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Spain

Avocado

Spain's avocado sector

1998

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Report Highlights:

Spain's avocado output is forecast to decline in 1998/99, following the record crop of the previous year. As a result of the lower crop expectations, export are forecast to decline.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

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Executive Summary

Spain's avocado output is forecast to decrease about 17 percent in 1998/99 because the ideal growing conditions during 1997/98 are not expected to be repeated again. Consumption is expected to decline slightly as the export market continues to be the emphasis of the sector. Exports are forecast to decline, while imports are forecast to increase slightly, in line with the expectations for the smaller domestic supply. In 1997/98, the mix of strong dollar, record domestic crop, and firm demand from other EU countries boosted Spain's export.

Production

PSD Table						
Country:	Spain					
Commodity:	Fresh Avocados					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Area Planted	8400	8400	84000	8400	0	8400
Area Harvested	7500	7500	7500	7600	0	7600
Bearing Trees	72000	72,000	72000	72250	0	72250
Non-Bearing Trees	1500	1500	1500	1250	0	1250
TOTAL No. Of Trees	73500	73500	73500	73500	0	73500
Production	34000	40000	45000	60000	0	50000
Imports	3000	3331	3000	3560	0	5000
TOTAL SUPPLY	37000	43331	48000	63560	0	55000
Exports	25200	31831	36300	54878	0	47000
Fresh Dom. Consumption	11800	11500	11700	8682	0	8000
Processing Consumption	0	0	0	0	0	0
TOTAL DISTRIBUTION	37000	43331	48000	63560	0	55000

Spain's avocado crop for 1998/99 is forecast at 50,000 metric tons, about 17 percent below last year's. Production is expected to be smaller in 98/99 because growing conditions are not expected to be as ideal as those in 97/98. In addition, by reducing inputs, producers are reportedly trying to optimize rather than maximize output. Some producers, for example, are experimenting with Integrated Management Systems, in order to reduce chemical inputs for environmental reasons.

The 1997/98 crop was a record, and the quality and size of the fruit was extremely good. Many other factors explain the record last crop last year:

- # More orchards were just entering production.
- # Existing orchards were maturing and becoming more productive.
- # Abundant water resources and continually improving production techniques increased yields.
- # Firm demand from other EU countries allowed farmers to risk higher inputs because they were aware of

a secure market for their products.

Area devoted to avocados in Spain is estimated at around 8,400 HA (of which 7,600 hectares are under production), with a population of 73,500 trees, relatively unchanged from 97/98. Production is concentrated in Andalucia (mainly in the provinces of Granada and Malaga), which accounts for about 90 percent of the total area planted to avocados, with the balance produced in the Canary Islands. Avocados produced in peninsular Spain are marketed from October through June, while the Canary Islands crop is marketed from September through March. Avocados in all Spanish growing areas are grown under irrigation, mainly drip irrigation. Avocado producers use high quality seed imported primarily from California. The main avocado variety in Spain is Hass.

Yields for the 1997/98 crop were around 7.9 metric tons per hectare, above the previous year's crop yield of 5.3 metric tons per hectare. Reportedly, the increase in yield is due to increasing maturity of the orchards, the good growing conditions which prevailed over southern Spain during 1997/98, and better production methods.

Producer prices for the 1997/98 avocado crop increased to 130/140 pesetas per kilogram (160 gram pieces) from around 90 pesetas of two years ago. The improved prices were due to better quality output and less competition from Mexican avocados as the strong dollar made Mexico's avocados relatively more expensive.

Consumption

Avocado consumption in Spain is small, about 0.3 Kg per capita, but there does appear to be a growth trend in suburban areas where high quality supermarkets are introducing semi-tropical products to enhance supermarkets image. About 8,000 metric tons are expected to be consumed in Spain during the current season. Consumption remains firm due to increasing familiarity with the product and more abundance/availability in the market.

Avocado is consumed fresh in green salads, with shrimp and as a dip. Due to the introduction of Tex Mex and Mexican restaurants in most Spanish cities, consumers are gaining knowledge of the use of this product. Nevertheless, a market promotion campaign is required to boost avocado consumption in Spain as the product is still considered rather exotic.

Trade

Avocado exports during marketing year 1997/98 amounted to 54,878 metric tons, higher than the previous year, reflecting an increase in domestic exportable supplies. About 97 percent of these exports are shipped to other EU countries, with the balance going to Switzerland. Spanish avocado exports compete in the European market with Israeli, Mexican and South African avocado varieties. Spain's avocados are increasingly recognized in other European markets as having superior quality, appearance, and packaging relative to competing suppliers. Among EU countries, France accounted for almost 70 percent of Spain's avocado exports.

While Spain's success in exporting avocados to other EU countries is expected to continue in the current marketing year, the lower crop forecast is expected to result in a decline in total exports. The strong demand from customers in other EU countries has provided a degree of stability in Spain's avocado sector. As described in the production section, marketing firms and cooperatives are able to provide producers with more attractive terms due to the stability offered in the export market. However, some in the sector have called on the EU to take measures to curb imports from non-EU countries, which are viewed as having an unfair advantage due to what is described as sub-standard working conditions and compensation for their laborers.

In MY 1997/98, Spain imported around 3,560 metric tons of avocados, in comparison with the previous year's imports of 3,331 metric tons. Most of the avocados imported by Spain came from South Africa and Mexico, as the availability of supplies from these countries does not compete with the Spanish avocado crop. U.S. avocado exports to Spain during this period were 0.5 metric tons. Spanish avocado imports during MY 1998 are expected to increase due to smaller production and the higher competitiveness of Mexico's products.

Avocado Exports to EU Countries - MY

Country	Total M. T. July97/June98
France	36,353
U.K.	6,938
The Netherlands	4,142
Germany	2,283
Sweden	1,640
Denmark	1,458
Belgium	254
Italy	228
Portugal	108
Austria	48
TOTAL EU	53,452

Normally, Spanish imports of avocados take place during July-October, when there are no avocados available from the Spanish crop in the local market.

NOTE: Current exchange rate is 142 pesetas/1\$

Import Trade Matrix			
Country:	Spain	Units:	MT
Commodity:	Avocado		
Time period:	CY		
Imports for	0		1997
U.S.		U.S.	
Others		Others	
EU Countries	831	EU Countries	1927
Mexico	1077	Mexico	761
South Africa	148	South Africa	609
Israel	514	Israel	118
Kenya	12	Brazil	42
		Morocco	
Total for Others	2582		3457
Others not listed	43		11
Grand Total	2625		3468

Export Trade Matrix			
Country:	??	Units:	MT
Commodity:	??		
Time period:	CY		
Exports for	0		1997
U.S.		U.S.	
Others		Others	
EU Countries	35792	EU Countries	44332
Switzerland	470	Switzerland	831
Morocco	136	Poland	64
Total for Others	36398		45227
Others not listed			47
Grand Total	36398		45274

Policy

Exports of U.S. fresh avocado must be accompanied by an APHIS phytosanitary certificate. Tariffs vary according to season, but range from a low of 4% Ad Valorem to a maximum of 7% during the harvest period.

Marketing

There is no significant prospects for increases in U.S. exports because consumption is limited and Spain is a net exporter. Spanish avocados can freely enter other EU countries.

