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## Supplies of Blue Agave Tighten Due to Increasing Demand for Tequila

by Carlos Navarro

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Soaring demand for tequila around the globe has begun to deplete supplies of the special agave cactus used to manufacture the popular Mexican spirit. According to the tequila industry regulator (Consejo Regulador del Tequila, CRT), demand for tequila has been on a steady increase since 2009, putting pressure on supplies of the Azul Tequilana Weber cactus. Under Mexican norms (Norma Oficial Mexicana, NOM), this is the only variety of agave allowed in the distillation of tequila.

According to the CRT, tequila exports increased by slightly more than 7% in 2017, with about 213 million liters of the spirit sent to foreign markets out of the 271 million liters that Mexico produced during the year. The trends show a steady increase. Exports were as low as 64.6 million liters in 1995, but rose to 182.5 million liters in 2015 (SourceMex, Oct. 12, 2016).

The US has remained the top destination for tequila exports over the years. In 2017, the US market accounted for about 172 million liters. The demand in the US market is enhanced by the growing population of Mexican and other Latin American expatriates, said the CRT. European countries followed, with 5.3 million liters exported to Spain, 4.6 million liters to Germany, and 3 million liters to France. Japan, Lithuania, and South Africa also imported at least 1 million liters of tequila during the year.

The strong demand for tequila globally has created supply problems for producers of the Azul Tequilana Weber variety of agave. One major problem is that production of the cactus is not keeping up with the strong demand for tequila. The optimum period for agave plants to be ready for use in the distillation of tequila is seven to eight years. According to the CRT, 17.7 million Azul Tequilana Weber plants were seeded in 2011, to be used for tequila production in 2018. That was a little more than twice as many as the previous year. However, the total is less than half of the 42 million plants that have been required in recent years to supply 140 registered companies, according to statistics from the CRT and the tequila industry chamber (Cámara Nacional de la Industria Tequilera, CNIT).

### *Alternative products boost demand*

While most of the demand for agave comes from tequila distillers, syrup produced from blue agave has become increasingly popular as a healthy alternative sweetener, particularly for people suffering from diabetes. The same blue agave is the preferred variety to produce sweeteners and the health supplement inulin.

“The 100% dietary fiber content makes it a low-glycemic, highly nutritious sweetener,” the online site Natural Agave Syrups (naturelwest.eu) said of inulin. “It is a recommended sugar substitute for diabetics because it does not result in blood sugar increase associated with sugar and other everyday sweeteners. The fiber helps improve digestive health by acting as a prebiotic that facilitates the good bacteria in our body. Inulin increases the body’s absorption of magnesium and calcium, thus stimulating and supporting bone health.”

The biofuels industry is also looking at agave as an alternative source of raw material.

According to an article published in the online news site CC News, the Mexican center on bioenergy innovation (Centro Mexicano de Innovación en Bioenergía, CEMIE-BIO) is working on a project to produce bioethanol from the syrup extracted from blue agave.

Agave is seen as a viable alternative for large-scale production of biofuels because of its high oil content and the relatively easy conditions for cultivation. "This is a scientific fact—they don't require watering or fertilizing, and they can absorb carbon dioxide during the night," Arturo Vélez Jiménez, coordinator of the Agave Project, told Biomassmagazine.com.

While blue agave is the only variety that can be used for tequila, it would be easier to substitute other varieties in the alternative products. One possibility could come from Oaxaca, where botanists from the Universidad Nacional Autónoma de México (UNAM) discovered at least four new varieties of agave. According to Abisaí Josué García Mendoza, who heads the research, the area in Oaxaca where the new varieties were discovered is home to the largest diversity of maguey plants, which includes the agave varieties. Scientists have discovered 44 new species of this cactus variety in the area during the past 35 years, he said.

Because of this additional demand for blue agave, the estimates have increased for the number of plants needed to meet the market requirements. "We previously needed 40 to 42 million plants annually, but the requirements increased to 54 million plants," said Roberto Román Ramos, an official for the federal rural development ministry (Secretaría de Desarrollo Rural, SEDER). "Demand has increased not only for tequila but for agave-based fructose."

## *No relief before 2021*

The tequila industry generates sales of more than US\$2 billion annually and employs more than 70,000 people. According to industry officials, shortages are projected to continue through at least 2021, although agronomists are working on new strategies to create higher yields from the blue agave fields in Jalisco, which is the largest producer of the blue agave variety. Producers in the states of Guanajuato, Michoacán, Tamaulipas, and Nayarit also provide supplies for the tequila industry.

The strong demand for agave and tequila means that the cycle of scarcity and abundance that the industry experienced in the past might no longer occur. In recent years, the market has gone from severe shortages reported in 1999 and 2000 ([SourceMex, June 14, 2000](#)) to a major oversupply for a number of years after that ([SourceMex, Oct. 20, 2004](#)).

The short supplies have forced some distillers, primarily the small-scale companies, to use plants that are only 4 years old, which yield a much smaller amount of tequila than the fully mature agave plants. Distillers have to use a larger number of 4-year-old plants to produce the same amount of tequila as they would with fully mature plants.

"[The small distillers] are using 4-year-old plants because there aren't any others. I can guarantee it, because I have sold them," Marco Polo Magdaleno, a Guanajuato grower, told Reuters.

The strong demand has resulted in a major spike in prices, which have risen to 22 pesos (US\$1.17) per kilogram, compared with 3.85 pesos (US\$0.21) in 2016 and 10 pesos (US\$0.53) at the beginning of 2017.

As a result of the high prices, the low-cost tequila producers, which make a less expensive beverage, are experiencing difficulties in competing with manufacturers of premium products like Herradura, Patrón, Don Julio, and José Cuervo.

However, some industry sources point out that the trend toward making tequila a more exclusive product is good. "It doesn't make sense for tequila to be a cheap drink, because agave requires a big investment," CNIT president Luis Velasco told Reuters.

Another consequence of the strong demand and tight supplies is the increase in thefts of agave plants. By some estimates, more than 15,000 plants were stolen in 2017, three times more than in 2016. In Jalisco, 193,000 tons of agave were stolen in the first nine months of 2017, sources said.

Authorities take the theft of agave fairly seriously. Anyone caught in the act is subject to a jail sentence of five to 15 years.

Small-scale producers are often the target of thefts, because they usually cannot afford the high levels of security used by the larger plantations. As a result, many small producers have gone out of business, further tightening supplies of blue agave, according to a report in the online news site La Silla Rota.

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