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Mexican Producers of Vanilla Beans Face Tightening Supplies, Increased Demand

by Carlos Navarro

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Climate change and an evolving global consumer market are threatening one of Mexico's heirloom agricultural products: the vanilla bean. The northern region of Veracruz state, near the community of Papantla, is considered the birthplace of the vanilla bean. The region, which accounts for a large share of Mexico's total production of between 400 to 500 metric tons per year, received a special certification from the Mexican government in 2009 to help protect the unique nature of the vanilla grown there ([SourceMex, Feb. 1, 2006](#)). Vanilla beans, which are extracted from a species of orchid native to Mexico, are also grown in the states of Oaxaca, Puebla, Hidalgo, San Luis Potosí, Quintana Roo, and Chiapas.

At one time, Mexico was the sole producer of vanilla beans, but this changed in the 1950s when countries like Indonesia and Madagascar, and later Papua New Guinea and China, entered the market. Other countries in Asia and Africa have also started to produce vanilla, including Uganda, Tahiti, and Turkey. Still, Madagascar and Indonesia account for the bulk of global vanilla production. According to the UN's Food and Agriculture Organization (FAO), Madagascar and Indonesia each produced close to 3,200 tons in 2015, compared 463 tons in Mexico.

Producers in Papantla point out that soil conditions contribute to the high quality of beans grown in Veracruz.

"They took the seeds from here, but not the soil," said Crispín Pérez García, president of the state's organization of vanilla producers (Consejo Estatal de Productores de Vainilla Veracruzana). "That is why the quality of vanilla in Madagascar or Indonesia is not as high as ours."

Pérez García said the certification has helped vanilla become a profitable crop, since 80% of Mexico's production is exported. "Mexican vanilla is the best in the world," he said. "That's what our buyers are telling us. They don't object to the high prices we charge."

One difference in production is that Mexico's beans are pollinated naturally by birds and insects, while Indonesia, Madagascar, and other regions have no natural pollinators. That means those beans have to be pollinated manually.

Climate concerns

A problem in Veracruz, however, is that global climate change is affecting the natural forests that are ideal for vanilla production. Among other things, the loss of habitat is reducing the number of Melipona bees, one of the pollinators of the orchids that produce the vanilla bean.

In addition to the loss of habitat, the growing conditions are changing. Temperatures have increased in the spring during pollination, the rains are coming later than usual, and the heat is lingering through autumn. At the same time, cold fronts are coming more frequently from the north, which is causing temperature fluctuations that are harmful to the orchids.

Because of warmer conditions, the region of Totonacapan in Veracruz has reduced production of vanilla beans significantly, said Araceli Pérez Silva, an agronomist at the Instituto Tecnológico de Tuxtepec.

According to Mexico's agriculture ministry (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, SAGARPA), the average planted area declined by about 24% in Mexico during 2010-2014 to about 1,160 hectares. Producers compensated for the reduced plantings by increasing yields by about 12%.

Pérez Silva, one of the foremost experts on vanilla cultivation in Mexico, said some producers in the area are looking for new locations with less heat to grow orchids. "It would be catastrophic if forests were lost, because we would no longer have natural vanilla," Pérez Silva said.

Another potential problem is the occurrence of more intense tropical storms in the Gulf of Mexico, which could damage vanilla crops. Hurricane Franklin made landfall in Veracruz in mid-August. While it was rated only as a Category 1, Franklin brought heavy rain to 43 municipalities, including Papantla, causing damage to vanilla bean, banana, and orange crops.

The climate factors are also hammering production in other countries, particularly Madagascar. In March of this year, Tropical Cyclone Enawo destroyed about 30% of the vanilla crop in the African island nation, resulting in tighter supplies globally.

Competition from synthetic vanilla

The climate factors are resulting in two undesirable trends—an increase in the price of vanilla beans and the creation of synthetic vanilla, which accounts for 99% of sales globally.

A kilogram of vanilla pods can fetch as much as 5,000 pesos, or about US\$282. There are still many consumers who prefer to use pure vanilla, particularly a product that has been grown organically and under fair-trade conditions. For these consumers, the price is becoming unaffordable.

One baker in Virginia told National Public Radio that he used to buy a gallon of fair-trade organic vanilla for US\$64. That same amount now sells for US\$245.

"The price of vanilla has not stopped increasing in recent years," Miguel Gerardo Ochoa Neira an analyst with the government's agricultural development fund (Fideicomisos Instituidos en Relación con la Agricultura, FIRA), wrote in a guest column in the daily business newspaper *El Economista*. "Prices have increased eight-fold in the past four years. Small consumers are now competing with the large corporations like Hershey's and Nestle, which are shifting to natural ingredients to meet consumer demands."

The problem is, there aren't enough vanilla-producing orchids. "We don't have the supply to meet the demand right now," Craig Nielsen, co-owner of the company Nielsen-Massey, which makes vanilla from beans, told NPR.

The agronomist Pérez Silva said most products that are labeled vanilla contain a synthetic scent that was developed in a laboratory. "It's made with wood residues, lignin [a class of complex organic polymers], guaiacol [a naturally occurring organic compound], and the Japanese have found a technique to produce it from manure," she told the Mexican news agency Notimex.

Pérez Silva has joined with other agronomists and scientists in Mexico to create the Red Vainilla (Vanilla Network) with the aim of making cultivation of vanilla financially and environmentally sustainable.

Some experts believe the Mexican government should do more to help the producers of vanilla beans increase their output, particularly in light of the tightening global supplies of natural vanilla.

"It is precisely in this context of rising prices and increasing demand that we should increase our interest in promoting this crop," Ochoa Neira said.

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