

By Ken Melban  
President

## Tariff-Rate Quotas, Marketing and Budgeting

**A**s California growers prepare to begin their 2026 harvest, import prices are averaging below \$1.00 per pound. Not ideal market conditions to enter. From 2023 to 2025, U.S. avocado consumption increased 6.4%, from 2.912 billion pounds to 3.098 billion pounds (Hass Avocado Board), an annual average growth of 3.2%.

In 2025 California produced 330 million pounds, representing 10.7% of total U.S. demand. Our reality: California's market share makes it difficult for us to drive market pricing; we just don't have the volume. However, California

has succeeded in securing a price differential above market price, averaging 8-10% in the last few years.

U.S. market pressure is intensifying as production levels in Mexico and Peru are increasing and new countries like Colombia have entered the U.S. market. Global production is outpacing global demand, and the U.S. market is no longer experiencing double digit annual growth.

In November the California Avocado Commission submitted formal comments to the United States Trade Representative (USTR) on the United



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States-Mexico-Canada Agreement (USMCA) review calling for the Trump Administration to establish a Tariff-Rate Quota (TRQ) on avocados entering the United States. A TRQ is a two-tiered tariff system that allows a specific quantity of a product to enter a country at a low "in-quota" tariff rate, but subjects imports exceeding that quantity to a much higher "out-of-quota" tariff — effectively balancing market access with protection for domestic industries.

California avocado growers are not alone as other specialty crop producers are also calling on the Administration to establish market management systems in their sector.

The Commission's marketing strategy highlights California avocados as the premium avocado choice based on sustainable growing practices, ethical sourcing and locally grown for exceptional quality and freshness. Our core market is the West Coast, and no other country can compete with our proximity to market.

The Commission's 2025-26 budget of \$13.2 million includes three marketing categories: 1) consumer (\$4.6 million); 2) retail (\$2.8 million); and 3) foodservice (\$650K). Newly elected Chair Rachael Laenen has appointed a marketing committee, which will begin meeting in February to review the Commission's current marketing



CAC President Ken Melban testifying in Washington, D.C., concerning the USMCA.

funding allocations. The Commission will be keeping an eye on “how we can best utilize grower funds to secure California avocado shelf-space with our target customers during our season while driving a price return for growers above offshore grower pricing.”

Questions like “Is consumer awareness critical?” and “Should more funding be allocated to retail buyers?” will be thoroughly assessed. There are very few absolute answers in marketing. However, be assured these conversations will drive Commission decisions and will involve key partners, including

packers and the Commission’s retail marketing directors who interface with our buyers regularly.

In December, I joined one of the Commission’s retail marketing directors in meetings with two prominent customers. I thanked them for supporting California growers during the 2025 season and talked about ways in which we can enhance our relationship.

While consumer awareness and preference for California avocados is important, it is of the utmost importance that we ensure our fruit is available at our targeted key trade partners’

stores when our fruit is in season. When our consumers show up at their preferred retailer, they need to find California avocados on the shelves. If not, we will have missed a critically important opportunity.

I can’t predict what our process will yield, but it is clear to me that relationships with retailers and packers remain a critical factor in the success of California avocado growers. The Commission will double-down on our efforts to further develop these relationships and foster their commitment to market California avocados. 🥑

## CALIFORNIA AVOCADO GROWERS REFERENDUM VOTE

Every five years the California Department of Food and Agriculture holds a state-mandated referendum vote to provide growers with the opportunity to determine whether the California Avocado Commission will be re-approved and continue for the next five years. The referendum timeline is:

- **February 16, 2026:** Ballots will be mailed to eligible commercial producers
- **March 18, 2026:** Completed ballots must be postmarked and returned to CDFA for tallying

Eligible commercial producers not receiving a ballot should contact the CDFA Marketing Branch Staff at **916.900.5018**.

The California Avocado Commission exists to support California avocado growers and is governed by a Board of Directors comprised of their peers to ensure good stewardship of grower funds.

## CAC FOCUSES ON FOSTERING GROWER VIABILITY BY:

- Building demand for California avocados
- Differentiating California avocados to increase perceived value, preference and loyalty, to retain position as the most recognized, preferred and trusted avocado origin sold in the U.S.
- Developing strategic, targeted programs with retailers and foodservice operators
- Advocating for California avocado growers on issues such as water, trade and export
- Supporting production research and grower education

