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Spike in Lime Prices in Mexico Linked to Disease, Unrest in Key Growing Areas

by Carlos Navarro

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The basket of basic consumer goods is an important measure to determine the affordability of the cost of basic goods and services for the poorest families in Mexico. The basket tracks the price of almost 100 products, including corn, beans, wheat flour, instant coffee, powdered chocolate, toilet paper, toothpaste, laundry soap, and much more. One product that is part of the basket but often gets little attention is the green Persian lime, known in Mexico as limón verde.

Reports from the government's statistics office (Instituto Nacional de Estadística y Geografía, INEGI) and other agencies indicate that the price of limes increased by as much as 200% in the first three months of the year, because of a combination of disease, bad weather during key development stages, high insecurity in some of the producing states, and seasonal factors.

In some locations, lime prices rose to as high as 80 pesos (US\$6.00) per kilogram in the first quarter of the year, prompting some commentators to describe the fruit as oro verde (green gold). Prices have since dropped to about 40 pesos (US\$3.00) per kg in many places, but this is still much higher than they were at the end of last year. "One year ago it was 15 to 20 pesos (US\$1.15 to US\$1.50) per kilogram. Now it's 50 pesos" (US\$3.80), Mario Aguilar, a fruit vendor in Mexico City, told USA Today.

The Mexico City daily business newspaper El Financiero pointed out that prices rose despite a nearly 200% increase in the amount of limes imported from overseas in January and February.

An important ingredient in Mexican cooking

In a typical year, Mexico produces more than 2 million tons of limes for the domestic market, of which 60% are sold as fruit to consumers and 40% is processed by the food industry.

The surge in the price of limes has caused concerns among consumers, as lime juice is a very important garnish in Mexican cuisine. Political analyst Luis Lauro Carrillo points out that the lime and Mexican food have enjoyed a special relationship for many generations. "The lime is among the products in Mexico's basic basket of consumer goods and is used by the majority of housewives in cooking, as a condiment, and as an addition to several dishes and beverages," Carrillo wrote in the daily newspaper La Verdad de Tamaulipas. "One would not be able to fully appreciate chicken, fish, or beef broth [caldo], tacos, seafood, grilled meats, and much more without a few drops of lime juice. The lime has become essential to Mexican cooking."

The concerns about the high lime prices have not escaped President Enrique Peña Nieto's administration. "We are evaluating the situation to determine if there is a mechanism to address the high price of limes," Economy Secretary Ildefonso Guajardo said in mid-March.

At the same time, Guajardo advised consumers to adapt. For example, he said, ingredients other than limes could be used for some foods and beverages in Mexico, including the typical fruit-based

drinks found on many street stands in Mexico. "Fortunately, these beverages can be prepared with cantaloupe, papaya, or any other fruit," said the economy secretary.

The increase in lime prices has had global repercussions, as Mexico exports about 533,000 tons of limes annually, mostly destined north of the border to consumers in the US. The rise in prices in the US prompted several articles about how restaurants and even airlines in the US were cutting back on lime usage, but Carrillo noted that Mexico was affected most by the price increases. "It is worth pointing out that when Mexican limes were selling at 80 pesos per kilogram, the price was higher than in Madrid, Rome, Buenos Aires, Sidney, Bogotá, or Houston," said Carrillo.

Ironically, higher prices in the US further contributed to reduced supplies in Mexico, with exports increasing by 6.2% in the first quarter of the year.

The high prices in Mexico perhaps did not reflect the true supply-demand situation, as the consumer protection agency (Procuraduría Federal del Consumidor, PROFECO) led a crackdown in March on businesses engaged in price-gouging. PROFECO director Lorena Martínez said the agency was serious about going after businesses that cheated the public, with violators facing up to 10 years in prison. PROFECO said nationwide prices should have averaged close to 50 pesos at the time when the cost of 80 pesos was reported in some areas.

Shortage linked to disease, violence in top producing states

The increase in prices was linked directly to a supply shortage, resulting from a variety of factors, with the principal cause attributed to weather and disease. The candidatus liberibacter bacteria, which causes yellow dragon disease, affected a high percentage of lime trees in some leading producing states, particularly Colima, Oaxaca, and Tabasco, and to some extent Michoacán and Veracruz. "This is considered the most damaging bacterial disease for citrus production at the global level," said Milton Morales Páramo, a representative of the government agricultural lending institution Fideicomisos Instituidos en Relación con la Agricultura (FIRA).

The disease has not only reduced supplies but also resulted in lesser quality for a good portion of the fruit that reaches market. "We're getting a smaller-size lime and it doesn't produce as much juice as it should," said a chef at the prominent Fonda El Refugio restaurant in Mexico City.

Morales Páramo said the disease has affected about 52% of the lime production in Mexico. "Those producers who have less than 1 hectare of land dedicated to lime trees were not able to go to market."

The bacterial disease apparently was especially hard on trees in coastal areas. Michoacán is practically the only state that managed a somewhat decent crop, simply because the producing regions are not on the coast, unlike the 22 other states that produce citrus," said Sergio Ramírez Castañeda, president of the Sistema Producto Limón Mexicano. "Our trees are in the Sierra Madre, 350 meters above sea level and not on the coasts."

INEGI says that Michoacán and Veracruz account for about half of Mexico's total lime production, each with about 40,000 ha of trees.

While Michoacán managed a decent crop, there were major problems getting the fruit to market, which contributed to shortages. Almost three-quarters of the state's production is in the Valle de Apatzingán, which includes the communities of Buenavista, Apatzingán, and Aguililla. The criminal

organization Caballeros Templarios (Knights Templar) has dominated this region for some time, although clashes between the cartel and self-defense groups have indirectly contributed to the lime shortage ([SourceMex, Aug. 21, 2013](#), [Nov. 6, 2013](#), and [Jan. 22, 2014](#)).

"The lime producers are the ones who have formed the self-defense groups to counter extortion by the cartel," said Morales Páramo. "In the process, they have neglected production, harvest, and marketing of the fruit."

Analysts said the cartel has also contributed directly to the shortage of limes, not only in Michoacán but also in other producing states. In mid-March, an armed band hijacked a truck in Veracruz loaded with almost 16 tons of limes. "We found the truck with a few scattered limes," said a state law-enforcement officer. "Otherwise, they took the full cargo. All we found were empty crates."

"Public insecurity is also behind the shortage of limes," said Carrillo. "In the states where the fruit is produced, criminal organizations are not only perpetuating violence but are also involved in extortion and theft at the different phases of the production process, from harvesting to packaging to transportation. These variables are also having an impact on prices."

While the bacterial disease has had a greater impact on the lime trees on the west coast, an eastern state like Veracruz has faced additional problems resulting from the movement of Hurricane Ingrid through the area in September 2013. Damage from the hurricane to lime trees was followed by unusually cold temperatures.

Carrillo also blamed the problems on excessive control of the market by intermediaries, speculators, and "unscrupulous" retailers. "During this boom of the 'green gold,' producers of Mexican limes were the ones who benefited the least," said the columnist. "The winners were the intermediaries and the supermarkets."

Production recovery uncertain

Seasonal factors also contributed to the tight supplies in the first quarter of the year. "Production usually drops during the winter season, between October and March," said Morales Páramo.

"We hope to see a spike in production by the end of March," said the FIRA representative, who projected prices could return to 15 pesos (US\$1.15) per kg in April.

Others were not as optimistic that the return to seasonal production would produce a recovery in the short-to-medium term. Some producers said the yellow dragon disease caused so much damage that trees would take between two and three years to return to full productivity. In an interview with [La Crónica.com](#), Gonzalo Castañeda Bazavilvazo of the Consejo Limonero A.C. said lime producers in states like Colima would have to wait several years before their trees returned to more normal productive levels.

Castañeda said some producers that had traditionally planted 25,000 ha of limes are currently only able to use 15 ha, and the yellow dragon bacteria remains present in many of those fields.

Given the uncertain situation of lime production in coming years, some observers suggest that the government take steps to boost domestic supplies. "In order to stabilize the price of limes, the Mexican government should temporarily eliminate tariffs on imports as an immediate step to halt the price increases," Carrillo said in mid-March. Peru is among the countries that occasionally

export limes to Mexico. [Peso-dollar conversions in this article are based on the Interbank rate in effect on April 23, 2014, reported at 13.05 pesos per US\$1.00.]

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