

China's Avocado Production and Imports on the Rise

(Editor's Note: This report was prepared by the U.S. Department of Agriculture's Agricultural Trade Office in Guagzhou, China, in November 2022, and reprinted here with minimal edits.)

China's avocado production and imports are estimated to grow as the demand for high-quality fresh avocados continues to rise. Top consumers are females, under 35 years of age, and residing in first-tier cities. Peru continues to be the leading supplier, followed by Mexico and Chile. With new market access granted to Ke-

nya, U.S. avocados are expected to face even stronger competition in China's avocado market.

Market Overview

The retail price of domestically grown avocados and imported avocados is similar, RMB 20 - RMB 26 (\$2.90 - \$3.80) per box (including two avocados of approximately 160g each). Imported avocados have enjoyed a good reputation in China for approximately a decade. The niche consumers consider avocados a healthy choice for monounsaturated fat, vitamins and

minerals. Rising demand for avocados, partially fueled by health consciousness and increased consumer familiarity, continues to drive imports. Despite global shipping challenges related to COVID in 2021, China imported over 41,000 metric tons of fresh avocados. This level of trade is close to the 2018 import high of approximately 44,000 metric tons. Major suppliers include Peru, Mexico, and Chile, while other countries (e.g., New Zealand, Colombia, Philippines, United States) are considered new suppliers.

The growth in fresh avocado

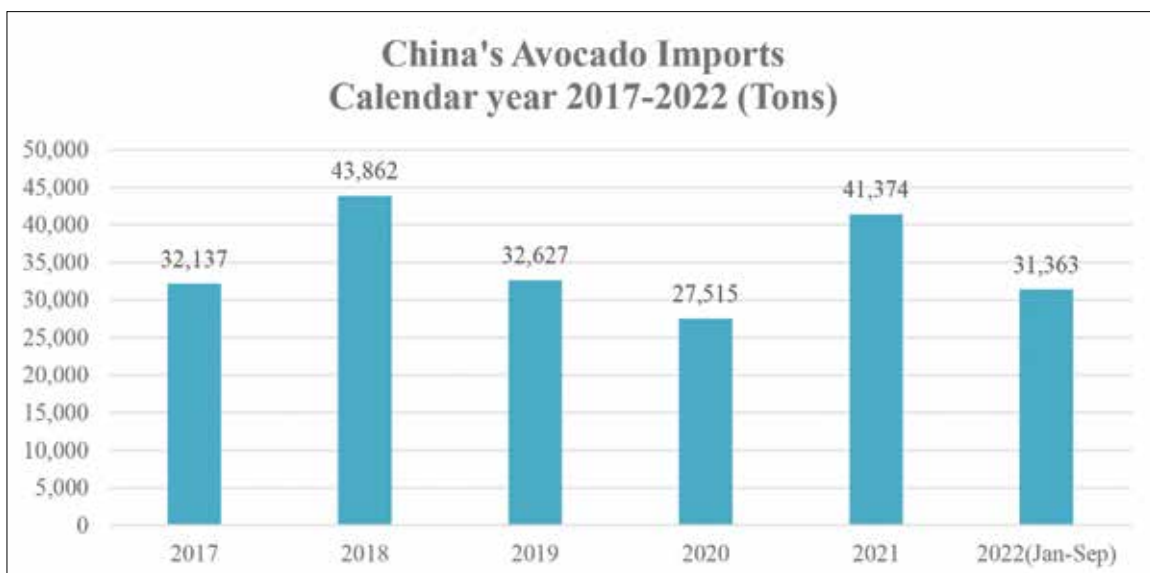


Chart 1 - China's Avocado Imports (Tons, 2017-2022)

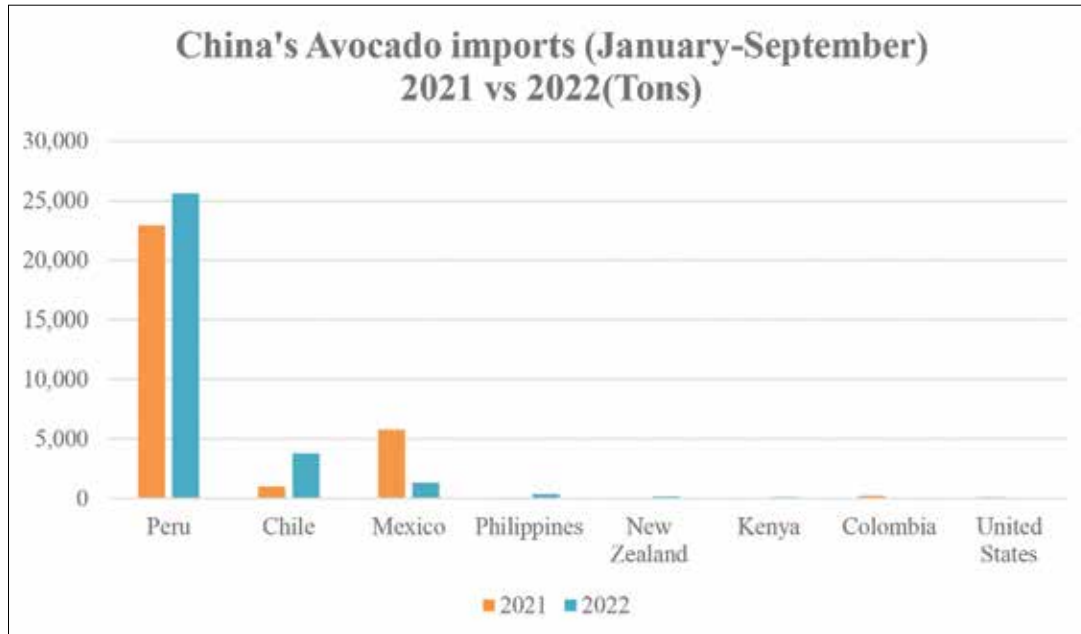


Chart 2 - China's Avocado Imports 2021 vs 2022 (January – September) (Source: Trade Data Monitor)

consumption is largely driven by the demand from the retail and wholesale business in China. Industry insiders estimate around 80% of fresh avocados are sold in retail or wholesale venues, while the remaining 20 percent are via hotel, restaurant and institutional outlets. Avocados are a popular ingredient for booming drink shops that use avocado as an ingredient in juices and teas, and for hotels and restaurants as a salad ingredient, especially in first tier cities.

China's Domestic Production

In addition to the increase in imported avocados, increasing domestic production of Hass avocados is apparent. Some producer contacts believe that fresh avocado production could reach 20,000 metric tons over the next five years, while others assert that domestic production is still in its infancy and limited by competing demands on China's land. Fruit quality continues to improve as farmers are better able to

produce to an average size and consistent taste.

China began cultivating Hass avocados approximately six years ago. Most production is in Yunnan, while some local varieties are being grown in Hainan, Guangxi and Guangdong. The country's Hass avocado production is expected to increase quickly in the coming years.

With a favorable climate, Yunnan has the largest avocado production area, with acreage currently estimated at 4,000 hectares. Local producers aim to double production within 3 years, though note that obtaining suitable and affordable farmland remains a challenge. Water supply and investments in irrigation are other factors that may limit further acreage expansion. Most avocado orchards in Yunnan sit on hills or mountains, making harvesting and transportation a difficult task. Production costs, especially for land and labor, are increasing. For instance, Yunnan avocado grow-

ers stated that the average production cost is RMB165,000-195,000 (\$25,380-\$30,000) per hectare.

Many avocados in Yunnan are grown on mountain slopes. The different altitudes cause the fruit to ripen over an extended period. Therefore, the Yunnan avocado harvest begins in late September and ends in early March. Although private companies and research institutes are developing new avocado varieties for local cultivation, the main variety remains Hass. Yunnan avocado farmers reported their yields range from 2.3 metric tons (MT) to 4.5 MT per hectare, noting that there is still room for improvement.

Application of post-harvest technology is limited for domestically grown avocados and cold storage is not often used during transportation. Without ripening facilities, local distributors report either letting avocados ripen naturally or storing them with bananas. This could result in unstable

quality and a high percentage of loss. Most domestically produced avocados make it to first tier cities, while very little is consumed near where they are produced.

Trade and Competitors

According to data from China Customs, Chinese imports of avocados were steady, showing a minor 3% increase from January to September 2022 in comparison with the same period in 2021. Increases mainly came from Peru and Chile.

Peru remains the leading avocado supplier to China. In 2021, China imported over 26,000 metric tons of fresh avocados from Peru, accounting for 64% of the imported avocado market share. From January to September 2022, China imported about 25,611 metric tons of Peruvian avocados, up 11% from the previous year. Peruvian avocados are available from March until September.

Mexico and Chile are two other major suppliers. In 2021, China imported almost 13,400 metric tons of avocados from Mexico and Chile, representing one third of the imported fruit market share. Mexico used to be the largest avocado supplier in China but is losing ground. Traders reported that although the quality of Mexican avocados are creamier, the loss ratio is relatively high due to the long-distance transportation, which reduces the shelf life. Other current suppliers include New Zealand, Colombia, the Philippines, and the United States.

Fresh Hass avocados from Kenya received market access to China on June 1, 2022. Kenya is the largest avocado producer in Africa and exports about 40% of its production. Kenya exported a total of 84,000 tons of avocados to the world in 2021. The season runs from mid-February to November. Other destinations include the United

Arab Emirates, Finland, and France. Traders believe Kenya could become a very competitive source of fresh avocados if the fruit quality proves to be good and the price reasonable. This past summer, the first trial shipments of avocados from Kenya arrived in Shanghai by air. In comparison to Peruvian avocados, the Kenyan avocados were reportedly in good condition and well-priced (approximately 8 to 15% less).

Marketing and Consumption

China is a huge country with complex regional differences. Tastes, customs, culture, business practices and government regulations vary from region to region and city to city. Furthermore, consumer behaviors are changing dramatically due to booming e-commerce sales for food and agricultural products. Currently, first tier cities remain the key consumption markets, mainly because only a small niche group of consumers are aware of this healthy fruit.

Overall, retail and wholesale venues are the dominant sectors for distributing fresh avocados. The primary outlets are high-end supermarkets (e.g., Ole, Sam's Club), specialized fruit chains (e.g., Pagoda, Xianfeng), and online shopping platforms (e.g., JD.com, Tmall, Benlai, Pupu). Newer technologies, such as online-to-offline commerce stores are also selling avocados.

Mr. Avocado is a joint venture between Mission Produce, Pagoda Fruit Stores, and distributor Lantao International, and is the only shipper/receiver in China with one brand from multiple producing countries. Mr. Avocado is very successful in marketing imported, ready-to-eat fresh avocados across China, mainly through its high-end retail distribution network. Mr. Avocado reportedly represents one

fifth of China's total imported avocado market share. Fresh avocados with Mr. Avocado stickers are usually packed in a transparent shell box of 2, 4 or 6 pieces, depending on consumer preferences in the area. The most popular size is 180 grams per piece, while 220 grams per piece is considered a large fruit and 130g is considered small. The average retail package is two pieces (160g each) for approximately RMB19.9 (\$2.90) per box.

In addition to branded products, distributors also handle unbranded avocados and often package them in-house. In June 2022, a 10kg case would sell for RMB200 (\$30.8) per case on the wholesale market.

Per traders, the key to success for imported avocados in China is to maintain superior quality control, consistent supplies, and reasonable prices. Consumption of avocados in China is heavily influenced by the importers and retailers who play an important role in purchasing, distribution, and marketing. With a comparatively smaller volume of U.S. avocados on the market, marketing is key. Branding to a niche group of high-end consumers, communicating its superior quality and supporting activities about proper handling and consumption could help differentiate California Hass and garner higher than average prices. For example, educational seminars on the nutritional benefits of avocados may help enhance consumer awareness. In addition, teaching consumers how to eat avocados (e.g., recipe ideas) could also help increase demand. 🥑

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