

U.S. Market Potentially Opened To All Mexican Avocados

By Tim Linden

On Friday, May 27, the United States Department of Agriculture Animal and Plant Health Inspection Service (APHIS) published a notice in the Federal Register establishing a systems approach that will potentially allow avocados from any state in Mexico to be shipped into the United States. The final rule will take effect on June 27, 2016, with packers able to apply for certification after that date.

Practically speaking, APHIS has indicated that it will use a piecemeal approach to granting access, meaning it will be an evolutionary process occurring over many years. And in reality, experts say the initial impact will be minimal as this ruling does not put more fruit in the market, but rather opens up a new market for some Mexican fruit. Aside from Michoacán, which is the source of all Mexican imports at this time, it is clear that the state of Jalisco has the most mature distribution of any Mexican state. Any fruit that would qualify for certification in the near term is already being exported from Jalisco to other world markets.

In an email to the industry, California Avocado Commission President Tom Bellamore noted that it is not anticipated that Jalisco will be a factor in the U.S. market this year. And even, in the future, the impact should not be overwhelming. In the USDA APHIS notice, Jalisco is estimated to be able to put about 30-60 million pounds of Hass avocados into the world market. CAC believes those figures are low and Jalisco's true potential is in the neighborhood of 110 million pounds.



Ciudad Guzmán, Jalisco



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Even so, that still only represents about 5 percent of Mexico's total Hass volume. Handlers do not think Jalisco will have much of an impact, though this does continue the three-decade effort by Mexico to gain access to the U.S. market. After many years of rejecting those efforts, on February 5, 1997, the U.S. Department of Agriculture first allowed limited shipments of Mexican avocados into the United States. Initially, those shipments had to be from the state of Michoacán and were limited to 19 Northeastern states during a very limited time period in the winter. In addition, each grove, packing shed and shipment had to be certified as being in compliance with the rules established by APHIS. Over the years, Michoacán gained more and more access to the U.S. market to the point where today it enjoys total access. But again, each shipment must be certified as pest free and that it is following the protocol. The new rule establishes this same protocol for all avocado production from any Mexican state.

While this is expected to allow a greater volume of Mexican avocados the opportunity to come into the U.S. market, Michoacán is where the great majority of Mexican avocados are produced.

Mission Produce Inc., Oxnard, CA, which does have partnerships with Jalisco producers, does not expect this to have a major impact on the global marketing of avocados. Vice President of Marketing Robb Bertels said: "This ruling won't magically increase the supply of avocados. What it does is give Jalisco producers another market for their fruit. We expect them to follow the money and sell that

fruit where it is most profitable."

He said Mission already sources fruit from Jalisco and sells it to buyers around the world. Bertels did agree that over time there may be some avocado supplies currently sold in the national market that find their way to the generally more-lucrative global arena. But he said the price differential between those two markets has been narrowing in recent years.

Bellamore agreed, noting that Jalisco fruit has been shipped to Canada, Japan and Europe and there is no reason to think those relationships won't be continued. While Jalisco does ship fruit at the same time as California, its season is said to last through the fall and into January. Certainly fruit shipped during the second half of the Jalisco season would not impact California, which typically sees its supplies dwindling in late summer. Even this year's projected larger crop should see close to 90 percent of California's fruit marketed by September 1.

Kellen Newhouse, vice president of sourcing and international development for West Pak Avocado, Murrieta, CA, agreed with the others interviewed that the ruling potentially opening up all of Mexico to the United States market will have a minimal impact, especially in the short run. He reiterated that Jalisco is the only state with any production that could be certified in the short term. He does expect that to happen fairly quickly for some packers, possibly in the one to three month time frame after the new APHIS rule becomes final. But even that would put the first Jalisco shipments to the United States in the August to October time frame when California production numbers are falling quickly.

Newhouse said it should take packing houses in other states at least several years before gaining entry to the U.S. market. The West Pak executive estimated that Jalisco has about 17,000 hectares of Hass avocados, which could produce in the neighborhood of 100 million pounds available for export to the United States. Those packers, he said, are already exporting that fruit to Asia and Europe. While Jalisco does not yet have access to the China market, as do producers in the neighboring state of Michoacán, Newhouse said that access is typically granted after groves are certified into the United States. So if that access is granted, Jalisco producers will have another market for their crop as well. And Newhouse said avocados grown in Jalisco would be well suited for shipment to China. They are produced at a favorable time – April to January – and, like California fruit, it travels very well.

But Newhouse does not expect Jalisco shippers to abandon their current markets for new ones. He said that in the last two years, Jalisco fruit has been building its reputation in Europe and Japan. He expects shippers of Jalisco avocados to play the "which-market-is-best game." 🥑