

**Required Report:** Required - Public Distribution

**Date:** September 10,2020

**Report Number:** MX2020-0049

**Report Name:** Avocado Annual

**Country:** Mexico

**Post:** Mexico City

**Report Category:** Avocado

**Prepared By:** Ariel Osoyo

**Approved By:** Rhiannon Elms

**Report Highlights:**

Mexico is the leading producer and exporter of avocados globally, with nearly 964,000 metric tons valued at over USD 2.4 billion exported to the United States in marketing year (MY) 2019/20 (July-June), a historical record for both quantity and value. Production in the state of Michoacán, the only state with U.S. market access, was seven percent higher compared to the previous marketing year, and production and exports are expected to grow even further in MY 2020/21. Despite COVID-19 pandemic challenges to agricultural harvests and supply chains, avocado demand in the United States remained strong and is forecast to increase. Avocados are a significant agricultural product for Mexico, and one of the primary beneficiaries of U.S.- Mexico agricultural trade under the North American Free Trade Agreement (now United States- Mexico- Canada Agreement), with Mexican avocado trade values increasing over 455 percent since its implementation.

## PRODUCTION

The Post avocado production forecast for MY 2020/21 (July/June) is 2.41 MMT, a slight increase from MY 2019/20, on continued expansion in planted area and optimal weather conditions without hail or frost during the growing season. Planted and harvested areas are expected to increase to 243,640 hectares (ha) and 232,495 ha, respectively, with a national yield of 10.36 MT/ha. Producers are consistently applying a number of agricultural practices to ensure quality and food safety, including the planting of trees on lands with high organic matter content and proper drainage. After planting with quality seeds, producers practice good phytosanitary and nutritional management, with extensive monitoring of fields, and worker training in topics like safe handling of pesticides, equipment calibrations, good harvest practices, and post-harvest control. While Mexico produces three types of avocado varieties, Hass is the overwhelming majority, with 97 percent of production. Criollo and Fuerte make up the remaining three percent.

Avocado production in MY 2019/20 reached 2.32 MMT, on official data, six percent higher compared to MY 2018/19 on the increased planted area. Harvest reaches peak from October to February, with an average supply from March to May, and the low season is from June to September.

Michoacán is the main avocado producing state in Mexico, with approximately 26,740 registered producers. Planted area for MY 2020/21 is forecast at 172,479 ha, two percent higher from the previous MY, with production forecast three percent higher at 1.74 MMT. Michoacán has year-round production and accounted for 74 percent of national output in MY 2019/20. The states of Jalisco and Mexico follow with 12 and four percent, respectively. Average yields in Michoacán range from 10 MT/ha to 16 MT/ha, depending on agricultural practices and irrigation availability. Approximately 61 percent of orchards in Michoacán are rain fed, with the remaining using drip or sprinkler irrigation systems. The majority of avocado production in Michoacán occurs in small orchards of just five to ten hectares. Michoacán and Jalisco have created water holes to collect and protect water for use during the dry season.

According to the Association of Producers Exporters of Avocado of Jalisco (APEAJAL), the planted area has reached 30,000 Ha in the state, of which 12,000 are five years old or less, with the expectation of higher yields and productivity in the coming years. There are approximately 3,100 producers in Jalisco, and avocados are harvested throughout the year, with lesser volumes from March to May. Eighty-five percent of orchards are irrigated (both drip irrigation and micro-sprinklers), and the majority of production occurs in orchards of at least ten hectares, with 50 percent of the total planted area owned by 15 to 20 producers. The state of Jalisco cultivates between 400 and 500 trees per hectare and uses precision agriculture, such as the use of drones, to obtain information on the health of the fruit.

**Table 1. Mexican Avocado Production by State MY 2019/20**

State	Planted area (ha)	Harvested area (ha)	Production (MT)
Michoacán	169,939	165,847	1,707,308
Jalisco	26,671	27,089	285,208
México	11,296	9,090	95,964

Nayarit	7,724	6,782	67,077
Morelos	5,731	5,758	57,991
Others	19,779	15,119	108,762
<b>Total</b>	<b>241,140</b>	<b>229,684</b>	<b>2,322,310</b>

\*Source: Agrifood and Fisheries Information Service (SIAP)

### Avocado Producing States



## CONSUMPTION

Most fresh domestic avocado consumption is supplied from non-Michoacán producing states and will depend on prices that are driven by international demand. Producers from Michoacán, the only state with export access to the U.S. market, prefer to export their product to the United States for higher returns.

Domestic consumption for MY 2020/21 is forecast at 1.0 MMT. According to SIAP, per capita consumption is seven kg (approximately 15 pounds) per person. While a staple in Mexican cuisine, avocado consumption has not grown in recent years because of high prices driven by increased international demand.

## TRADE

Mexico is the largest avocado exporter in the world, with nearly 76 percent of total exports going to the United States. Michoacán is currently the only state with phytosanitary clearance to export to the U.S. The Avocado Producer and Exporting Packers Association of Mexico (APEAM) is a cooperating partner of the United States that, in conjunction with the Mexican phytosanitary authorities, ensure that Mexican avocado producers comply with all sanitary rules from the moment the avocado is planted until it is exported. According to APEAM, Michoacán produced 1,145,362 MT of avocados certified for export in MY 2019/20, a five percent increase from the previous marketing year.

### USDA Animal and Plant Health Inspection Service (APHIS) Preclearance Program

APHIS administers Cooperative Service Agreements with the Government of Mexico (GOM) and APEAM to provide preclearance and oversight of avocado exports to the United States. Under the Avocado Preclearance program, APHIS ensures all import requirements are met, and avocado exports are pest-free through the cooperative efforts of USDA and GOM. In cooperation with the GOM, APHIS conducts annual orchard surveys for target pests and only certifies for export those orchards that have been found to be free of target quarantine pests. APHIS also participates in fruit cutting and inspection of avocado fruits at the pack house before exporting the fruit.

Mexican exports for MY 2020/21 are forecast at 1.35 MMT, six percent higher than the previous MY on a continued increase in demand in the United States. Despite the COVID-19 pandemic and challenges to agricultural harvests and supply chains, avocado demand in the United States remains strong and is forecast to increase. As a result, Mexican exports to the United States are forecast at 1.02 MMT, six percent higher than the previous MY, which reached a record for both quantity and value at 963,539 MT and USD 2.4 billion, respectively. U.S. avocado demand is typically highest in February for the Super Bowl, and in May for Cinco de Mayo.

According to APEAM, Michoacán exported 139,954 MT to other countries, including Dubai and the United Arab Emirates, a six percent decrease from previous MY due to the COVID-19 pandemic and increased transportation and logistics prices. APEAJAL was formed in 2013 at the request of producers to help with export prospects. Jalisco has concentrated export efforts on Japan, Canada, France, and Spain. Mexico typically imports small amounts of avocados from California, with 591 MT imported in MY 2019/20.

**Table 2. Mexican Avocado Exports MY 2019/20**

Partner	Unit	Exports			Market Share (%)		
		July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020	2018	2019	2020
United States	T	766,431	888,833	963,539	74.02	77.56	75.75
Canada	T	82,848	88,854	89,010	8	7.75	7
Japan	T	59,677	69,916	66,150	5.76	6.10	5.20
Spain	T	16,107	16,099	25,214	1.56	1.41	1.98
Netherlands	T	22,804	13,172	21,921	2.20	1.15	1.72
Others	T	87,614	69,085	106,178	8.46	6.03	8.35
Total	T	1,035,481	1,145,959	1,272,012	100	100	100

## TARIFFS

Mexican fresh Hass avocados from Michoacán enter the United States duty-free. The producers pay APEAM five U.S. cents per pound of exported avocados to cover USDA inspection fees. Fresh avocado imports (HS 0804.40.01) from the United States are not subject to any duty. They are subject to phytosanitary and sanitary inspections by the Secretariat of Agriculture and Rural Development (SADER).

**Attachments:**

No Attachments