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## Spain

## Avocado

## Trends in Spain's Avocado Sector

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Prepared by:

**Office of Agriculture Affairs**

**U.S. Embassy**

Drafted by:

Gloria Cantos

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### **Report Highlights:**

**While production is forecast to decline somewhat in 1999/00, stable demand from other EU countries should ensure continued growth in Spain's export-oriented avocado sector in the future. As a significant net exporter, Spain holds little possibilities for U.S. avocado exporters.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

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## **Executive Summary**

Following a 22 percent increase in 1998/99, Spain's avocado output is forecast to decline slightly in 1999/2000. Consumption is growing dramatically as consumers are becoming increasingly familiar with the use of the product. While exports sustained a slight decline in 1998/99, the export market continues to be the focus of the sector, particularly destinations in other EU countries. Exports are forecast to remain stable in 1999/00, but pressured by competition from Mexico.

PSD Table						
Country	Spain					
Commodity	Fresh Avocados				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	8400	8400	8400	8400	0	8600
Area Harvested	7600	7600	7600	7600	0	7700
Bearing Trees	72250	72250	72250	72250	0	72500
Non-Bearing Trees	1250	1250	1250	1250	0	2000
TOTAL No. Of Trees	73500	73500	73500	73500	0	74500
Production	60000	60000	50000	73000	0	68000
Imports	3560	3560	5000	2650	0	2500
TOTAL SUPPLY	63560	63560	55000	75650	0	70500
Exports	54878	54878	47000	44900	0	45000
Fresh Dom. Consumption	8682	8682	8000	30750	0	25500
Processing Consumption	0	0	0	0	0	0
TOTAL DISTRIBUTION	63560	63560	55000	75650	0	70500

## Production

Spain's avocado crop for 1999/2000 is forecast at 68,000 metric tons, down slightly from the good crop the previous year. The good yields in 1998/99 were due to the increasing maturity of the orchards, combined with the good growing conditions and enhanced orchard management and production practices. Despite expectations for an increase in area and maturing orchards, production is forecast to decline due to the natural uneven production cycle of the orchards. Nonetheless, area continues to expand as producers are switching to avocados due to the steadily increasing demand and good prices. Reportedly, plant stock has been depleted from nurseries and is sold for the next two years. Over the next five years, area is expected to expand another 25 to 35 percent. Integrated Management Systems, lower pesticide use, and environmental friendly production systems are now commonly used in the sector, as producers attempt to fulfill the growing demand for "natural" and organic products in other European countries.

Area devoted to avocados in 1999/00 in Spain is estimated at around 8,600 HA (of which 7,700 hectares are under production), with a population of 72,500 trees, slightly up from 98/99. Production continues to be concentrated in Andalusia in the provinces of Granada (30,000 MT) and Malaga (40,000 MT), with the balance produced in the Canary Islands. The primary marketing season for domestic produce runs from October through June. Almost all area is irrigated, mainly drip irrigation. The main avocado variety in Spain is Hass.

## Consumption

While still relatively small, consumption has experienced tremendous growth, especially in suburban areas where avocados can be found in almost every supermarket. Consumption remains firm due to increasing familiarity with the product, greater abundance/availability in the market, and the increasing popularity of Tex Mex products and Mexican restaurants. Nonetheless, the product is still considered rather exotic among a large segment of the population.

## Trade

Avocado exports during marketing year 1998/99 amounted to 44,835 metric tons, which was slightly lower than the previous year, reflecting lower sales to other EU countries. About 97 percent of these exports are shipped to other EU countries, with the balance going to Switzerland. France was the destination for about two-thirds of total exports. Spain's primary competitors in the European market are Mexico and South Africa.

Spain's success in exporting avocados to other EU countries is expected to continue in the current marketing season. The stable demand from customers in other EU countries and attractive terms offered to producers by local marketing firms continue to drive production trends in the market.

In MY 1998/99, Spain imported around 2,637 metric tons of avocados. Most of the avocados imported by Spain came from South Africa and Mexico during July/October, when the availability of supplies from these countries does not compete with the local crop.

### Avocado Exports to EU Countries - MY

Country	Total M. T. Jul 98/Jun 99
France	29,161
U.K.	5,267
The Netherlands	2,941
Germany	2,258
Sweden	2,179
Denmark	982
Portugal	585
Belgium	129
Italy	129
Austria	74
Norway	43
Finland	30
Luxembourg	13
TOTAL EU	43,791

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Avocados		
Time period	C. Year	Units:	Metric Tons
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
EU Countries	1927	EU Countries	1930
Mexico	761	Mexico	604
South Africa	609	South Africa	915
Israel	118	Israel	29
Brazil	42	Brazil	60
Morocco	2	Ivory Coast	12
		Chile	4
Total for Others	3459		3554
Others not Listed	9		0
Grand Total	3468		3554

Export Trade Matrix			
Country	Spain		
Commodity	Fresh Avocados		
Time period	Calendar Year	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
EU Countries	44332	EU Countries	56186
Switzerland	831	Switzerland	776
Morocco	64	Poland	117
		Morocco	92
		Canada	20
Total for Others	45227		57191
Others not Listed	47		13
Grand Total	45274		57204

## **Policy**

The possibility of a Free Trade Agreement between the EU and Mexico has alarmed avocado producers in Spain. Currently, avocados imported to the EU from Mexico, Spain's biggest competitor, pay import fees from 4 to 7.5 percent, depending on the month of the year. With the possible removal of these duties as the result of an EU/Mexico FTA, Spain's sector fears increase competition from Mexico in their main markets in the EU.

## **Marketing**

There are no significant prospects for U.S. exports because consumption is limited and Spain is a net exporter.