

**Required Report:** Required - Public Distribution

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**Report Name:** Avocado Annual

**Country:** Mexico

**Post:** Mexico City

**Report Category:** Avocado

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**Report Highlights:**

As global avocado demand continues to grow, Mexican producers are looking to increase yields to meet that demand, particularly in the U.S. MY 2019/20 Mexican production and export volumes are expected to remain stable. However, in coordination with the Association of Avocado Producers, Packers, and Exporters of Mexico (APEAM), producers are working to improve environmental conditions (healthier soils and access to water) in order to obtain better yields and increased production, as demand in the United States is nearly impossible to satisfy. Mexico remains the top supplier to the United States (who is the largest global importer of avocados), with 87 percent of market share in 2018.

## Production:

Avocado is one of the most important agricultural products in Mexico, and production continues to grow in accord with demand in the United States and around the world. Mexico was the largest producer and exporter of avocados in the world in 2018, with expectations to hold the top spot again in 2019. Production volumes from January to October of 2019 reached 1.83 million tons, 4.3 percent higher in comparison to 2018. The largest supply of avocados harvested is from October to February, an average supply from March to May, and the low season is from June to September.

The Post avocado production forecast for MY 2019/20 (July/June) is 2.26 MMT, based on official forecasts from the Agrifood and Fisheries Information Service (SIAP). MY 2018/19 production reached 2.18 million tons, according to final data from, an increase of 7.6 percent compared to MY 2017/18. This production increase was due to a 9.3 percent increase in the area harvested. Michoacán is the main avocado producing state in Mexico, and the only state with year-round production. In MY 2018/19 Michoacán accounted for 76 percent of national production, followed by Jalisco and Mexico, with 9.2 and 4.5 percent respectively.

Most of the avocado production in Michoacán occurs in small orchards of just five to ten hectares. Yields vary from eight to 10 metric tons per hectare (MT/Ha) or more depending on the level of technology used. Michoacán and Jalisco states are over 11 MT/Ha. Producers indicate that the overall average for the last three marketing years has been 10.5 MT/Ha.

**Table 1: Avocado planted area in Mexico**

**Hectares (Ha)**

<b>State</b>	<b>MY 2018/19</b>	<b>MY 2019/20</b>	<b>Change</b>
Michoacán	166,604	167,745	0.68%
Jalisco	22,529	23,682	5.12%
México	10,458	10,266	-1.83%
Nayarit	7,063	7,611	7.77%
Morelos	5,433	5,833	7.37%
Others	19,438	20,179	3.81%
<b>Total</b>	<b>231,524</b>	<b>235,316</b>	<b>1.64%</b>

Source: Agrifood and Fisheries Information Service (SIAP)

**Table 2: Avocado Production per State**

**Metric Tons (MT)**

<b>State</b>	<b>MY 2018/19</b>	<b>MY 2019/20*</b>	<b>Forecasted Change</b>
Michoacán	1,674,855	1,722,900	2.87%
Jalisco	201,804	200,484	-0.65%
State of México	97,806	110,494	12.97%
Morelos	43,644	55,453	27.06%
Nayarit	57,563	68,767	19.46%
Others	108,990	108,918	-0.07%
<b>Total</b>	<b>2,184,662</b>	<b>2,267,017</b>	<b>3.77%</b>

Source: Agrifood and Fisheries Information Service (SIAP)

\*Forecast

**Consumption:**

Mexican consumption of fresh avocados will depend on prices and amount of export potential, as producers prefer to export their product due to higher returns. Most fresh domestic consumption comes from non-Michoacán producing states, as they do not have access to the U.S. market.

Domestic consumption for MY 2019/20 is forecasted at 810,000 MT. According to SIAP, per capita consumption is 7 kg per person. While a staple in Mexican cuisine, avocado consumption has not grown in recent years because of high prices, mainly driven by increased international demand.

**Table 3: Avocado Wholesale Prices**

**Mexico City MX Pesos /Kg**

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
January	35.96	33.21	-7.64
February	37.13	31.08	-16.29
March	35.10	31.27	-10.91
April	40.00	45.73	14.32
May	45.36	58.13	28.15
June	41.64	64.94	55.95
July	40.11	70.65	76.14
August	39.73	51.93	30.7
September	41.72	48.83	17.04
October	35.32	35.86	1.52
November	32.69	31.32	-4.19
December	34.78	-	-

Source: Ministry of Economy

Most states grow the Hass variety due to its longer shelf life and demand in foreign markets. Other avocado varieties planted in Mexico at smaller scales are Fuerte, Criollo, Bacon, Pinkerton, Gwen, and Reed.

**Trade:**

Mexico is the largest avocado exporter in the world and send most of its supply to the United States. The stability of the market and transportation advantages mitigate most competition from other suppliers. Currently, the state Michoacán is the only state with phytosanitary clearance to export to the United States.

Total Mexican exports during MY 2018/19 were 1.145 MMT; this is 10.66 percent higher than the exported in MY 2017/18. Mexican exports to the United States during MY 2018/19 were 15.97 percent higher than the previous year, and MY 2019/20 exports are expected to continue to increase. Exports to the United States for MY 2019/20 are forecast at 1.0 MMT, a 12.5 percent increase from the previous MY.

Mexico also exports avocados to Canada and Japan. The Post forecast for avocado exports for MY 2019/20 is 1.25 MMT due to continued strong international demand and increased production.

According to sources, avocado producers are working to develop markets in the Middle East, including Turkey, Kuwait and Dubai. There is also interest in exporting to Hong Kong. Producers are able to apply a specialized treatment to allow for the 38 days of transit and ensure high quality upon arrival.

Due to large domestic supplies of avocados, there are almost no imports of this product, with the exception of a small amount from California.

**Table 4. Mexico Exports of Avocado (July to June)**

**Metric Tons**

<b>Country</b>	<b>MY 2017/18</b>	<b>MY 2018/19</b>	<b>MY 2019/20*</b>
United States	766,431	888,833	186,958
Canada	82,848	88,854	19,285
Japan	59,677	69,916	15,598
Spain	16,107	16,099	8,938
France	17,479	14,195	4,303

Source: Global Trade Monitor (GTM)

\*Exports through September 30

**Policy:**

Currently, Michoacán is in the only state in Mexico with phytosanitary clearance to export avocados to the United States.

**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, but are subject to phytosanitary and sanitary inspections by the Secretariat of Agriculture and Rural Development (SADER).

**Attachments:**

No Attachments