretaro, and Coahuila during the rest of the year.

Thus far, planted area for MY 2005 devoted to asparagus production is not expected to change from MY 2004 levels. All three of the main producing states are maintaining the same acreage even though two of them —Sonora and Guanajuato— are suffering from depletion of their water aquifers. The MY 2004 estimates for area planted and area harvested have been revised downward due to water restrictions, lack of credits to renew or repopulate older plantations, and to bad weather. Figures for MY 2003 were kept unchanged.

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. However, asparagus is considered one of the most important crops, in addition to table grapes, raisins and olives, and thus has maintained its acreage.

In Guanajuato, production is influenced by the operation of "agriculture by contract" agreements, instruments designed to coordinate the supply chain from the farm to international markets. Official sources indicate that the implementation of such contracts have led farmers to maintain recent levels in planted area in response to demand from the local and international market, while keeping a healthy financial balance at the same time. Thus, the implementation of these contracts along with a falling water table have been the main factors in not increasing acreage in the region.

Although the Baja California region is not suffering reduced water availability, acreage for asparagus production is expected to remain stable due to the producers' decision to increase acreage in other horticultural crops that require less investment and are more profitable in the short term. However, asparagus continues to be one of the higher-yielding crops with good profit margins.

For MY 2005 yields are forecast to be higher than those obtained in MY 2004, at 4.1 MT/Ha, due to the continued use of appropriate irrigation systems, improved seeds and good weather.

Cost of Production

The overall costs of production for Mexican asparagus have increased, mainly due to a falling water table that is used to supply underground wells in many of the main growing areas, thereby increasing producer's pumping costs. Industry sources indicated that the cost for establishing a new asparagus planting is approximately USD $12,000 per hectare, up from estimates of between USD $10,000-$11,000 a year ago. Annual field maintenance estimates have also increased to about USD $5,000 per hectare, up from estimates of USD $4,000 a year ago.

Consumption

MY 2005 consumption is forecast at 10,010 MT, due to increased exports based on expectations of higher prices on international markets. MY 2004 asparagus consumption has been revised slightly upward .9 percent, to 15,370 MT due to lower prices in international markets, which resulted in decreased exports. The fresh domestic consumption estimate for MY 2003 was revised downward due to adjustments made upon receipt of the latest data provided by the processing industry.

The Mexican domestic market can be considered a residual market for asparagus that does not enter the export market, thus, the possibility exists for relatively large shifts in consumption patterns from year to year. Overall domestic consumption is comprised of relatively small fresh human consumption and a limited processing industry, however, in the event of a market saturation producers send fresh asparagus surpluses to the animal feed sector in an effort to partially recover production costs.

Asparagus consumption in Mexican households is still extremely low as most of the Mexican production is grown mainly for the fresh export market, with Mexican domestic consumption being residual. Traditionally, asparagus has been a food consumed by the more affluent population and tourist resorts that cater to that same demographic. However, the latest information from the processing industry indicates that consumption of fresh/frozen asparagus has been increasing approximately 5 percent per year, supported by a stable economy that is allowing the mid-income level population access to services primarily designed for a higher-income demographic level and to the sporadic consumption of non-staple foods and other luxury items. In line with this trend, although Mexico does not produce asparagus specifically for the processing industry, the use of definite amounts of fresh/frozen asparagus in the manufacturing of condensed and dehydrated products to prepare specific dishes, mainly cream of asparagus soup, has been increasing gradually. Recently, some retail chain stores in specific mid-level income locations have been offering bunches of imported fresh asparagus spears, as well as other exotic horticultural products, in an effort to promote its consumption and the eventual development of new market niches.

Trade

MY 2005 exports are forecast at 48,000 MT, an increase of 28.9 percent above the final MY 2004 export figures of 37,211 MT, due to expectations of good international demand for high quality fresh asparagus from Mexico combined with an increased domestic production. Exports of fresh green asparagus to the United States are forecast to be near 40,000 MT in MY 2005, while the rest will be transshipped via the United States to Japan and the European Union (EU). Industry sources indicated that while demand for Mexican asparagus to the US and Japan seem to have stabilized, Canada is increasing its share of Mexican exports. In MY 2004, strong third country competition on the international market was the main factor limiting Mexican exports, exports plummeted approximately 22 percent compared to those from MY 2003. [Note: Mexico's trade data for MY 2004 does not reflect any exports to Japan, Canada or the EU because of this transshipment through the United States.] MY 2003 figures were kept unchanged.

MY 2005 imports are forecast at 200 MT, a 23.3 percent decrease from the revised MY 2004 import figure, due to increased domestic production and higher international prices. The main consumers of imported asparagus are gourmet restaurants, tourist resorts and a small number of affluent consumers. During MY 2004, fresh asparagus imports increased to 261 MT due to the sustained demand from restaurants and tourist resorts that, despite the ample domestic supply, covered their needs with a lower priced imported product.

Prices

According to industry sources, the average export price for Mexican asparagus during MY 2004 was US $25.00 per 30-pound box. For MY 2005, export prices are expected to be more attractive at US $37.00 per 30-pound box.

During MY 2004 wholesale prices of domestic fresh green asparagus ranged from MX $29.47-$77.09 (US $2.64-$6.90) per pound, while retail prices in certain locations of main food chain stores in Mexico City were between MX $38.54–$83.90 (US $3.55-$7.50) per pound. For imported asparagus, retail prices were approximately MX $40.81-$45.35 (US $3.65-$4.06). It should be noted that the significant variation in domestic prices through out the season, was due to the cyclical demand for Mexican green asparagus on the international market.

A recent survey for MY 2005, in same retail food chain stores, indicated that the average prices of imported fresh green asparagus were between MX $30.38-$34.01 (US $2.72-$3.04) per pound.

Policy

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

Due to the prevailing difficult producing conditions in the regions that are suffering from aquifer water depletion, the GOM's Purchase of Water Concession Program (*"Programa de Adquisicion de Derechos de Uso del Agua-PADUA"*) continues to be operational. This program first enacted in August 2003 and modified in April 2004, 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)**
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**
Market Year Begin	**01/2003**		**01/2004**		**01/2005**	
Area Planted	15,887	15,887	15,900	15,825	0	15,825
Area Harvested	14,970	14,970	14,900	13,812	0	14,000
TOTAL Production	65218	65,218	65,000	52,500	0	58,000
Imports, Fresh	232	232	230	261	0	200
TOTAL SUPPLY	65,450	65,450	65,230	52,761	0	58,200
Exports, Fresh	47,657	47,657	50,000	37,211	0	48,000
Domestic Fresh Market	17,793	17,633	15,230	15,370	0	10,010
For Processing	0	160	0	180	0	190
TOTAL UTILIZATION	65,450	65,450	65,230	52,761	0	58,200

Trade Matrix

ASPARAGUS			UNITS: METRIC TONS		
EXPORTS FOR 2003 TO:			**IMPORTS FOR 2003 FROM:**		
U.S.	**37,211**		**U.S.**	**37**	
OTHER			OTHER		
	0		PERU	141	
	0		CHILE	83	
TOTAL OF OTHER	0		TOTAL OF OTHER	224	
OTHERS NOT LISTED	0		OTHERS NOT LISTED	0	
GRAND TOTAL	**37,211**		**GRAND TOTAL**	**261**	

Source: World Trade Atlas, Internet Edition, February 2005.