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Fresh Deciduous Fruit

Annual

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Report Highlights:

Apple production for MY 2001/02 is forecast to increase 39 percent to 470,000 MT. Pear production is forecast to increase to 33,500 MT and table grape production is forecast to decrease to 171,000 MT. Imports of these fruits are forecast to keep increasing for MY 2001/02. The United States is by far the largest supplier of these fruits to Mexico.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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SECTION I. SITUATION AND OUTLOOK

APPLES

PRODUCTION

Total Mexican apple production for MY 2001/02 (August/July) is forecast to increase 39 percent or 470,000 MT. Trade sources indicate that weather conditions in Chihuahua, the main apple producing state were very good. There was enough rain during the summer, no freezing temperatures during the flowering season, and no significant damages from hail during the harvest. In general, the color, size and quality of apples from the harvest are expected to be good. In contrast, the production estimate for MY 2000/01 was revised downward based on preliminary official estimates. Weather conditions in Chihuahua, were adverse to apple production. There were freezing temperatures during flowering, less cold hours than needed for fruit coloring, and hail storms during the harvest cycle for MY 2000/01. The national average yield forecast for MY 2001/02 is 7.5 MT/Ha, which is a high yield compared to 6.2 MT/Ha of MY 2000/01. Yields in Chihuahua, are forecast at 13 MT/Ha. Chihuahua, Coahuila and Durango account for 80 percent of total Mexican apple production. Production data for MY 1999/00 remains unchanged.

Area planted is not expected to increase significantly in the next two or three years unless growers have access to credit. Growers indicate that increasing costs of production, tight credit, and limited water, restrict future expansion. Therefore, area planted and harvested are forecast to increase only slightly for MY 2001/02. Small producers that cannot modernize their orchards and plant high yielding trees will find it difficult to continue producing apples. Yields, however, are forecast to continue increasing due to increased density in planted areas. In some areas like Chihuahua, large producers are focusing more on increasing yields and introducing modern technology. To remain competitive, some old orchards are being replaced with higher yield and higher density apple trees (550 trees per hectare or more). Area planted and harvested for MY 2000/01 were revised downward due to bad weather conditions. According to growers, high density varieties account for approximately 20 percent of Chihuahua's planted area. The remainder of the apple producing areas are planted at the more traditional 200 trees per hectare. Most areas in Chihuahua are irrigated. Area planted for MY 1999/00 was revised downward based on final government information.

Mexico's deciduous fruit industry continues to suffer from a lack of credit availability, high interest rates and increases in input costs that limit expansion. According to producers, MY 2001/02 production costs for orchards with frost protection equipment ranges from 22,000 to 34,000 pesos/Ha. (US\$2,391 to 3,695/Ha). Costs for MY 2001/2002, however, were lower for frost protection since temperatures were not as low as usual. Costs in general will vary, depending on the number of nights with freezing temperatures. According to producers, packing costs, which depend on imported inputs, such as boxes and waxes, have remained more or less similar to MY 2000/01 costs.

CONSUMPTION

Mexico's apple consumption for MY 2001/02 is forecast at 525,000 MT, reflecting increased demand due to affordable prices. The apple consumption estimate for MY 2000/01 was revised downward based on less demand due to higher prices. A strengthening of the peso, however, has helped with continued demand for imported product. The MY 1999/00 consumption estimate was revised downward based on recent data.

According to growers, apples for processing for MY 2001/02 will be approximately 90,000 MT, but the final amount will depend upon international prices for concentrated apple juice (CAJ) which have not been favorable. Apple supplies for processing for MY 2000/01 were revised downward because the international price for CAJ was low. MY 1999/00 consumption estimates for apples for industrial use were revised upward based on trade information.

Domestic apple production competes heavily during February/March with other fruits like mango that was valued at about US\$13.00/ 28 Kg. box, and papaya at an average of US\$0.48/kg in February/March 2001. According to wholesale market information, U.S. apple imports dominated the market after March 2001 with higher prices compared to prices in 2000. Prices for U.S. red delicious apples began at approximately US\$21.15 per 19 kg box in January 2001, and ended at US\$23.60 per box by the end of July 2001. In August 2001, wholesale U.S. red delicious were priced at an average of US\$22. per 19 kg box.

TRADE

Apple imports are forecast to decrease to 145,000 MT for MY 2001/02 due to a slower demand for imported apples and to larger domestic apple supplies. Although imports are not expected to be as high as in MY 2000/01, imports will continue due to the downward exchange rate that make them relatively less expensive. Importers, however, are always cautious when importing fruit because of exchange-rate risks. The estimate for apple imports for MY 2000/01 was revised upward to 187,760 MT, based on increased demand. The minimum price per box under the suspension agreement reached in Mexico's dumping case against U.S. exporters was US\$11.48 per box for MY 2000/2001. The minimum price for MY 2001/2002 will be announced in October 2001. Also, all imported apples are subject to the "estimated price" system (reference prices), which is explained below in the Custom Cash Account System Section. The estimate for apple imports for MY 1999/01 remains unchanged. Chilean apple imports are forecast to be lower for MY 2001/02 compared to MY 2000/01, due to greater Mexican production.

Red and golden delicious varieties continue to account for most U.S. exports to Mexico. Mexican consumers like their size and color, as Mexican apples are said to be sweeter. The golden delicious variety, especially, has great import potential since Mexican production of goldens is limited and the quality is generally lower. The U.S. apple industry will continue to face strong competition from other countries, especially Chile. Argentine apples have recently entered the Mexican market under a temporary agreement between the two governments. However, results have been poor because Argentine apples are priced higher than Chilean apples, and there has been minimal effort put into consumer promotion.

Other Trade Agreements

A free trade agreement was signed between Mexico and the European Union (EU) that went into effect on July 1, 2000. This agreement will help strengthen Mexico's strategic position in world trade. Import tariffs for fresh apples, however, were not among agricultural products negotiated in the agreement. They were placed on a waiting list with other sensitive products such as grains, milk and peaches. Mexico gained access to the European market for tropical fruits such as guavas, mangos, limes, grapefruits, and papaya.

POLICY

Mexico has safeguard quotas for apples from the U.S., Canada and Chile under free trade agreements. The Secretariat of Economy (SE) announced on April 3, 2001, that the quota for U.S. apples had been filled (see MX1047). Under NAFTA, the United States had a 2001 quota of 67,641.94 MT at a reduced tariff rate of 4 percent. Upon announcing that the quota was filled, the tariff rate "snapped back" to the non-NAFTA level of 20 percent. Canada's 2001 quota was 1,380.29 MT at a 4 percent tariff rate and was filled as of March 5, 2001, also with a snapback of 20 percent. For Chilean apples, the 2001 import quota was 2,377.7 MT at the low-tariff rate of 8.3 percent and a snapback of 23 percent. With the exceptions of Canada and Chile, apples from other countries are subject to a 20 percent duty.

Customs Cash Account System

In July 1999, the Secretariat of Treasury in Mexico (SHCP) announced the implementation of a Customs Cash Account system. Because of operational problems, the system was not implemented until October 1, 2000. (See Report MX0156). This system requires importers to deposit in a bank account 100 percent of duties assessed on the difference between the export value (including transportation costs and broker's fees) and the value of the shipment based on the predetermined "estimated" price (reference price). These prices, as implied by their name, are "estimated.." SHCP, using price lists, data from Mexican producers, as well as some other information, derives an "estimated" price for the selected products. The estimated price is neither the official price nor a minimum tax base but just an estimation of the products' value in the neighborhood of the real price, i.e., the customs value of the products. The deposit will be held for 6 months or less in an interest-bearing account while the importer attempts to prove that the price is legitimate. In the end, the importer will either receive back his full deposit plus accrued interest, or have the tax difference deducted. The line of credit must be established between the importer and one of the Mexican banks which has been accepted to participate. The previous bond system was scrapped because it was impossible for Treasury to enforce/collect. Wine, beer, pasta, wood products, rice and apples are a few products affected by the estimated price scheme and consequently the Customs Cash Account system. Private sources stated that importers' costs have increased as a result of the regulation. Most apple importers buying U.S. apples do not have to make a deposit since the apples had a higher price than the "estimated price" stipulated by SHCP. This was not the case for the Chilean apples that could not comply with the "estimated price" since Chilean prices were lower, in spite of higher transportation costs.

The estimated price for apples is published and updated in the *Diario Oficial* (Mexican Federal Register). The last update was published on June 6, 2001. Under this announcement, the estimated price for apples was determined on the basis of average import invoices for apples of all varieties from all origins. There are 7 different categories by size, with a different estimated price for each, from US\$0.74/kg for the smallest, to US\$0.825/kg for the largest size.

New Ports of Entry for U.S. Apples

The Secretariat of Treasury (SHCP) has limited the ports of entry for U.S. apples since June 29, 2001, to the following Customs ports: Ciudad Juarez, Nogales, Ciudad Reynosa, Manzanillo and Tijuana (See report MX1102). This situation eliminates the possibility to import U.S. apples through Nuevo Laredo custom port, in spite of the fact that Nuevo Laredo is one of the main import ports. Trade sources stated this announcement is

part of the efforts to establish better control of apple crossing and smuggling. The Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) as well as the FAS office in Mexico City have written letters to SHCP to request the opening of the customs ports just as it is written in the Apple Work Plan negotiated between both countries. SHCP indicated they are considering this matter.

MARKETING

The United States is expected to continue as the main apple supplier to the Mexican market. The U.S. apple industry's continued market and in-store promotion efforts have contributed to that success. Promotions for 2001 include medium-size cities and relatively new varieties such as Gala and Fuji. Mexican consumers still prefer the Red and Golden Delicious varieties more than any others. Commercially, these two varieties have the competitive advantage over other varieties because of their longer shelf life. Another variety widely demanded by consumers is the Rome Beauty, which is mainly used for baking and cooking. The Royal Gala, on the other hand has been less attractive to consumers because it is less colorful.

Mexican producers continue doing market promotions and are now advertising Mexican apples on the radio and certain TV spots. Chilean producers have been working aggressively to penetrate the Mexican market and have introduced several varietal characteristics in an effort to target different population groups. Their promotion strategy focuses on price more than on quality. According to traders, Chile is investing in in-store demonstrations and advertisement. Canada is also promoting its apples by inviting traders to visit Canada with all expenses paid. According to traders, other countries like France, China and South Africa are beginning to explore the Mexican fruit market.

Argentina continues to ship apples to Mexico. However, apples from Argentina in the last two years have been expensive and Argentina has not invested in any promotional activities. Argentine apples are not expected to be very competitive in the Mexican market at this time.

CONCENTRATED APPLE JUICE

PRODUCTION AND TRADE

Reliable concentrated apple juice (CAJ) production numbers are difficult to obtain as there are no Mexican statistical data available. Industry tends to keep partial information, most of which is proprietary. According to industry sources, there are about 9 primary processing plants in Mexico, and the most important four plants are in Chihuahua. The industry indicated that the entry of China's CAJ into the U.S. market reduced Mexico's market share. CAJ production forecast for MY 2001/02 is expected to increase compared to MY 2000/01 due to expected higher demand. The industry indicates that there is more fruit available due to the larger crop, at affordable prices. Fruit for the processing industry for MY 2001/02 is expected to begin at 350 pesos/MT (US\$38.25/MT) compared to an average of 400 pesos/MT (US\$43.34 MT) in MY 2000/01. Apples for processing for MY 2000/01 were revised downward because the demand for CAJ was lower. Reportedly, few plants worked during MY 2000/01. Apples for processing for MY 1999/01 were revised slightly upward based on increased exports of CAJ.

The United States is Mexico's largest CAJ export market. According to Mexican trade data, CAJ exports for CY 2000 were 34,307 MT, an increase of about 16 percent from CY 1999. The countervailing duties imposed

on China's CAJ by the U.S. encouraged Mexico's CAJ production for exporting to the U.S. However, the economic slowdown of the U.S. and the Mexican strong peso against the dollar are expected to cause a slowdown in Mexican CAJ exports to the United States. Three processing plants in Chihuahua are geared towards the export market and they normally export 80 percent of their total CAJ production to the United States. Mexico traditionally imports very little CAJ, and the United States is the main supplier.

Mexican trade data is different from U.S. census data. The likely explanation is a misclassification of products, as Mexican data only has one tariff category for CAJ, while U.S. data has two. Therefore, care should be used in comparing the data.

PEARS

PRODUCTION

Pear production in Mexico is not very significant, thus periodic data is not available from the Mexican government. Total pear production in Mexico for MY 2001/02 (July/June) is forecast at 33,500 MT, a slight increase of 5 percent from MY 2000/01 production due to the on-season cycle and good weather conditions. Approximately 85 percent of the area in Mexico is non-irrigated. Rainfall was good during the growing season. Overall, pear area planted and harvested has declined. The lack of financial support, high costs of production, scarce water supplies in pear producing regions, and disease problems has resulted in an almost stagnant industry. Some growers, however, are beginning to experiment with planting more disease resistant and long shelf-life varieties. Growers indicated that area planted for MY 2001/02 is forecast to remain similar to the revised figure of MY 2000/01 or 4,900 has. unless more credit becomes available.

Pear production estimates for MY 2000/01 were revised downward due to the off-season cycle and lack of rainfall during the production season. Planting and harvesting data have also been revised downward according to recent estimates. Reportedly the state of Puebla has increased area planted for pears, but the increase has been offset by a decrease in area planted from the state of Michoacan. Area planted and harvested estimates for MY 1999/00 were revised downward based on final official data. Michoacan and Puebla are Mexico's main pear producing states, accounting for 70 percent of total Mexican production.

CONSUMPTION

Domestic supply continues to rely on imports, mainly from the United States, because Mexican pear production is minimal and not expanding. Pear consumption for MY 2001/02 is forecast at 141,500 MT, a slight increase over MY 2000/01 consumption, reflecting a slower demand. Pear consumption estimates for MY 2000/01 were revised upward because of a greater demand at affordable prices. Consumption estimates for MY 1999/00 remain unchanged.

Wholesale prices in July, the beginning of MY 2001/02, for U.S. imported pears were on average US\$19 /18 kg box for California pears and US\$22 / 18 kg box for Northwest pears. Wholesale prices for other fruit competing in the domestic market were: guava at US\$7.92/15 kg box, watermelon US\$0.22/kg and mango at US\$16.40/28 kg box. Mexicans prefer the Anjou variety followed by the Bartlett variety. The remaining varieties of pears are not yet highly demanded by consumers in Mexico. Great efforts, however, have been made to promote the

Bosc variety, which is a very sweet and juicy pear but unknown to Mexican consumers in the past. However, the acceptance of this variety is growing rapidly.

TRADE

Pear imports for MY 2001/02 are forecast to increase slightly over MY 2000/01 imports. Pear imports from the U.S. are expected to continue motivated by the stronger peso that makes them relatively less expensive. Smaller volumes, however, are expected due to a decrease in U.S. pear production and the economic slowdown. The pear import estimate for MY 2000/01 was revised upward because of higher demand and good consumer purchasing power. U.S. Bartlett pears are usually imported during July, August and September, while U.S. Anjou pears are imported toward the end of September and October. The pear import estimate for MY 1999/00 remains unchanged.

The presence of Chilean pears is not very significant in the Mexican market because the transportation costs make them more expensive than those from the United States. Pear imports from Chile, however, have grown by almost 18 percent from MY 1999/00 to MY 2000/01 because of the increased demand in the Mexican market. Under the different trade agreements, the import duty on pears from the U.S. and Chile is zero. Argentina exported approximately 592 MT of pears into the Mexican market during CY 2000, and is expected to try again to market a similar volume of pears in CY 2001 at more affordable prices.

MARKETING

The United States continues to be the main supplier of pears. Market promotion efforts for U.S. pears continue in several Mexican cities, supermarkets and street markets. Most of the imported pears are from Washington, Oregon and California. Of total imports, U.S. pears account for approximately 94 percent of the market, while Chilean pears represent approximately 4 percent. Mexican domestic production represents approximately 30 percent of the total market.

Mexican pears, due to its limited production, are almost exclusively sold through local, small markets; very few are sold through supermarkets. One of the Mexican pear varieties which consumers like is the Kiefer variety, better known as Pera Piña. Its limited production, however, keeps it from impacting market preferences.

Chilean pears have good quality, but the cost of transportation makes them more expensive than those from the United States. Chilean producers do not conduct marketing or promotional campaigns for their pears in Mexico, therefore, they have not represented a threat to the U.S. industry, yet. Mexico imported pears from Argentina in CY 2000, but their higher prices placed them in a weak position vis-a-vis U.S. and Chilean pears.

TABLE GRAPES

PRODUCTION

Total table grape production for MY 2001 (Jan-Dec) is forecast at 171,000 MT, a decrease compared to MY 2000 production due to unfavorable weather. According to producers, table grapes in Sonora had untimely cold weather resulting in a delayed harvesting season, less yields and lower quality. Total production, however, is difficult to determine since price relationships between table grapes, raisin grapes, and industrial grapes in any given period might attract more grapes into or out of each market. Production estimates for MY 2000 were revised upward based on more area planted and higher yields than estimated. Production estimates for MY 1999 remain unchanged. Official sources indicated that area planted has been increasing, mainly in the state of Sonora, which is the main table grape producing area, due to attractive prices in the international market and the possibility of diversification to other markets. Some new area planted, however, was offset by old areas that were abandoned. Other areas are being replanted with new varieties. Therefore, the area planted and harvested for MY 2001 is forecast to increase slightly compared to MY 2000 area. The planted and harvested area estimates for MY 2000 were also revised upward based on official preliminary estimates. Area planted for MY 1999 reflects final official estimates. The larger increases in area correspond to Sonora, however, lack of water still limits large expansions. The national average yield forecast for MY 2001/02 is expected at 9 MT/Ha. The national average yield for MY 2000 is estimated at 10.1 MT/Ha. Sonora, however, has an average yield of 10.6 MT/Ha depending on cultural practices. Sonora produces approximately 70 to 75 percent of the total table grape production in Mexico.

According to producers, the cost of production in Sonora for 2001 was between US\$5,000/Ha and US\$6,000/Ha, depending on inputs. Costs for harvesting/packing were approximately US\$4.00/18-lb box. All area for table grapes is irrigated. Producers indicate that expansion is limited mainly by low water availability from aquifers in Sonora. Thus, producers are trying to become more efficient by increasing yields instead of increasing acreage. The high cost of production and high interest rates for credit also limit table grape expansion. In fact, producers indicate that the only credit to which they have access comes from the brokers and distributors from the United States. Growers get advance payments for harvesting and packing table grapes.

CONSUMPTION

Table grape consumption for MY 2001 is forecast at 158,000 MT, an increase of 7 percent compared to MY 2000 consumption, reflecting a good demand at affordable prices. The consumption estimate for MY 2000 was revised upward based on greater demand and good consumer purchasing power.

Wholesale prices for domestic perlette grapes began late in June 2001 at approximately US\$12/10 kg box, higher than June 2000 prices of US\$9.62/10 kg box. Due to the availability of perlette grapes by July 2001, prices had decreased to approximately US\$8/10 kg box. U.S. grape prices for August 2001 were approximately US\$15.38/10 kg box compared to US\$14.50/10 kg box in August 2000. The Thompson variety is the most widely sold in Mexico because consumers prefer seedless grapes. Following this variety in consumer preference is the Red Globe and the Superior varieties.

TRADE

Table grape imports for MY 2001 are forecast at 82,000 MT, an increase of 11 percent over MY 2000 because of a good demand. Table grape imports from the U.S. and other countries are expected to continue motivated by the stronger peso that make them relatively less expensive. However, importers indicate that imports are expected to be slower due to a larger availability of domestic crop at affordable prices and the slowdown of the U.S. economy that could affect exports. Import estimates for table grapes for MY 2000 were revised upward because of good international prices and strong demand. U.S. grape imports represented approximately 62 percent of total Mexican imported grapes in CY 2000, while Chilean grapes represented 38 percent, slightly higher compared to MY 1999 imports. These percentages are expected to stay the same in CY 2001. U.S. table grapes can only be imported from California due to Mexico's phytosanitary restrictions.

According to producers, table grape exports for MY 2001 are forecast at 95,000 MT, a decrease of 18 percent compared to MY 2000 exports due to weather conditions that prevented the Mexican crop to reach the U.S. market on time. Also, the U.S. anti-dumping investigation, prevented table grape sales during May in the U.S. market. Mexican export prices ranged between US\$14 to \$16/10 kg box. The table grape export estimate for MY 2000 was revised upward according to recent trade data. Although the United States is the most important grape market, Mexico is now looking toward Europe and other countries to expand trade. A free trade agreement was signed between Mexico and the European Union (EU) which went into effect on July 1, 2000 (See Other Agreements, Apples). A duty rebate was negotiated for imported table grapes from Mexico. The grape tariff will be phased out from 12.6 percent beginning July 1, 2000. Mexico will have access to a window from April 1 to June 30 in the EU market at the low tariff of 11.025 percent for 2000. According to data, 670 MT were shipped to Great Britain in MY 2000.

U.S. and Chilean table grape production seasons differ, consequently, Chilean grapes do not compete with those from the United States. U.S. suppliers export to Mexico during January/February and August/September, before and after the Mexican season. Chile usually exports in June and July.

Under NAFTA, the import duty for U.S. table grapes for CY 2001, during June 1 to October 14 is 4 percent. Imports of U.S. table grapes for October 15 to May 31 are not subject to a duty since NAFTA's implementation. Under the Mexico - Chile Free Trade Agreement, Chilean table grapes are duty free during January 1 to April 14, and June 1 to December 31. Mexican importers must obtain an import permit during the period April 15 to May 31.

MARKETING

The United States is expected to continue as the main supplier of table grapes to Mexico largely as a result of market promotion efforts by U.S. table grape exporters. The United States aggressively promotes its grapes, while Chile puts very limited resources into promoting their grapes in Mexico. However, domestic production of high-quality grapes compete strongly with those from the United States. As mentioned above, Chilean and U.S. production seasons are different, and therefore there is no direct price competition between them.

SECTION II. STATISTICAL TABLES

Apples, PS&D Table

| PSD Table | | | | | | |
|------------------------|--------------|---------------|------------------------|---------------|---------------|---------------|
| Country | Mexico | | | | | |
| Commodity | Fresh Apples | | (HA) (1000 TREES) (MT) | | | |
| | Revised 1999 | | Preliminary 2000 | | Forecast 2001 | |
| | Old | New | Old | New | Old | New |
| Market Year Begin | 08/1999 | | 08/2000 | | 08/2001 | |
| Area Planted | 66629 | 66120 | 66600 | 64366 | 0 | 64400 |
| Area Harvested | 64475 | 64475 | 60390 | 54023 | 0 | 62700 |
| Bearing Trees | 14506 | 14506 | 13587 | 12155 | 0 | 14107 |
| Non-Bearing Trees | 484 | 370 | 1397 | 2327 | 0 | 382 |
| Total Trees | 14990 | 14876 | 14984 | 14482 | 0 | 14489 |
| Commercial Production | 437866 | 437866 | 380000 | 330245 | 0 | 461000 |
| Non-Comm. Production | 12000 | 12000 | 10000 | 8000 | 0 | 9000 |
| TOTAL Production | 449866 | 449866 | 390000 | 338245 | 0 | 470000 |
| TOTAL Imports | 155590 | 155590 | 170000 | 187760 | 0 | 145000 |
| TOTAL SUPPLY | 605456 | 605456 | 560000 | 526005 | 0 | 615000 |
| Domestic Fresh Consump | 517456 | 514456 | 470000 | 456005 | 0 | 525000 |
| Exports, Fresh Only | 0 | 0 | 0 | 0 | 0 | 0 |
| For Processing | 88000 | 91000 | 90000 | 70000 | 0 | 90000 |
| Withdrawal From Market | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL UTILIZATION | 605456 | 605456 | 560000 | 526005 | 0 | 615000 |

Pears, PS&D Table

| | | | | | | |
|------------------------|--------------|---------------|----------------------|---------------|---------------|---------------|
| PSD Table | | | | | | |
| Country | Mexico | | | | | |
| Commodity | Fresh Pears | | (HA)(1000 TREES)(MT) | | | |
| | Revised 1999 | | Preliminary 2000 | | Forecast 2001 | |
| | Old | New | Old | New | Old | New |
| Market Year Begin | 07/1999 | | 07/2000 | | 07/2001 | |
| Area Planted | 5100 | 5007 | 5050 | 4900 | 0 | 4900 |
| Area Harvested | 5000 | 4957 | 5000 | 4855 | 0 | 4860 |
| Bearing Trees | 1040 | 1031 | 1040 | 1010 | 0 | 1018 |
| Non-Bearing Trees | 20 | 10 | 10 | 9 | 0 | 8 |
| Total Trees | 1060 | 1041 | 1050 | 1019 | 0 | 1026 |
| Commercial Production | 31852 | 31852 | 32500 | 30500 | 0 | 32000 |
| Non-Comm. Production | 1500 | 1500 | 1500 | 1500 | 0 | 1500 |
| TOTAL Production | 33352 | 33352 | 34000 | 32000 | 0 | 33500 |
| TOTAL Imports | 74158 | 74158 | 95000 | 104000 | 0 | 110000 |
| TOTAL SUPPLY | 107510 | 107510 | 129000 | 136000 | 0 | 143500 |
| Domestic Fresh Consump | 105510 | 105510 | 127000 | 134000 | 0 | 141500 |
| Exports, Fresh Only | 0 | 0 | 0 | 0 | 0 | 0 |
| For Processing | 2000 | 2000 | 2000 | 2000 | 0 | 2000 |
| Withdrawal From Market | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL UTILIZATION | 107510 | 107510 | 129000 | 136000 | 0 | 143500 |

Table Grapes, PS&D Table

| | | | | | | |
|------------------------|--------------------|---------------|------------------|---------------|---------------|---------------|
| PSD Table | | | | | | |
| Country | Mexico | | | | | |
| Commodity | Fresh Table Grapes | | | (HA)(MT) | | |
| | Revised 1999 | | Preliminary 2000 | | Forecast 2001 | |
| | Old | New | Old | New | Old | New |
| Market Year Begin | 01/1999 | | 01/2000 | | 01/2001 | |
| Area Planted | 18448 | 18436 | 18450 | 19110 | 0 | 19500 |
| Area Harvested | 18088 | 18088 | 18100 | 18720 | 0 | 19100 |
| Commercial Production | 183615 | 183615 | 165000 | 187370 | 0 | 169200 |
| Non-Comm. Production | 2000 | 2000 | 2000 | 2000 | 0 | 1800 |
| TOTAL Production | 185615 | 185615 | 167000 | 189370 | 0 | 171000 |
| TOTAL Imports | 51896 | 51896 | 57000 | 73744 | 0 | 82000 |
| TOTAL SUPPLY | 237511 | 237511 | 224000 | 263114 | 0 | 253000 |
| Domestic Fresh Consump | 129681 | 129681 | 114000 | 147700 | 0 | 158000 |
| Exports, Fresh Only | 107830 | 107830 | 110000 | 115414 | 0 | 95000 |
| For Processing | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal From Market | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL UTILIZATION | 237511 | 237511 | 224000 | 263114 | 0 | 253000 |

Apple Prices

| AVERAGE MONTHLY WHOLESALE APPLE PRICES Red Delicious/ Pesos/Kilogram 1/ | | | |
|--|--------|--------|----------|
| Month | 2000 | 2001 | Change % |
| January | 7.85 | 10.14 | 29.17 |
| February | 7.55 | 10.78* | 42.78 |
| March | 7.00 | 11.03* | 57.57 |
| April | 8.89 | 11.28* | 26.88 |
| May | 11.08* | 11.90* | 7.40 |
| June | 11.72* | 11.78* | 0.51 |
| July | 12.01* | 11.37* | (5.33) |
| August | 12.02* | N/A | N/A |
| September | 10.36 | N/A | N/A |
| October | 10.25 | N/A | N/A |
| November | 10.87 | N/A | N/A |
| December | 10.47 | N/A | N/A |
| CIF - Mexico City | | | |

SOURCE: SNIM

AVERAGE EXCHANGE RATE FOR 2000 USD\$1.00 = \$9.55 PESOS

EXCHANGE RATE (AUGUST 27, 2001) US\$1.00 = \$ 9.14 PESOS

Note: 1/- "*" represents prices for imported apples. Domestic apple prices were not available. Other prices represent domestic prices only.

Exchange Rates

| MONTHLY EXCHANGE RATE AVERAGES | | | |
|---------------------------------------|-------------|-------------|-------------|
| | 1999 | 2000 | 2001 |
| January | 10.13 | 9.02 | 9.76 |
| February | 10.01 | 9.43 | 9.70 |
| March | 9.75 | 9.28 | 9.60 |
| April | 9.43 | 9.37 | 9.33 |
| May | 9.38 | 9.50 | 9.14 |
| June | 9.53 | 9.81 | 9.09 |
| July | 9.37 | 9.43 | 9.15 |
| August | 9.38 | 9.27 | |
| September | 9.33 | 9.33 | |
| October | 9.52 | 9.52 | |
| November | 9.40 | 9.50 | |
| December | 9.38 | 9.44 | |
| Annual Avg. | 9.55 | 9.40 | |

Source: Mexican Federal Register

Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.

Grape Prices

| AVERAGE WHOLESALE GRAPE PRICES CIF Mexico City -- Dollars/10 kg Box | | | |
|--|------------|--------|-------|
| 2001 | CALIFORNIA | MEXICO | CHILE |
| JAN | 13.10 | | 11.20 |
| FEB | | | 10.76 |
| MAR | | | 12.45 |
| APR | | | 14.83 |
| MAY | | | 13.18 |
| JUN | | 12.45 | |
| JUL | | 12.25 | |
| AUG | 15.38 | 13.18 | |

Source: Market Survey (Grupo PM)

Note: Shaded area means not enough volume to calculate an average price or absence of product.

Pear Prices

| AVERAGE WHOLESALE PEARS PRICES CIF Mexico City -- Dollars/ 18 kg Box | | | |
|---|-------------------------------|-------|------------|
| 2001 | U.S. (NORTHWEST VARIETIES) | CHILE | CALIFORNIA |
| JAN | 17.65 | 12.89 | |
| FEB | 15.58 | 12.69 | |
| MAR | 16.05 | 13.21 | |
| APR | 19.56 | 15.65 | |
| MAY | 17.03 | 12.30 | |
| JUN | 19.02 | 11.50 | |
| JUL | 21.34 | 16.27 | 18.14 |
| AUG | 22.50 | | |

Source: Market Survey (Grupo PM)

Trade Matrixes

Apples

| EXPORTS FOR 2000 TO: METRIC TONS | | IMPORTS FOR 2000 FROM: METRIC TONS | |
|-------------------------------------|-----|---------------------------------------|---------|
| U.S | 48 | U.S. | 155,027 |
| OTHERS | | OTHERS | |
| EL SALVADOR | 21 | CHILE | 22,020 |
| BELIZE | 19 | CANADA | 6,889 |
| OTHERS NOT LISTED | 19 | OTHERS NOT LISTED | 20,333 |
| GRAND TOTAL | 107 | GRAND TOTAL | 184,451 |

| EXPORTS FOR 2001* TO: METRIC TONS | | IMPORTS FOR 2001* FROM: METRIC TONS | |
|--------------------------------------|----|--|---------|
| U.S | 10 | U.S. | 125,868 |
| OTHERS | | OTHERS | |
| BELIZE | 4 | CHILE | 12,261 |
| | | CANADA | 3,886 |
| OTHERS NOT LISTED | 0 | OTHERS NOT LISTED | 20 |
| GRAND TOTAL | 14 | GRAND TOTAL | 142,035 |

Source: Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

* As of May 2001.

Pears

| EXPORTS FOR 2000 TO: METRIC TONS | | IMPORTS FOR 2000 FROM: METRIC TONS | |
|-------------------------------------|----|---------------------------------------|--------|
| U.S | 24 | U.S. | 84,828 |
| OTHERS | | OTHERS | |
| GUATEMALA | 7 | CHILE | 3,308 |
| OTHERS NOT LISTED | 5 | OTHERS NOT LISTED | 612 |
| GRAND TOTAL | 36 | GRAND TOTAL | 88,748 |

| EXPORTS FOR 2001* TO: METRIC TONS | | IMPORTS FOR 2001* FROM: METRIC TONS | |
|--------------------------------------|----|--|--------|
| U.S | 18 | U.S. | 39,523 |
| OTHERS | | OTHERS | |
| BELIZE | 1 | CHILE | 2,953 |
| OTHERS NOT LISTED | 0 | OTHERS NOT LISTED | 0 |
| GRAND TOTAL | 19 | GRAND TOTAL | 42,476 |

Source: Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

* As of May 2001.

Table Grapes

| EXPORTS FOR 2000 TO: METRIC TONS | | IMPORTS FOR 2000 FROM: METRIC TONS | |
|-------------------------------------|---------|---------------------------------------|--------|
| U.S | 114,544 | U.S. | 45,468 |
| OTHERS | | OTHERS | |
| UNITED KINGDOM | 671 | CHILE | 28,260 |
| CANADA | 87 | CANADA | 16 |
| OTHERS NOT LISTED | 112 | OTHERS NOT LISTED | 0 |
| GRAND TOTAL | 115,414 | GRAND TOTAL | 73,744 |

| EXPORTS FOR 2001* TO: METRIC TONS | | IMPORTS FOR 2001* FROM: METRIC TONS | |
|--------------------------------------|--------|--|--------|
| U.S | 20,742 | U.S. | 1,705 |
| OTHERS | | OTHERS | |
| UNITED KINGDOM | 242 | CHILE | 30,482 |
| OTHERS NOT LISTED | 4 | OTHERS NOT LISTED | 0 |
| GRAND TOTAL | 20,988 | GRAND TOTAL | 32,187 |

Source: Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

* As of May 2001.

Apple Juice

| EXPORTS FOR 2000 TO: KILOGRAMS | | IMPORTS FOR 2000 FROM: LITERS | |
|---|-------------------|--|------------------|
| U.S | 31,602,707 | U.S. | 1,255,817 |
| OTHERS | | OTHERS | |
| VENEZUELA | 616,180 | CHILE | 810,262 |
| GUATEMALA | 417,982 | CHINA | 722,437 |
| OTHERS NOT LISTED | 1,670,368 | OTHERS NOT LISTED | 672,662 |
| GRAND TOTAL | 34,307,237 | GRAND TOTAL | 3,461,178 |

| EXPORTS FOR 2001* TO: KILOGRAMS | | IMPORTS FOR 2001* FROM: LITERS | |
|--|------------------|---|------------------|
| U.S | 5,432,998 | U.S. | 934,074 |
| OTHERS | | OTHERS | |
| VENEZUELA | 495,310 | CHILE | 820,374 |
| EL SALVADOR | 118,754 | CHINA | 201,437 |
| OTHERS NOT LISTED | 496,775 | OTHERS NOT LISTED | 150,444 |
| GRAND TOTAL | 6,543,837 | GRAND TOTAL | 2,106,329 |

Source: Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

* As of May 2001.

NAFTA Tariffs

| NAFTA TARIFF REDUCTIONS -U.S. APPLES, PEARS & GRAPES- | | | | | |
|--|----------|--------------------|-----------|--------------------|--------------------|
| Year | | Apples | | Pears | Grapes |
| | | Duty ^{/a} | TRQ (MT) | Duty ^{/b} | Duty ^{/c} |
| 0 | | 20% | | 20% | 20% |
| 1 | JAN 1994 | 18% | 55,000.00 | 16% | 18% |
| 2 | JAN 1995 | 16% | 56,650.00 | 12% | 16% |
| 3 | JAN 1996 | 14% | 58,349.50 | 8% | 14% |
| 4 | JAN 1997 | 12% | 60,099.98 | 4% | 12% |
| 5 | JAN 1998 | 10% | 61,902.90 | 0% | 10% |
| 6 | JAN 1999 | 8% | 63,759.02 | | 8% |
| 7 | JAN 2000 | 6% | 65,671.79 | | 6% |
| 8 | JAN 2001 | 4% | 67,641.94 | | 4% |
| 9 | JAN 2002 | 2% | 69,671.19 | | 2% |
| 10 | JAN 2003 | 0% | -- | | 0% |

Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register)

^{/a} Tariff to be eliminated in ten equal annual stages beginning on January 1, 1994 and ending in December 31, 2002, with a Tariff Rate Quota (TRQ). If TRQ is filled a 20% duty will be applied on over quotas.

^{/b} Tariff to be eliminated in five equal annual stages, beginning on January 1, 1994 and ending December 31, 1997.

^{/c} Tariff to be eliminated in ten equal annual stages, beginning January 1, 1994 and ending December 31, 2002. Duties apply for imported grapes from Jun 1 to Oct 14. Grapes imported between Oct 15 and May 31 have not been subject to a duty since NAFTA implementation.

Tariffs for Chile

| TARIFF REDUCTION SCHEDULE -CHILEAN APPLES, PEARS & GRAPES- | | | | |
|---|---------------|-----------------------|--------------|---------------------------|
| YEAR | APPLES | | PEARS | GRAPES |
| | Duty | TRQ (MT) | Duty | Duty ^{/d} |
| 1998 | 13.3% | 2,156.7 | 0% | 0% |
| 1999 | 11.7% | 2,200.0 | 0% | 0% |
| 2000 | 10.0% | 2,264.5 ^{/f} | 0% | 0% |
| 2001 | 8.3% | 2,377.7 | 0% | 0% |
| 2002 | 6.7% | 2,496.6 | 0% | 0% |
| 2003 | 5.0% | 2,621.4 | 0% | 0% |
| 2004 | 3.3% | 2,752.4 | 0% | 0% |
| 2005 | 1.7% | 2,890.0 | 0% | 0% |
| Starting 1/1/2006 | 0.0% | 0 ^{/g} | 0% | 0% |

Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register) published on July 28, 1999.

^{/d} Grape imports made between January 1 to April 14, and June 1 to December 31 are duty free Imports, from April 15 to May 31 must have an import permit to be duty free.

^{/f} Initial TRQ that will be incremented on an annual basis five percent up from the previous figure starting on 2000 up to 2005 inclusive.

^{/g} Starting on January 1st. 2006, imports of Chilean fresh apples will be duty free and not subjected to TRQ quotas.