

Asia Could be Big Market For California Fruit

The California Avocado Commission (CAC) is working overtime to open up China to California avocado imports. And for good reason.

“That could be a huge market for us,” said Tommy Padilla, Asian sales manager for Mission Produce Inc., Oxnard, CA. “Asia is by far the fastest growing market for avocados.”

He said China, which is currently open to avocados from Mexico, Peru and Chile, is experiencing triple-figure growth in year-over-year-sales. Padilla added that Korea is registering sales gains in the 30 percent range, while even the established Japanese market is seeing 10 percent growth per year.

Mission and many other California distributors are selling avocados to the Asian market throughout the year sourcing from the various countries of origin based on timing. Padilla said each of these Asian countries offer opportunities for California, but he said China is truly an untapped market with almost unlimited potential. He reasoned that each year many more Chinese are moving from their rural communities to much larger cities. They are moving into the middle class and changing from grain-based diets to a diet that has many more elements of protein as well as fruits and vegetables.

He said in China they tend to cut the avocado in half, remove the pit and eat the fruit directly from the skin. “The biggest challenge is edu-



cation around ripening the fruit,” he said. “It may cost \$4 for a piece of fruit and they are reluctant to buy that when they don’t know how to ripen it or how to eat it.”

Padilla said there are also infrastructure challenges in getting the product from the ports and delivered throughout the country. “China is a lot like we were in the United States 20 years ago before much fruit went east of the Mississippi.”

But just as increased supplies in the United States have resulted in much better distribution throughout the country, Padilla believes that the same will occur in China. He said once China is open to California avocados, he expects the California Avocado Commission to greatly expand the market in that huge population of potential consumers.

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Ron Araiza, vice president of market development for Del Rey Avocado Company, Fallbrook, CA, is equally bullish about the sale of California avocados to Asia. He said Chinese consumers have reacted favorably to avocados from Mexico as well as Peru. Del Rey does expect to ship some Peruvian fruit to China this year. The firm already sells California fruit to other Asian countries. He said South Korea has become a growing market for California fruit. “It’s very viable; it’s a good market,” he said, willing to pay a premium for the California fruit. South Koreans

view avocados as a “super food” and the higher end consumers will pay the relatively high prices.

In Asia the fruit tends to retail for \$2-\$4 per avocado, according to the Del Rey executive.

Araiza said Asian consumers often eat avocados on bread as a spread, though they are also consumed in smoothies and increasingly in salads. “When California fruit is in season, it’s a nice niche for us.”

Araiza explained that during the late spring/summer season when California fruit is at its peak, Mexican fruit has a high level of maturity and it’s more difficult to get good arrivals after a long ocean voyage.

Padilla said Japan and the other Asian markets were opened with smaller sized fruit allowing for lower price points at retail, but as those markets mature they are accepting a more diverse size profile. “They used to only take 60s and smaller but now we see some activity for 48s as well,” he said.

Kellen Newhouse, vice president of sourcing and international development for West Pak Avocado, Murrieta, CA, said that California is perfectly positioned to capitalize on the Chinese market once it is open to avocados from the Golden State. “China’s quality requirements are very strict,” he said, noting that when California is at its peak in quality, Mexican avocados are moving toward the end of their season and it is a bit more difficult to produce the quality that China is looking for. “California fruit grades out very high at the packing shed. We have a high percentage of number ones and so you can make a container (for export) very quickly.”

An export container of fruit carries about 40,000 pounds. Currently China is taking about 20-30 containers per week, meaning about 800,000 to 1.2 million pounds. While that is a drop in the bucket compared to U.S. consumption, it’s much greater than



it was just a couple of years ago.

The West Pak executive added that the size profile and the emerald green color of the California fruit during the state’s peak shipping months – April through July – are very well suited to the Chinese market. That market is in the early stages of its development and it favors fruit in the 60s and 70s size range. Those smaller sizes are easier to find in U.S. packing houses in that late spring/early summer time than they are in the late season Mexican crop.

He also noted that the percent of dry matter in California fruit means it ships very well and can withstand the long ocean voyage it must take to reach Asia.

Newhouse also pointed out that the California brand and United States point of origin designation play very well in China and the other Asian markets. “The market image of California is very good in China,” he said.

Because the Chinese market is fairly new to avocados, Newhouse said it is difficult to predict just how great the potential is. But the sheer size of the population and the growing buying power of that population make it a logical target. He could easily see it growing to about the same potential of the much more mature Japanese market over the next five

years. After that, Newhouse said it is anybody’s guess. But he does believe that the world market for avocados is undeniably growing at a relatively fast clip. Europe’s consumption has grown tremendously and Asia is moving in the same direction. Newhouse believes this bodes well for all producers, including those in California. “The more we can diversify the markets we are selling to, the better opportunity we have to get a good price for our growers.”

He noted that while Mexico has also made some positive movement in selling to the world market, Michoacán producers are largely focused on the U.S. market. When volume shipments to the United States lower the market price, the presence of export markets for California’s fruit can impact the supply-demand curve in a positive direction. Newhouse supports the effort to open China and sees the opportunity in the Asian theater, but he also believes that California producers should not forget Europe. Europe’s consumption of avocados also is increasing rapidly. Currently, Israel, Spain, South Africa, and Peru are the primary suppliers of avocados to Europe, but there are times of the year when demand exceeds supply and there are opportunities for California shippers, according to West Pak’s top export salesman. 🥑