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LADB Staff

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Final Barrier Eliminated for Exporting Mexican Avocados into U.S. Market

by LADB Staff

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The US has finally eliminated restrictions on imports of Mexican Hass avocados to California, Florida, and Hawaii, effectively closing the chapter on a bilateral trade dispute that has existed for 83 years. The US imposed the embargo in 1914 because of concerns that imported Mexican avocados could bring pest infestations, which would damage the US crop.

US authorities initiated the opening of the US market in 1996 by allowing Mexican avocados to be shipped to 19 states during a four-month period (see SourceMex, 1996-10-16). The policy was expanded a few years later to include an additional 11 US states (see SourceMex, 2001-08-29). In 2004, the US lifted the four-month restriction, thus allowing Mexican avocado imports to enter the country year round to 47 states (see SourceMex, 2004-12-08).

The full opening of the market occurred with no resistance from the powerful California Avocado Commission (CAC). The organization had originally rejected any opening to Mexican-avocado imports, citing concerns that pest infestations could cause a potential loss of US\$3.3 billion to the US industry (see SourceMex, 2001-08-29).

Mexico has worked hard in the past several years to implement strict phytosanitary regulations to ensure that its avocado exports meet US requirements. US avocado-industry sources acknowledge that Mexico has exported high-quality pest-free avocados to the US since 1996, which has reduced any resistance from California growers to the imports. "The perception by California growers of the Mexican industry is somewhat skewed from the long fight over phytosanitary issues. There is a lot of perception that is not based on reality," said Charley Wolk, chairman of the California-based Hass Avocado Board. "If you look at their performance when they gained entry for fresh avocados into the United States, other than their initial beginning, they have been very businesslike."

Mexican produce to ease impact of California freeze

The arrival of Mexican avocados is very timely this year because extremely cold temperatures in January destroyed about 55 million kg of avocados in California, which is 25% to 30% of the crop projected for 2006-2007, said the CAC. "In the global market, the US consumption has grown so much and, when you take out a portion of fruit, it quite frankly wreaks havoc in the marketplace, so it is a positive there are added volumes and sources from different parts of the world," Jim Donovan, a vice president at Mission Produce in Oxnard, California, told Capital Press, an agriculture publication that covers the western US. Mexico is also now in a position to better compete with Chile to supply the US market with avocados.

Until two years ago, Chile accounted for the lion's share of US avocado imports. Mexico surpassed Chile in 2005 even without access to the California, Florida, and Hawaii markets. The freeze damage

is expected to have repercussions beyond the current marketing year, as most trees are expected to take as long as two years to recover. This opens the possibility for growers in Michoacan and other states to establish a firm foothold in California while continuing to supply the rest of the country. "Michoacan producers have the capacity to supply the entire US market," said Alfredo Rodriguez, owner of Agro-Export, which supplies about 5% of the Mexican avocados shipped to the US market. "We're predicting an increase in US sales of at least 25%, and we think that figure will grow an additional 15% within the next three years."

Rodriguez and other industry sources said that Mexican growers will have to continue to place a priority on exporting a high-quality product to maintain their market. "The rules of the program haven't changed a bit in Mexico. Growers still have to be certified and go through all of the regulations and requirements," said Donovan. He said tough growing and importing rules that took effect in Mexico 10 years ago will remain.

The opening of the California market is so important to the Mexican avocado industry that President Felipe Calderon traveled to Michoacan state in early February to participate in a special ceremony commemorating the first shipment of the produce from Michoacan to the US state. Michoacan accounts for 80% of Mexico's avocado production. "This opening of the market in California became possible thanks to our strong export program in recent years, which ensures that our product is pest-free and of high quality," said Calderon, a native of Michoacan.

California producers, meanwhile, are not concerned about losing market share in their own state to the Mexican imports. This is in part because US demand for avocados has grown significantly in recent years and is expected to remain steady or expand in the near future. Per capita consumption of avocados has increased at a steady pace in the US since the 1970s, with about 1 billion pounds consumed annually in the country, said a CAC study. The study says avocados are occasionally a part of the grocery list for 43% of US households. "We expect Mexico will make an orderly entry into California," said CAC vice president Tom Bellamore. "With the freeze damage we have had, Mexico will help augment supplies and serve a consumer market that continues to grow in the United States." (Sources: El Economista, 02/01/07; El Universal, Notimex, The Herald-Mexico City, Associated Press, The San Francisco Chronicle, Capital Press, 02/02/07, Los Angeles Times, 02/06/07)

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