

Required Report: Required - Public Distribution

Date: October 05, 2021

Report Number: MX2021-0060

Report Name: Avocado Annual

Country: Mexico

Post: Mexico City

Report Category: Avocado

Prepared By: Ariel Osoyo

Approved By: Rhiannon Elms

Report Highlights:

Mexico avocado production for marketing year 2021/22 is forecasted eight percent lower than the record production observed the previous marketing year. While production will remain strong, growers expect trees will need to recover for a season. High international demand and attractive global prices has encouraged producers to export product for higher returns. And while Michoacán is the only state with phytosanitary certification to export to the United States, exports to other global markets are expected to increase in the coming years.

PRODUCTION

The Post forecast for MY 2021/22 (July/June) avocado production is 2.33 million metric tons (MMT), eight percent lower than in the previous MY on reduced tree productivity. Grower's state that they are expecting needed tree recovery after record productivity and production (especially in Michoacán) in the MY 2020/21 season. Additionally, insufficient rainfall and high temperatures are likely to reduce production and yields in non-Michoacan producing states. Planted and harvested areas are forecasted at 227,126 hectares (ha) and 225,910 ha respectively, with a national yield of 10.30 metric tons per hectare (MT/ha). Harvest reaches peak from October to February, with average supply from March to May, and low season from June to September.

Mexico is the largest avocado producer in the world, accounting for 30 percent of global production. Planted area is steadily increasing year over year, at an annual growth rate of three percent, mainly due to high profitability and increased international demand. Mexico produces three varieties of avocado, with Hass accounting for 97 percent of total production and Criollo and Fuerte accounting for the remaining three percent.

Michoacán is the top producing state in Mexico, with 75 percent of national production and 81 percent of total production value. Michoacán is also the only state with phytosanitary certification to export supplies to the United States. According to the Association of Avocado Producers and Packers and Exporters of Mexico (APEAM), there are more than 29,000 registered producers in the state (with small orchards of five to ten ha) with year-round production through four harvests. The first -and most productive- harvest of MY 2021/22 is forecasted 36 percent lower than the previous MY. The main avocado-producing municipalities are Peribán, Los Reyes, Uruapan and Tancítaro. Michoacan's production forecast for MY 2021/22 is 1.78 MMT, nine percent lower than the previous MY, with planted area forecasted at 167,401 ha, and yields forecasted at 10.64 MT/ha. Approximately 63 percent of the states orchards are rain fed, and the remaining are equipped with drip or sprinkler irrigation systems.

Jalisco is the second largest avocado producing state with more than 250,000 tons produced year-round from 3,100 producers (medium sized production of 10 ha or more, and 50 percent of total area among 15 to 20 growers). MY 2021/22 planted area is forecasted at 21,414 ha, two percent higher than the previous MY. Jalisco has 12,000 ha that are five years old or less among its 75 growing municipalities. Eighty-five percent of orchards are irrigated with either drip or micro-sprinklers, and planting is high density and sophisticated with technological advances like drone usage to monitor crop advancement and health.

Table 1. Avocado Production by State MY 2020/21

State	Planted Area (ha)	Harvested Area (ha)	Production (MT)
Michoacán	166,063	166,063	1,956,775
Jalisco	20,920	20,920	252,869
México	9,930	9,930	117,298
Nayarit	6,886	6,886	69,599
Morelos	5,579	5,579	48,013
Others	15,121	15,048	111,037
Total	224,498	224,426	2,555,591

Source: Agrifood and Fisheries Information Service (SIAP)

Avocado Producing States



CONSUMPTION

Most fresh domestic consumption is supplied from the states of Mexico, Nayarit, and Morelos. Domestic consumption for MY 2021/22 is forecast at 1.1 MMT. According to SIAP, annual per capita consumption is seven kilograms (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.

Avocado has a wide range of uses as an industrialized product, including as a base for spreads, and oil production for cosmetic products. Avocado oil production from Hass and Fuerte varieties has increased in recent years.

TRADE

Avocado is the most traded tropical fruit in the world, and Mexico is the world's largest exporter, of which 80 percent of supplies are imported by the United States. Mexico is forecasted to export 1.33 MMT in MY 2021/22, eight percent lower than the previous MY on lower production. Exports to the United States are forecasted at 1.04 MMT. High demand in the U.S. is observed during January/February for the Super Bowl, and in April/May for Cinco de Mayo.

Michoacán, the only state with phytosanitary approvals to export to the United States typically exports approximately 85 percent of production. Profit margins for export to the United States are typically more than 50 percent higher than supplies sold to the domestic market. Michoacán also exported 22 percent greater volumes in MY 2020/21 than the previous MY to non-U.S. markets, on increased production. Canada, Japan, and Spain were the main destinations.

International demand for avocados from Mexico continues to increase, and producers without access to the U.S. market continue to seek international markets with higher profitability than the domestic market. Jalisco exported 26 percent more volume than the previous marketing year in MY 2020/21, mainly to Japan, Canada, France and Spain.

Frozen avocado puree is a common exportable by-products, with a shelf life of eight to ten months.

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 certify 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.

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