
- Advertisement -

Avocado picking resumes, volume to ramp up quickly

October 18, 2016

There were 900 picking crews back in the Mexican avocado groves on Saturday, Oct. 15, and more than 1,000 crews were picking fruit Monday, Oct. 17, so the expectation is that millions of pounds will soon be flowing to the United States to start to fill the empty pipeline.

“We have ample fruit on the trees and will be harvesting and sending it to the U.S. market in an orderly fashion,” APEAM spokesperson Ramon Paz Vega told The Produce News via email on Oct. 17. “We project to ship more than 40 million pounds this very week, which will help us get back on track quickly.”

For the past couple of weeks, supplies have been very limited as a dispute in Mexico kept pickers away from the fruit. APEAM, which is the trade organization representing Mexico’s avocado producers and exporters, noted that while the impact of the dispute was spread throughout the avocado-producing region, in reality it was more localized in nature.

Vega said that out of the 28 municipalities authorized to export to the United States, only four were driving the protest, “and not all growers within those four municipalities were in agreement with the methods of the movement.”

He revealed that the “primary issue revolved around internal differences on sales negotiations between growers and packers.

Some of the more radical protesters wanted a set price for the entire season and all types of fruit. Of course, this is not allowed and the governmental mediators and APEAM made this clear to the protesters.

“The other issues pertain to payment in U.S. dollars vs. Mexican pesos, and who should be responsible for phytosanitary sampling fruit costs required by the USDA. Negotiations on these two topics continue,” he continued. “It is important to note that none of these topics fall within APEAM’s purview as APEAM has no role in the private negotiations between growers and packers. However, APEAM has been using its influence to promote dialogue and agreement between the parties.”

Vega did acknowledge the impact the disruption had on the U.S. marketplace, where the limited supplies created very high prices.

A carton of avocados was selling for \$60-\$70 last week, with some terminal market operators said to be getting more than \$100 per carton.

“We recognize that interruptions work against the interest of all,” Vega said. “The causes of the interruption have been addressed with the mediation of the federal and state governments. We are confident that our industry will continue working without major interruption going forward.”

Vega also noted that this interruption was rare and the Mexican industry shouldn’t be harshly judged by this unique situation.

“For more than 19 years, the supply of avocados from Mexico to the U.S. market has been consistent and timely with good, reliable quality,” he said. “Based on that strong foundation, we have deployed one of the most successful promotion programs in the fresh produce industry in recent years. We have always and will continue working according to our plans for the season, crop estimates and general forecasts for weekly shipments. Our marketing team will continue implementing innovative, year-round programs to drive excitement and purchase for the Avocados from Mexico brand that also fuel category growth.”

He noted that APEAM has relayed its concerns to U.S. companies involved in the avocado trade. “We have asked importers and retailers for their understanding and patience during this process, and we greatly appreciate the support they have shown. We believe that all members of the supply chain, including importers and retailers, are now more aware of the needs and challenges facing 20,000 growers, most of whom are small, family farmers working to make an honest and decent living from growing avocados. Like everyone throughout the supply chain, they want fair prices and good value for their role and support of the industry.”

Several U.S. shippers discussed the situation with The Produce News off the record during the Produce Marketing Association Fresh Summit convention Oct. 14-16 in Orlando, FL, as word was filtering out from Mexico that avocados would soon be flowing into the United States again.

There was a difference of opinion as to how long it will take for supply and demand to again reach equilibrium. Several noted that the high prices at retail have tamped down demand and so a quick influx of supplies could result in a rather quick return to a more normalized situation.

Others argued that with the pipeline virtually empty, it will take several weeks to fill that up and then the United States will be moving into heavy demand periods such as Thanksgiving and Christmas.

The Christmas season also means a several-day picking holiday in Mexico, which may mean another demand-exceeds-supply situation as the new year begins. And on the heels of that is the Super Bowl, which is another high-demand period.

These shippers, for the most part, were predicting that it could be after the Super Bowl before avocados are selling for a price less than \$35 per carton. They noted that with a smaller crop than last year and these marketing dynamics at play, there may well be a new normal this year at prices higher than last year.

However, this discussion was taking place before crews started picking and sending fruit to the United States. In none of the discussions did anyone predict that 40 million pounds would be picked this week. As that fruit is distributed throughout the United States, a new dynamic will undoubtedly emerge.

[Print](#)