

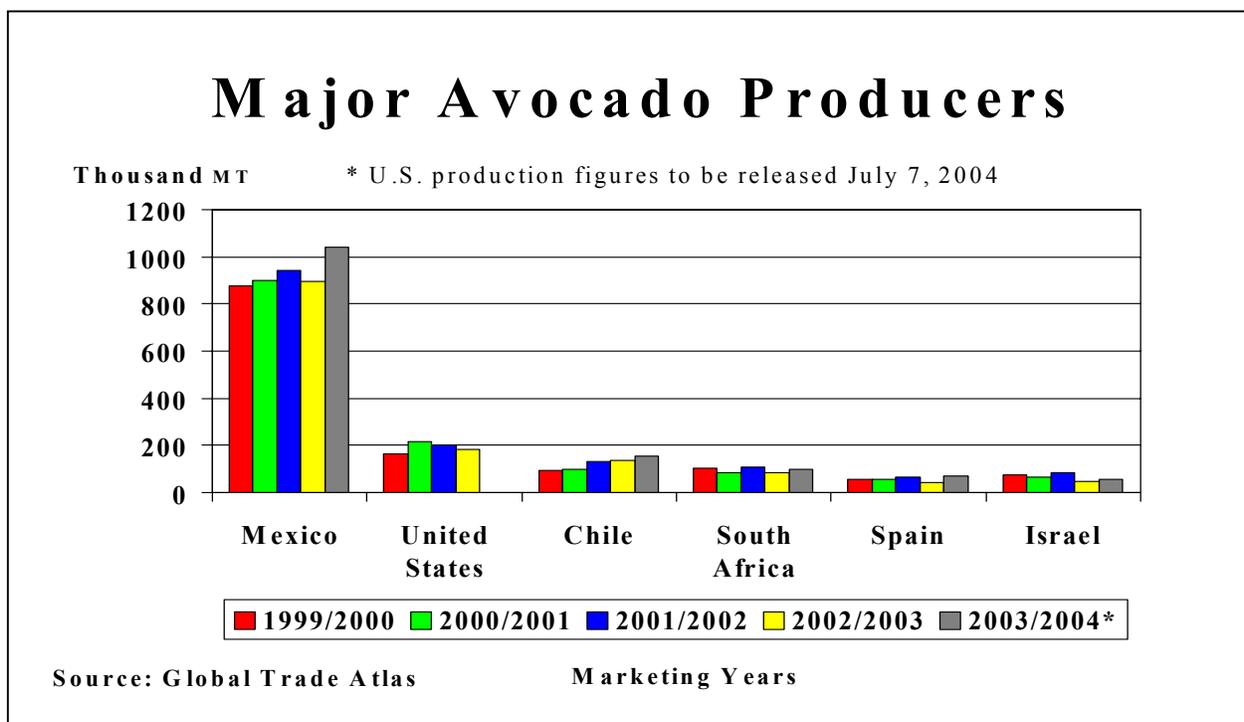
World Avocado Situation and Outlook

Production of avocados in select countries for 2002/03 totaled 1,389,707 metric tons, a decrease of 9 percent from the 2001/02 total. In 2003/04, production is forecast to be larger as increases are expected in Mexico, Chile, South Africa, and Israel. Although a production figure for the United States has not been released, a larger California crop is likely in 2003/04.

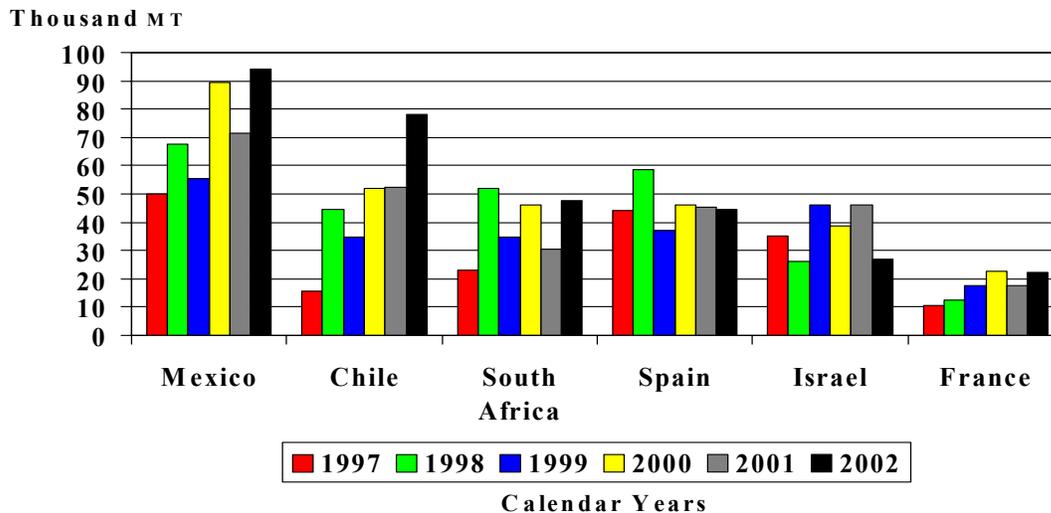
Global Production and Trade

Mexico, the United States, Chile, South Africa, Spain, and Israel are among the world's leading producers of avocados. Production in Mexico is expected to surpass 1 million tons in 2003/04, while Chile is also forecast to have record production levels. Production is expected to rise for all other major producers as well, leading to a record crop in 2003/04.

Mexico is also the leading exporter of avocados. In calendar year (CY) 2002, exports topped 94,000 tons. Chile, South Africa, Spain, Israel, and France round out the top six avocado exporting countries. The leading importers of avocados are the United States, France, the United Kingdom (UK), the Netherlands, Germany, and Canada.



Major Avocado Exporters



Source: Global Trade Atlas, FAS Attaché Reports

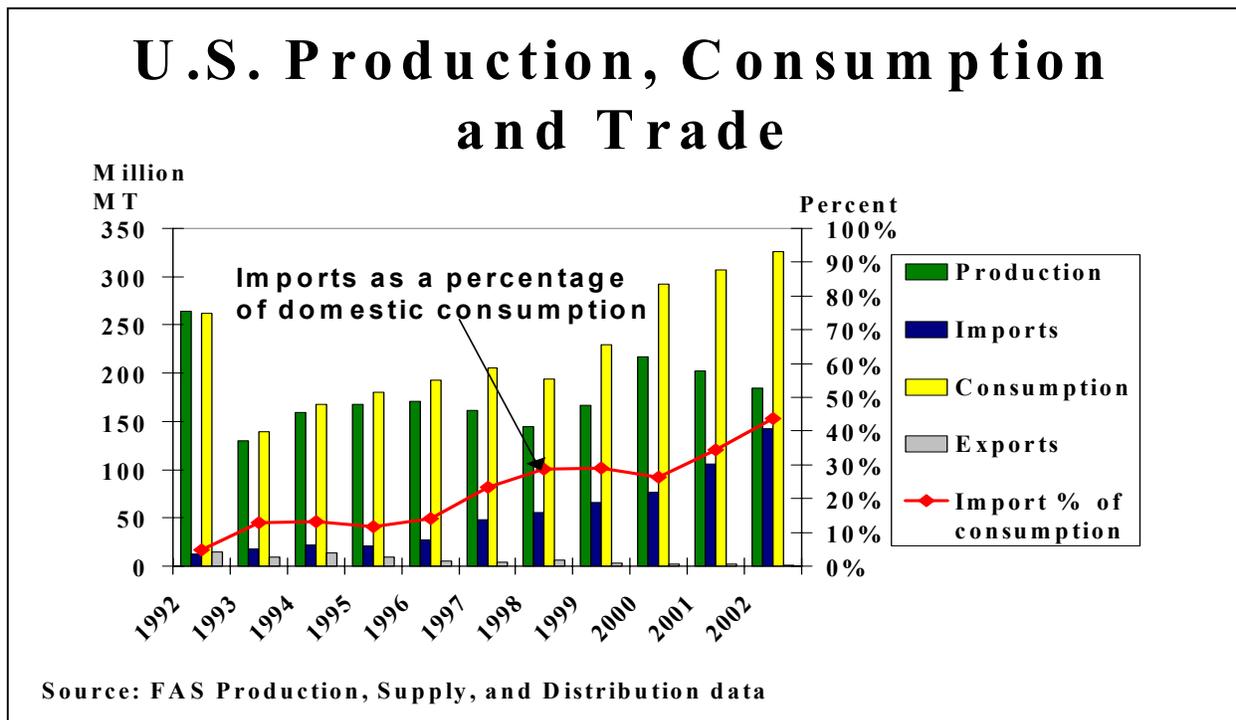
Mexico

Mexico's avocado production in 2003/04 (marketing year August 2003-July 2004) is forecast at 1,040,393 tons, up 16 percent from the 2002/03 crop. This increase is attributed to expectations of favorable weather, more trees coming into production, and ongoing phytosanitary programs, which have been successful in controlling pests. The production estimate for the 2002/03 crop was revised down by almost 6 percent due to bad weather, which affected the blooming stages on most trees coming into production. Michoacan is the predominant producing state in Mexico and accounts for more than 88 percent of total avocado production. Increased demand in international markets has enticed growers to increase area planted in recent years. Currently, there are seven municipalities that are the only authorized areas in Mexico to export to the United States. In June 2003, the Secretariat of Agriculture, Livestock, Rural Development, Fishery, and Food declared in Mexico's "Diario Oficial" that six additional municipalities in the state of Michoacan are free of avocado seed weevils and seed moths. Although Mexico is the world's largest exporter, only about 8 percent of production is exported. Annual per capita consumption in Mexico is about 10 kg. compared to the world average of 3 to 5 kg.

In CY 2002, Mexico exported 94,243 tons of avocados. Typically, about 40 percent of Mexico's exports are shipped to the United States. The remainder go to El Salvador, Canada, France, Japan, Costa Rica, Guatemala, and Honduras which, combined, purchased about 55 percent of Mexico's avocado exports in CY 2002. Exports from January to November 2003 totaled 110,847 tons, a 31-percent increase from the same period in 2002. This increase is, in large part, due to the increase in production. Imports of avocados by Mexico are negligible due to the large domestic supply.

United States

Total U.S. production of avocados during the 2002/03 season totaled 184,476 tons, a 9-percent decrease from the 2001/02 level. Yield dropped in the 2002/03 season to 3.15 tons per acre, which contributed to the decrease in production. In 2002/03, California accounted for 85 percent of U.S. production, followed by Florida (about 15 percent), and Hawaii (less than 1 percent). A larger U.S. avocado crop will likely be seen in 2003/04. Particularly, production in California is expected to be larger despite the wildfires that engulfed the major avocado-producing region of the state in late October 2003. The wildfires affected only about one percent of total acreage and production. Estimates for the 2003/04 crop will be published by the USDA's National Agricultural Statistics Service on July 7, 2004 in their Crop Production report.



The total import quantity for fresh and processed avocados during 2002/03 was 142,615 tons, up 35 percent from the previous year. The upward trend in imports has been consistent since the early 1990s and is expected to continue. In CY 2002, the United States surpassed France to become the world's leading importer of avocados. Chile, Mexico, and the Dominican Republic typically supply about 95 percent of the United States annual imports.

On January 2, 2003, under authority of the Hass Avocado Promotion, Research, and Information Order, assessments of 2.5 cents per pound (5 cents per kg.) were initiated on fresh Hass avocados produced in or imported into the United States for consumption in the United States. For more information on the research and promotion program for avocados go to <http://www.ams.usda.gov/fv/rpavocado.html>

In June 2003, the USDA's Animal and Plant Health Inspection Service (APHIS) conducted a risk assessment in response to a request by Mexican avocado growers to remove certain restrictions on

the importation of avocados from Mexico. Currently, APHIS phytosanitary regulations restrict imports of Mexican avocados to Alaska and 31 northeastern states and limit distribution from October 15 to April 15 under a 'systems approach' to mitigate risk. The risk assessment evaluated imports of Mexican avocados to the entire United States during all months of the year. The study found that prohibited avocados (not of export quality) smuggled in baggage and cargo pose a substantially greater risk to U.S. agriculture than commercially produced and imported Hass avocados from Mexico. APHIS reported that the likely annual number of commercially produced and imported fruit with infestation is zero. For more information on regulations affecting imports of Mexican avocados go to <http://www.aphis.usda.gov/ppq/avocados/>

U.S. avocado exports are very small and have been declining over the past several years. During MY 2002/03, exports totaled only 1,461 tons, a decrease of 17 percent from the previous year. The top two markets for U.S. exports are Canada and Japan. Together these two countries typically purchase about 85 to 90 percent of all U.S. exports. In 1999, the U.S. avocado industry decided to focus its efforts on import and domestic consumption issues. As such, FAS has not funded an avocado export program since that year.

Chile

Avocado production is expected to increase in the next few years as a large number of new orchards will come into production. Increases in international demand have fueled increases in area planted to avocados. By 2004, it is forecast that area planted will exceed 26,000 hectares. In 2002/03 (marketing year January 2003-December 2003), production was estimated at 135,000 tons, an increase of 8 percent from the previous year. Production for 2003/04 is forecast to be even higher, totaling 155,000 tons. Almost all new orchards are planted with Hass variety avocados, which are targeted for the export market. Chilean production is mostly in arid regions with little rain; therefore, orchards are generally pest-free and require no fumigation. Consumption in Chile is considered low for a producing country. Typically, it is less than 3.5 kg. per person annually. The Chilean avocado producers' association has worked to increase domestic consumption through promotion campaigns and hopes that the 20 to 30 percent of annual production sent to the domestic market will increase in years to come.

In CY 2002, Chile exported 78,070 tons of avocados, while exports in CY 2003 grew to 97,647 tons. Due to the increases in production, exports are forecast to reach 103,000 tons in CY 2004. The main destination for Chilean exports is the United States, which typically consumes more than 95 percent of total exports. In June 2003, the United States signed a free trade agreement (FTA) with Chile. When enacted, the FTA will allow Chile a duty-free quota of 49,000 tons, which will increase 5 percent each year. After twelve years, avocados will enter the United States duty free. Avocado producers also expect increased exports to the European Union (EU) in the coming years as a result of the Chile-EU FTA, which came into effect January 2003. Chile imports very small quantities of avocados from Peru and Argentina. Imports totaled 414 tons in CY 2003.

South Africa

Production in 2002/03 (marketing year January 2003-December 2003) is estimated at 85,000 tons, a decrease of 23 percent from the previous year, due mainly to the alternate bearing cycle of avocados. The fruit size was also small as a result of high temperatures and low moisture during the growing season. The 2003/04 crop is expected to rebound to more normal levels and is forecast at 100,000 tons. Typically, South Africa consumes about half of its annual avocado production domestically. About 95 percent of exported avocados are shipped to the European market. South African growers compete in the European market primarily with Spain, Peru, Kenya, and Israel.

In CY 2002, South Africa exported 47,740 tons of avocados. Due to the decline in production, January to November 2003 exports dropped by 18 percent from the same period in 2002, totaling 39,130 tons. South Africa's largest markets are typically the Netherlands, France, and the UK. These three markets consumed 84 percent of exports in CY 2002. However, reports indicate that the industry is targeting Japan and the United States for market development activities. Currently, trade with South Africa in avocados is minimal for these two countries. From January to November 2003, the United States imported only 18 tons, while imports by Japan were zero during the same period. South Africa imports of avocados are very small, totaling just 313 tons in CY 2002. All imported avocados in 2002 came from Zimbabwe, Kenya, and Israel.

Spain

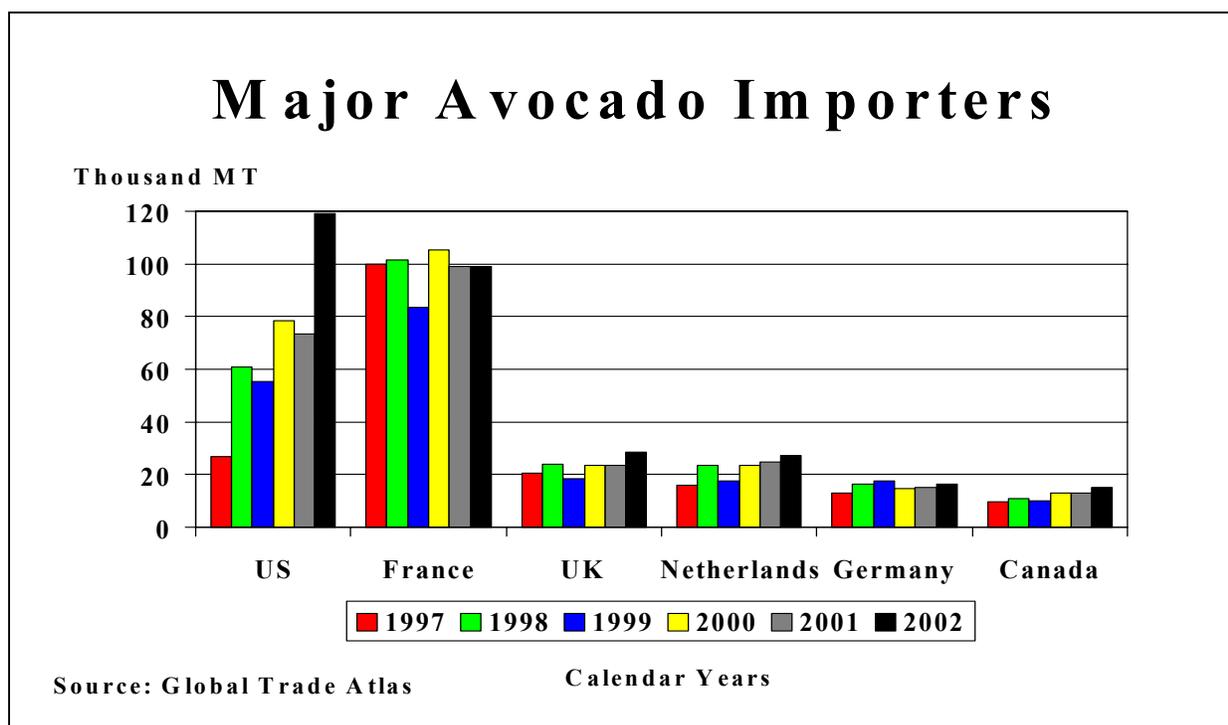
Spanish avocado production fell nearly 40 percent during 2002/03 (marketing year July 2002-June 2003) to 40,000 tons. The drop was mainly due to very hot summer conditions as well as the "off" year of the avocado production cycle. Production is forecast to nearly double, however, for the 2003/04 crop due to a 20-percent expansion of planted area and the "on" year of the production cycle. Currently, around 90 percent of avocado production is concentrated around Malaga and Granada, but increased development in this region has led to a decrease in planted area. New orchards around Valencia are offsetting those losses and overall production is likely to increase. During the 2002/03 season, prices rose nearly 60 percent due to the short supply. Producers are eager to keep prices high and are focusing efforts on increasing domestic demand. Consumption in Spain is expected to increase as the South American immigrant population continues to grow. Although Spain is the predominant supplier to the European market, avocado consumption is much lower than in other European countries. The Spanish typically consume less than half the amount that is exported.

Exports in CY 2002 totaled 44,444 tons, a 2-percent decrease from the previous year. January to October 2003 exports dropped 37 percent from the same period a year earlier, totaling 23,617 tons. Spain's top markets are France, the UK, Germany, and Sweden. Together, these four countries typically purchase around 85 percent of Spain's exports of avocados. In CY 2002, Spain's imports of avocados totaled 5,671 tons, an increase of 20 percent from the previous year, due mainly to the poor crop in 2002/03. The top suppliers are typically France, Peru, and Chile.

Israel

Israeli avocado production for 2002/03 (marketing year October 2002-September 2003) totaled 48,000 tons, a 42-percent decrease from the previous year. Unfavorable weather and a heat wave at the end of the blooming period in June 2002 decreased yields severely. The 2003/04 production forecast has been set at 55,000 tons based on expected favorable weather conditions and production potential of the planted area. Increasing international and domestic demand has enticed growers to expand areas planted to avocados. Within the next 5 to 8 years, total planted area is expected to expand by 1,000 hectares.

In CY 2002, almost 99 percent of Israel's avocado exports went to the EU. France is its largest market, importing about 47 percent of Israel's international sales of avocados. Phytosanitary restrictions prohibit trade between the United States and Israel. Exports are forecast to reach 33,000 tons for the 2003/04 marketing year.



Sources: This information was prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attachés and Counselors, results of office research, FAS/USDA estimates, and related information. U.S. production numbers are generally from the National Agricultural Statistics Service (NASS). U.S. trade numbers are generally from the U.S. Department of Commerce, Bureau of Census.

* U.S. Trade Statistics beginning MY 2001/2002 are broken out into 3 categories: Avocados, fr, dr; Avoc-Hass-Hslike, and Other.

** NASS will publish the estimates for 2003-2004 on July 7, 2004, in their Crop Production report.

(The FAS Attaché Report search engine contains up-to-date reports on Avocados for 5 countries: Chile, Israel, Mexico, South

Africa, and Spain. Also, check out our web page at: www.fas.usda.gov/http/horticulture/avocado.html)