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Report Highlights:

Mexican fresh deciduous fruit production faces challenges in marketing year (MY) 2020/21 due to adverse weather. Apple production is expected to decrease 11 percent compared to the previous MY, with grape production also forecast to decrease due to frost damage. Mexican pear production is expected down for the third consecutive year, mainly due to poor returns and a lack of investment and support for the sector. Apple imports from the United States are down from strong levels in the previous MY, mainly due to high carry-over supplies and high prices. Mexico is a price sensitive fruit consumer, and the consumption of apples, pears, and grapes is typically skewed toward consumers with medium to high-income levels. While sources indicate consumer behavior has shifted to consumption of more fruits and vegetables during the COVID-19 pandemic, ongoing economic and purchase-power instability may depress fruit consumption in the following months.

APPLES, FRESH

Area

According to official data from the Agri-Food and Fisheries Information Service (SIAP), the apple planted area for MY (August-July) 2020/21 is forecast at 60,671 hectares, a six percent increase from MY 2019/20, on additional plantings in Chihuahua, Durango, and Zacatecas. Area harvested is forecast at 53,379 hectares, a two percent increase compared to the previous MY.

Apples are grown in more than 20 Mexican states, where Chihuahua holds 56 percent of total area. The state has seen consistent growth over the past ten years, with technologically sophisticated growers renewing old orchards with higher density plantings coupled with newly planted area. Production increases are likely to be observed in the next five years as new trees begin to bear fruit. High-density production accounts for approximately 30 percent of Chihuahua's planted area, with the remainder produced at a more traditional spacing of 350-400 trees per hectare. Golden Delicious plantings have increased in recent years due to favorable climatic conditions for the variety and high domestic demand. Currently, sixty-seven percent of planted area is dedicated to the variety, and 31 percent dedicated to red delicious. Nationally, 79 percent of apple production is mechanized and 91 percent of planted is irrigated with sprinklers, micro-sprinklers, and/or drip irrigation.

Table 1: Planted Area by State
Hectares

State	2019/20	2020/21*
Chihuahua	30,846	33,936
Puebla	7,620	7,499
Durango	6,468	6,577
Coahuila	5,802	5,802
Nuevo León	1,289	1,290
Others	5,392	5,566
Total	57,418	60,671

Source: SIAP

*Forecast

Table 2: Harvested Area by State
Hectares

State	2019/20	2020/21*
Chihuahua	28,512	31,902
Puebla	6,309	6,464
Durango	6,382	5,706
Coahuila	5,475	3,407
Nuevo León	1,261	1,089
Others	5,042	4,811
Total	52,981	53,379

Source: SIAP
*Forecast

Production

The post production forecast for MY 2020/21 is 680,504 MT, an 11 percent decrease from the previous MY due to adverse weather conditions in Chihuahua that affected fruit development. There is little to no government support in the apple industry. Mexico's primary harvest season is from August through October. Golden delicious varieties from Chihuahua enter the market in mid-August, with Red Delicious harvest beginning at the end of August.

Chihuahua's MY 2020/21 production is forecast at 570,000 MT. Producers generally use more advanced production technology, resulting in higher-quality apples and better yields than other states. The state is forecast to produce 83 percent of total Mexican apple production in MY 2020/21.

The national average yield for MY 2020/21 is forecast at 13 MT/ha, with yields in Chihuahua at 18 MT/ha or more for well-tended orchards. Yields in Coahuila are expected at 11 MT/ha and Puebla at six MT/ha.

Table 3: Production by State
Metric tons

State	2019/20	2020/21*
Chihuahua	624,696	570,100
Coahuila	47,769	39,845
Puebla	34,933	34,194
Durango	21,540	9,426
Veracruz	9,248	6,879
Others	624,696	20,060
Total	761,483	680,504

Source: SIAP
*Forecast



Consumption

The Post consumption forecast for MY 2020/21 is 931,608 MT, nine percent lower than MY 2019/20, mainly due to lower production. Mexican consumers are price-sensitive and prefer to buy lower-cost and/or lower quantities of fruits, and consumption will depend on the availability and price of other fruits throughout the year. Sources indicate that the COVID-19 pandemic has encouraged healthier eating habits and could positively affect apples' consumption in the coming months.

Apple consumption for MY 2019/20 is revised up from previous estimates due to record domestic production and corresponding lower prices. Vendors at large wholesale markets did not report significant disruption to sales during the ongoing COVID-19 contingency, as supplies typically sold to the hotel and restaurant industry have been mostly absorbed by the grocery sector. However, some supplies of Chihuahua apples were donated due to an oversupply and lack of storage facilities.

The apple import market is typically dominated by Red Delicious, Gala, and Golden Delicious varieties from the United States. The U.S. apple industry has launched marketing campaigns to increase Washington Gala consumption in areas with high consumer purchasing power in Monterrey and other cities in northern Mexico.

Apple consumption in Mexico is driven by the retail sector, which represents 54 percent of domestic consumption. According to SIAP, annual consumption is 7.6 kg per person. While Mexican consumers like the size, color, and consistency of U.S. apples, Mexican apples are considered sweeter, flavorful, and less crunchy. When prices are favorable, consumers prefer domestically produced golden delicious or Durango varieties. Apples for processing are mainly utilized for juice. Producers prefer to sell to the fresh market for higher returns, with remaining supplies sold to processing facilities.

Trade

Imports

The Post import forecast for MY 2020/21 is 251,104 MT, a two percent decrease compared to MY 2019/20 on ample supplies carried over from last season. More than 65 percent of apples are imported into Mexico from January to July, and extensive cold storage facilities allow for yearlong supplies. More than 97 percent of Mexico's apple imports come from the United States, with Gala, Red Delicious, and Gold Delicious the dominant varieties. The U.S. apple industry consistently relies on the Mexican export market to manage supplies, especially when other markets like China or India are not purchasing U.S. apples. Washington-origin apples account for approximately 85-90 percent of Mexico imports, with California supplying the remainder. Roughly 50 percent of imported Washington apples provide wholesale markets, with small supplies to large grocers.

Table 4: Imports
Metric tons

Partner	MY 2018/19	MY 2019/20
United States	239,349	251,924
Chile	4,959	2,626
Canada	1,717	924
China	244	901
New Zealand	85	331
Argentina	-	276
South Africa	817	107
Total	247,171	257,089

Source: Trade Data Monitor

Exports

Mexican apple exports are residual and forecast at 657 MT for MY 2020/21. Apple exports to the United States come from a limited number of counties in Chihuahua that are recognized as fruit fly free zone by the USDA Animal and Plant Health Inspection Service.

Table 5: Exports
Metric tons

Partner	MY 2019/20
Belize	816
Honduras	343
El Salvador	23
United States	1
Total	1,183

Source: Trade Data Monitor

Tariffs

U.S. apples enter Mexico duty free. Under the Chile-Mexico Free Trade Agreement, imported Chilean apples began to enter duty free as of January 1, 2006. Apples from other countries are subject to a 20 percent duty. Apple H.S. code is 080810.

Prices

According to the National Service of Market Information (SNIIM), imported wholesale prices during MY 2020/21 have been increasing due to higher logistical costs and labor shortages during the onset of the COVID-19 pandemic (April and May). Domestic prices are stable or lower than average due to increased supplies. Prices for imported and domestically produced golden delicious, the variety of most importance for imports and domestic production, are below.

**Table 6. Mexico -Average Monthly Wholesale Apple Import Prices
Golden Delicious
(Pesos/kilogram)**

Month	2019	2020	Change (%)
January	44.35	51.17	15.37
February	44.11	50.85	15.27
March	44.35	50.70	14.31
April	42.89	50.75	18.32
May	41.17	52.29	27.00
June	41.47	N/A	N/A
July	41.27	50.00	21.15
August	40.70	50.58	24.27
September	41.88	46.88	11.93
October	49.29	47.05*	-4.76
November	50.18	N/A	N/A
December	51.17	N/A	N/A

Servicio Nacional de Información de Mercados
2019 Exchange Rate Avg.: U.S.\$1.00 = 19.24 Pesos
October 27, 2020 Exchange Rate: U.S.\$1.00 = 20.98 Pesos
*October 27, 2020.

**Table 7. Mexico -Average Monthly Wholesale Apple Domestic Prices
Golden Delicious
(Pesos/kilogram)**

Month	2019	2020	Change (%)
January	36.42	36.84	1.15
February	37.84	38.28	1.16
March	38.52	38.84	0.83
April	37.34	39.05	4.57
May	36.84	39.73	7.84
June	35.94	N/A	N/A
July	35.45	35.26	-0.53
August	35.05	35.78	2.08

September	34.52	35.83	3.79
October	37.89	35.57*	-11.40
November	36.96	N/A	N/A
December	36.31	N/A	N/A

Servicio Nacional de Información de Mercados
2019 Exchange Rate Avg.: U.S.\$1.00 = 19.25 Pesos
October 27, 2020 Exchange Rate: U.S.\$1.00 = 20.98 Pesos
*October 27, 2020

Table 8: Mexico Apple PSD

Apples, Fresh	2018/2019		2019/2020		2020/2021	
Market Year Begins	Aug 2018		Aug 2019		Aug 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	57,500	57,464	57,405	57,417	-	60,671
Area Harvested (HA)	49,000	48,294	52,301	52,981	-	53,379
Bearing Trees (1000 TREES)	10,076	10,076	11,101	11,101	-	10,140
Non-Bearing Trees (1000 TREES)	3,091	3,091	2,069	2,069	-	3,101
Total Trees (1000 TREES)	13,167	13,167	13,170	13,170	-	13,241
Commercial Production (MT)	658,000	545,569	676,765	759,483	-	678,504
Non-Comm. Production (MT)	2,000	2,000	2,000	2,000	-	2,000
Production (MT)	660,000	547,569	678,765	761,483	-	680,504
Imports (MT)	240,000	247,171	270,000	257,089	-	251,104
Total Supply (MT)	900,000	794,740	948,765	1,018,572	-	931,608
Domestic Consumption (MT)	813,400	794,047	947,765	1,017,389	-	930,951
Exports (MT)	600	693	1,000	1,183	-	657
Withdrawal From Market (MT)	-	-	-	-	-	-
Total Distribution (MT)	900,000	794,740	948,765	1,018,572	-	931,608

PEARS, FRESH

Area

The Post planted area for MY 2020/21 is forecast at 3,692 ha, a two percent decrease from MY 2019/20, based on official data from SIAP. Investment in pear production is generally low, with no growth expected in the coming years. Pears are grown predominately in the states of Puebla and Michoacán, and approximately 85 percent of planted area is rain-fed.

Table 9: Planted Area by State
Hectares

State	2018/19	2019/20	2020/21*
Puebla	1,972	1,872	1,849
Michoacán	935	663	660
Morelos	372	372	344
Chiapas	240	240	237
Veracruz	166	164	162
Others	464	434	441
Total	4,149	3,744	3,692

Source: SIAP

*Forecast

Table 10: Harvest Area by State
Hectares

State	2018/19	2019/20	2020/21*
Puebla	1,935	1,850	1,820
Michoacán	935	663	657
Morelos	372	371	342
Chiapas	240	240	237
Veracruz	166	164	154
Others	441	415	397
Total	4,089	3,702	3,607

Source: SIAP

*Forecast

Production

The Post production forecast for MY 2020/21 is 24,570 MT on lower planted area. Yields are forecast at 6.8 tons/ha. Puebla and Michoacán account for 74 percent of total production. Puebla begins harvest in August/September, while Michoacán starts in June/July. Due to lack of investment- in production technologies and infrastructure- Mexican pears are typical of low quality (small/hard) and prone to disease and damage due to lack of storage and cold chain facilities near production areas. Producers usually do not carry out maintenance and garden development activities (pruning, fertilization, herbicide application, etc.), which means that the product does not reach the desired quality to compete against the

import market. Mexican pears are sold almost exclusively to local markets, with very few sold to supermarkets. Approximately 16 percent of domestic production is processed into jam. In many of the 18 pear producing states, productions serves to compliment other products –mostly grains.

Table 11: Production by State
Metric Tons

State	2018/19	2019/20	2020/21*
Puebla	12,723	12,570	11,786
Michoacán	9,988	6,662	6,543
Morelos	2,184	2,010	2,080
Veracruz	2,069	2,020	1,633
México	531	538	532
Others	2,478	2,177	1,996
Total	29,973	25,979	24,570

Source: SIAP

*Forecast



Consumption

The Post consumption forecast for MY 2020/21 is 105,980 MT. Mexico is a price-sensitive fruit market, and pear consumption depends significantly on the price and availability of other fruits like apples.

U.S. pears are gaining greater visibility and space in supermarkets, as marketing campaigns and favorable prices attract consumers to buy more. Sales are mainly concentrated in the supermarket and hypermarket sector, which typically accounts for 75 percent of all retail pear sales.

Demand is fulfilled almost entirely by imports from the United States, as domestic production is small and low quality. U.S. pears are preferred in Mexico for their quality, perceived value for money, and year-round availability due to Mexico's cold storage infrastructure. Supermarkets generally prefer Anjou pears from the U.S. because they do not bruise easily, have optimal ripening times, and transit by land. Bosc, Bartlett, and Red Anjou varieties are also readily available. Annual per capita pear consumption in Mexico is 0.8 kilograms.

Trade

The United States –specifically the states of Oregon and Washington– is the largest pear supplier to Mexico, with market share typically reaching approximately 90 percent. Argentina, Chile, and China supply the remainder. The Post forecast for MY 2020/21 imports is 81,470 MT. The Post MY 2020/21 export forecast is 60 MT. MY 2019/20 imports are revised down to 83,815 MT due to large volumes of carry-over stocks.

During MY 2019/20, Anjou pears were the leading imported variety at 83.7 percent, followed by Bartlett at 10.5 percent and Bosc, 4.9 percent. The U.S. Anjou export season is from September to July, with Bartlett pears exported from August through February, with supplies available year-round due to cold storage facilities.

Table 12: Imports

Metric tons

Partner	MY 2019/20
United States	75,662
Argentina	6,236
Chile	1,113
China	804
Total	83,815

Source: Trade Data Monitor

Tariffs

The import duty on pears from the United States, Canada, Chile, and Argentina is zero. All other countries is 20 percent. The pear H.S. code is 080830. Only pears from Oregon, Washington, California, and areas not under quarantine are imported into Mexico.

**Table 13: Mexico -Average Monthly Wholesale Pear Import Prices
D'ANJOU
(Pesos/kilogram)**

Month	2019	2020	Change (%)
January	47.44	46.29	-2.42
February	47.22	47.22	0
March	44.35	46.78	5.47
April	47.67	46.78	-1.86
May	46.89	46.94	0.10
June	46.11	N/A	N/A
July	45.56	46.39	1.82
August	45.89	45.56	-0.71
September	45.11	42.71	-5.32
October	44.89	44.62*	-0.60
November	46.18	N/A	N/A
December	46.56	N/A	N/A

Servicio Nacional de Información de Mercados
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Table 14: Mexico Pear PSD

Pears, Fresh	2018/2019		2019/2020		2020/2021	
Market Year Begins	July 2018		July 2019		July 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	4,147	4,149	3,734	3,744	-	3,692
Area Harvested (HA)	4,096	4,089	3,701	3,702	-	3,607
Bearing Trees (1000 TREES)	913	913	822	822	-	801
Non-Bearing Trees (1000 TREES)	11	11	9	9	-	12
Total Trees (1000 TREES)	924	924	831	831	-	813
Commercial Production (MT)	28,940	28,973	26,049	24,979	-	23,570
Non-Comm. Production (MT)	1,000	1,000	1,000	1,000	-	1,000
Production (MT)	29,940	29,973	27,049	25,979	-	24,570
Imports (MT)	91,800	91,653	90,000	83,815	-	81,470
Total Supply (MT)	121,740	121,626	117,049	109,794	-	106,040

Domestic Consumption (MT)	121,640	121,551	116,949	109,733	-	105,980
Exports (MT)	100	75	100	61	-	60
Withdrawal From Market (MT)	-	-	-	-	-	-
Total Distribution (MT)	121,740	121,626	117,049	109,794	-	106,040
(HA) ,(1000 TREES) ,(MT)						

FRESH TABLE GRAPES

Area

The Post area planted forecast for MY 2020/21 (May/April) is 27,050 ha. Growth in area planted is limited to Sonora and Baja California due to high production costs and water availability challenges in the rest of the country. More than 90 percent of the area planted is irrigated. Mexico's principal grape varieties include Perlette, Flame, Sugraone, and Red Globe.

Sonora accounts for 75 percent of the total planted area in Mexico, where producers are planting new high yield varieties. Sonora replants six to eight percent of fields every year to replace old varieties. Currently, 50 percent of the white grape and 25 percent of red grape volumes are new varieties and a small portion of specialty grapes. Baja California has been replanting to produce specialty varieties exclusively for export to the United States. According to producers, Guanajuato, Zacatecas, and San Luis Potosi have planted new areas with table grapes for the domestic market. Some states have planted varieties that allow for an early harvest in April, allowing supplies to hit the export market before the bulk of trade begins in early June.

Grapes are considered a temperate climate crop that can adapt to various climatic regions. Different test plots throughout the country have been planted to expand product offerings and assess the feasibility of expanding the planted areas. Mexico is trying to develop new varieties that are more productive and resistant to diseases; however, access to genetic research is expensive and challenging to obtain. With improved technologies and professionalized operations, labor requirements have evolved, with more managers and specialized skills necessary. Labor needs in Sonora have grown from approximately 3,000 to 5,000 workers, and operations have found a shortage of workers who want to go into production agriculture. Security challenges, long hours, and remote work environments have exacerbated labor shortages.

Table 15: Planted Area by State

Hectares

State	2019/20	2020/21*
Sonora	19,999	20,351
Zacatecas	4,543	5,406
Baja California	457	604
Aguascalientes	348	349
Jalisco	200	130
Others	277	210
Total	25,824	27,050

Source: SIAP

*Forecast

Table 16: Harvested Area by State

Hectares

State	2019/20	2020/21*
Sonora	19,201	19,523
Zacatecas	4,088	4,278
Aguascalientes	315	334
Baja California	456	216
Jalisco	130	130
Others	246	190
Total	24,436	24,671

Source: SIAP

*Forecast

Production

The Post production forecast for MY 2020/21 is 391,168 MT, four percent lower than MY 2019/20, due to frosts in February and March that affected a significant growing region in Sonora and insufficient sunlight during the growing season. The most affected varieties were *Perlettes* and other red seedless varieties such as *Sweet Celebration* and *Arra 29*.

Sonora is expected to produce 85 percent or 320,000 tons of national production in MY 2020/21. Yields in Sonora are forecast at 16.41 MT/ha, with an average of 2,500 plants per hectare. While field yields vary depending on variety and cultivation method, national yield is forecast at 15.8 tons/ha. Harvest in Sonora begins in May and typically ends in July, while Baja California and other states harvest from June to August. Most production from Zacatecas and Guanajuato are sold in local markets.

Table 17: Production by State

Metric tons

State	2019/20	2020/21*
Sonora	350,817	334,534
Zacatecas	41,653	42,935
Aguascalientes	5,769	7,782
Baja California	4,518	2,342
Jalisco	1,895	1,780
Others	2,478	1,795
Total	407,131	391,168

Source: SIAP

*Forecast



Consumption

The consumption forecast for MY 2020/21 is 271,269 MT, slightly lower than MY 2019/20 due to consumers buying lower-cost fruits. Grapes are typically one of the more expensive fruits, and purchases are concentrated among high-income consumers. Consumption in MY 2019/20 is revised lower due to COVID-19 effects on the hotel and restaurant industry as well as decreased purchasing power.

Trade

Imports for MY 2020/21 are forecast at 87,741, slightly lower than MY 2019/20 on decreased demand. While Mexico produces sufficient volumes to meet domestic demand, consumers prefer a broader selection of varieties from the United States and Chile.

While Chilean grape production is primarily counter-seasonal to U.S. production, some Chilean grapes are also available during California's early and late season when they compete directly in the Mexican market. U.S. suppliers export to Mexico from August to December and from January to February—before and after the Mexican season. Chile usually exports from January to April.

The MY 2020/21 export forecast is 207,640 MT, seven percent lower compared to MY 2019/20 on lower production. Most of Mexico's table grapes are exported to the United States.

Table 18: Imports
Metric tons

Partner	MY 2018/19	MY 2019/20
United States	70,670	59,103
Peru	15,007	17,716
Chile	15,903	13,693
Total	101,580	90,512

Source: Trade Data Monitor

Table 19: Exports
Metric tons

Partner	MY 2018/19	MY 2019/20
United States	185,437	224,198
Japan	789	1,499
Australia	-	636
El Salvador	358	469
Costa Rica	343	458
Others	1,420	2,098
Total	188,348	229,357

Source: Trade Data Monitor

Policy

U.S. table grapes can only be imported into Mexico from California due to phytosanitary restrictions prohibiting imports from other states.

Tariffs

Under their respective trade agreements, the import duty on grapes from the United States, Chile, Japan, and Peru is zero. The table grapes H.S. code is 080610.

**Table 20: Average Monthly Wholesale Red Globe Import Prices
(Pesos/kilogram)**

Month	2019	2020	Change (%)
January	44.25	62.10	40.33
February	44.19	52.69	19.23
March	42.55	47.25	11.04
April	42.10	48.80	15.91
May	43.75	53.15	21.48
June	45.31	N/A	N/A
July	43.95	N/A	N/A
August	42.81	N/A	N/A
September	N/A	N/A	N/A
October	N/A	60.75*	N/A
November	45.37	N/A	N/A
December	56.00	N/A	N/A

Servicio Nacional de Información de Mercados
 2019 Exchange Rate Avg.: U.S.\$1.00 = 19.25 Pesos
 October 27, 2020 Exchange Rate: U.S.\$1.00 = 20.98 Pesos
 *October 27, 2020

Table 21: Mexico Table Grape PSD

Grapes, Fresh Table	2018/2019		2019/2020		2020/2021	
	may-18		may-19		may-20	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	25,131	23,000	26,240	25,824	-	27,050
Area Harvested (HA)	23,409	21,000	24,100	24,436	-	24,671
Commercial Production (MT)	369,602	280,000	374,000	406,131	-	390,168
Non-Comm. Production (MT)	1,000	1,000	1,000	1,000	-	1,000
Production (MT)	370,602	281,000	375,000	407,131	-	391,168
Imports (MT)	126,500	80,000	95,000	90,517	-	87,741
Total Supply (MT)	497,102	361,000	470,000	497,648	-	478,909
Fresh Dom. Consumption (MT)	350,602	213,000	250,000	273,456	-	271,269
Exports (MT)	146,500	148,000	220,000	224,192	-	207,640
Withdrawal From Market (MT)	-	-	-	-	-	-

Total Distribution (MT)	497,102	361,000	470,000	497,648	-	478,909
(HA) ,(MT)						

Attachments:

No Attachments