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Mexico

Dried Fruit

Annual

2006

Approved by:
Suzanne E. Heinen
U.S. Embassy Mexico City

Prepared by:
Gabriel Hernandez

Report Highlights:
Raisin production for MY 2006/07 (August/July) is forecast to increase by nearly four percent to 8,500 MT, though planted area will remain at 3,000 ha. Increased yields are being driven by the use of improved seed varieties, favorable weather conditions, and the adoption of advanced irrigation systems.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
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PS&D Table

PSD Table						
Country	Mexico					
Commodity	Raisins			(HA)(MT)		
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2004		08/2005		08/2006	
Area Planted	3,000	3,000	3,000	3,000	0	3,000
Area Harvested	3,000	3,000	3,000	3,000	0	3,000
Beginning Stocks	0	0	0	0	0	0
Production	7,500	7,500	8,000	8,200	0	8,500
Imports	10,600	10,600	13,500	13,227	0	13,300
TOTAL SUPPLY	18,100	18,100	21,500	21,427	0	21,800
Exports	4,300	4,300	3,900	3,808	0	3,900
Domestic Consumption	13,800	13,800	17,600	17,619	0	17,900
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	18,100	18,100	21,500	21,427	0	21,800

Trade Matrix

RAISINS	H.S. 0806.20	UNITS: METRIC TONS	
EXPORT FOR CY (JAN-DEC) 2004 TO:		IMPORTS FOR CY (JAN-DEC) 2004 FROM:	
U.S.	3,253	U.S.	6,779
OTHER		OTHER	
GUATEMALA	377	CHILE	6,478
HONDURAS	30	TURKEY	40
TOTAL OF OTHER	407	TOTAL OF OTHER	6,518
OTHER NOT LISTED	24	OTHER NOT LISTED	27
GRAND TOTAL	3,684	GRAND TOTAL	13,324

RAISINS	H.S. 0806.20	UNITS: METRIC TONS	
EXPORT FOR CY (JAN-DEC) 2005 TO:		IMPORTS FOR CY (JAN-DEC) 2005 FROM:	
U.S.	2,663	U.S.	6,275
OTHER		OTHER	
GUATEMALA	241	CHILE	7,112
NICARAGUA	14	CHINA	80
TOTAL OF OTHER	255	TOTAL OF OTHER	7,192
OTHER NOT LISTED	27	OTHER NOT LISTED	61
GRAND TOTAL	2,945	GRAND TOTAL	13,528

Source: Global Trade Information, World Trade Atlas, Mexico Edition, December 2005.

PRODUCTION

Raisin production for MY 2006/07 (August/July) is forecast to increase by four percent to 8,500 MT. This increase is driven by higher yields, rather than greater planted area. The adoption of efficient irrigation systems, use of improved seed varieties, and the resumption of normal weather conditions will stimulate this increase in yield.

The MY 2005/06 production figure was revised slightly upward. This increase would have been even greater if it were not for late season rains, which forced many producers to direct grape production to the table grape market. Excessive rains during the harvesting and drying season are not conducive to raisin production, as the added moisture impedes the drying of the grape. Other than weather, the percentage of grapes destined for raisin production is also dependent upon the price of table grapes, wine, and juice grapes. Thus, farmers can optimize profits by marketing their grapes according to the prevailing prices of a number of grape-derived products. Raisin producers have continued to use the natural sun heat dehydration process in order to produce a high quality product, which is recognized in both domestic and international markets. Raisin production figures for MY 2004/05 were kept unchanged.

Area planted for MY 2006/07 is forecast to remain at 3,000 ha, the same as in MY 2004/05 and MY 2005/06. This stagnation in the amount of planted area is attributable to stiff competition in the grape production industry, which has been prompted by limited water resources and limited access to credit. Over the past 10 years producers in the Caborca region have depleted their aquifers more than was expected. This has prompted many producers to opt for less water-dependent crops. The larger, more profitable, producers have seized upon this opportunity and invested in drip and pressurized irrigation systems. Thus, while the less efficient producers are being driven out of the market, the better-capitalized producers are thriving.

Yields averaged 2.5 MT/ha. during MY 2004/05, and 2.7 MT/ha. during MY 2005/06. The overall average yield for MY 2006/07 is forecast at 2.8 MT/ha. This increase in yields is attributable to more efficient use of the limited water resources, and the adoption of improved raisin varieties. In recent years most raisin producers in Caborca have adopted the Thompson seedless variety because it delivers a final product classified as “grade A select”.

According to official estimates, the cost of production in Sonora for MY 2005/06 averaged $28,500 pesos/ha (U.S. $2,580/ha). Production costs depend heavily on growers’ cultural practices, costs of imported inputs, and water supply. Water continues to comprise the greatest share of the total cost of production.

CONSUMPTION

Raisin consumption for MY 2006/07 is forecast at 17,900 MT. In recent years, demand from the retail and government sectors has increased, though both are rather insignificant when compared with the food-processing sector. Bakeries and food processors devoted to the preparation of traditional Mexican sweet bread remain the largest buyer/consumers of domestic and U.S. raisins. Recently the retail sector has noted substantial changes in raisin consumption patterns, and has identified several potential niche markets, such as the baby/infant food market. In order to capitalize on these trends, the Caborca producers and packers, who traditionally sell their products in bulk, are joining forces to supply the retail sector with packaging more appropriately sized for household consumption (See Marketing section). The introduction and distribution of such packages in chain and convenience stores is projected to become profitable in the medium-term. In addition, some producers are promoting domestically produced raisins in 50-gram bags marketed towards school breakfast programs. The consumption estimate for MY 2004/05 was not changed, while the MY 2005/06 figure was revised slightly upward. This increase in consumption is being driven by low international prices, and reflects the latest industry and official data.

For MY 2006/07, private sources stated that domestic and international prices are expected to stabilize. International prices average U.S. $0.68- $0.80 per pound, while wholesale prices in Mexico City for domestically produced raisins average U.S. $0.58- $ 0.75/lb. During MY 2005/06, wholesale prices of domestically produced raisins ranged from U.S. $0.58 to $0.72/lb, as compared to U.S. $0.68 to 0.85/lb for U.S. raisins.

TRADE

Mexican raisin exports for MY 2006/07 are forecast at 3,900 MT. This slight increase over MY 2005/06 is due to expectations that international prices will be marginally higher than domestic prices. Moreover, when given the choice, Mexican producers prefer to export their product because export-quality raisins generally attract higher prices internationally than they do domestically. The raisin export estimates for MY 2005/06 were revised slightly downward due to lower than expected prices in international markets. Export estimates for MY 2004/05 remained unchanged.

In MY 2006/07, Mexican growers expect to maintain, or even increase, their market share in the United States for two reasons:

1. Mexican raisins have earned a reputation as being of consistent high quality; and
2. Chilean producers' are opting to invest more resources into the European market, especially in light of the strong Euro.

Raisin imports for MY 2006/07 are forecast at 13,300 MT, slightly higher than MY 2005/06, and significantly greater than MY 2004/05. Raisin import estimates for MY 2004/05 remained unchanged while MY 2005/06 figure was revised downward based on recent Secretariat of Economy and industry trade data.

MARKETING

A challenging production environment in Sonora has led to consolidation in the raisin processing and packing industry. Seven plants are currently active, down from nearly 20 five years ago. These processing plants generally export their highest quality raisins, and sell the remaining product on the domestic wholesale market. Traditionally, raisins are marketed in 10 kg boxes. However, wholesalers are starting to customize their packaging based on individual customer preferences. The Caborca producers and packers are currently joining forces to supply the retail sector with smaller packages of 400-gram, one-half kilogram, one-kilogram, and 1.3-kilogram PET (Polyethylene terephthalate) containers. Caborca producers are also pursuing new niche markets, such as baby/infant food. To this end, they are marketing two new products; a wrapped package containing three 28-gram boxes, and a PET package containing 32 14-gram boxes. This joint venture is intended to exclude the wholesaler from the supply chain in an effort to capture more of the profits.