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Calavo increasing bagged fruit; prepping for opening of Jalisco

By

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California got off to a great start to its avocado season and has already shipped a fair amount of fruit with great returns.

Executive Vice President of Sales Rob Wedin of [Calavo Growers Inc.](#), based in Santa Paula, CA, believes the early shipments — about 60 million pounds through the first three months of 2022 — will result in the peak of the California season being moved up a bit with April through June experiencing the most volume on a weekly basis. Wedin believes this will be good for California growers who are currently taking advantage of a very hot market, which Wedin thinks will remain strong through the spring, albeit, not quite as hot as it currently is. In mid-March, the most desirable size, 48s, had an f.o.b. Santa Paula price above \$60 per carton.

Wedin said demand remains very good, which is reflected by heavy demand for bagged avocados. Calavo continues to increase its bagging capabilities. At one point, Calavo bagged all its fruit at its facilities in the United States, but as demand has grown for that SKU it has added new bagging equipment below the border to do source bagging for fruit grown in Mexico. “Across the board, bags have become very popular. More than 25 percent of our sales volume in 2021 was bagged,” he said. “We bag all sizes from ‘Calavo Tini’, which are 84s to 96s, to jumbo bags, which are for the 32-36 size fruit.”

Wedin said convenience is driving the demand for bagged avocados. Avocado shoppers, especially heavy users who buy multiple pieces of fruit while at the supermarket, love the convenience of picking up the bagged option, which fills their need very quickly.

As the 2022 year gets further along, Calavo is anticipating being able to increase its avocado offerings to U.S. buyers. More than five years ago, the company opened its state-of-the-art packing facility in Jalisco, Mexico with the expectation that the state would soon be cleared for exporting avocados to the United States.

It has taken much longer than anyone expected but that day is finally within sight. “We are very much looking forward to it,” Wedin said. “We expect to get going with volume in June.”

Late last year, U.S. and Mexican officials announced that an agreement had been reached to allow avocados grown and packed in Jalisco to be shipped to the United States with a start date as soon as April. In reality, Wedin said the groves of hundreds, even thousands, of growers have to be certified as free from specific pests before they can begin harvesting fruit for the U.S. market. “That all takes time,” said Wedin, noting that Calavo’s packingshed has been certified and he suspects others have as well. “But this first year less than 100 percent of the groves will be certified,” he said.

As the company gets ready for the start of the Jalisco season, which is about eight-months long beginning sometime in the spring, “we are making sure we have everything in place so we can start with a good amount of volume,” said Wedin.

While it will take time, Wedin reminded that the operation is not starting from scratch. Calavo has been packing fruit in the facility for five years, sending it to other destinations including Japan, Canada, and Europe. He said Jalisco is noted for producing a top-of-the-line pack that can withstand the extended travel times it takes to ship it by ocean liner to Japan and Europe. (The Canadian shipments are sealed and are typically trucked through the United States to their Canadian destination.)

Wedin said that while the opening of Jalisco production to the United States does not put new fruit on the world market, it does give those Jalisco growers access to the U.S., which he called “the most lucrative market in the world.” He does not believe Jalisco fruit will adversely impact the U.S. market. He said demand for avocados in the U.S. continues to increase and Jalisco will help fill that demand.

Immediately, he said Jalisco’s fruit will experience a jump in price simply because it can be shipped to its closest northern neighbor. With a limit to its marketing opportunities in the past, he said the farmgate price was often only half of what avocado growers were getting in the state of Michoacan, which is Jalisco’s southern neighbor and the most voluminous avocado producing state in Mexico.

It has been estimated that Jalisco has about 10 percent of the volume of Michoacan. In 2021, Wedin said Jalisco exported about 230 million pounds of avocados. He expects the volume to increase with the opening of the U.S. market as, over time, more growers will aim for certification.

For Calavo’s part, Wedin said the company expects to increase its productivity by about 50 percent by being able to pack avocados from certified groves in either state at certified facilities in both states. “This gives us access to another crop and will allow us to move back and forth between the two packing facilities to fill orders when demand is high.”

Industry experts expect there to be a reshuffling of world shipments as Jalisco ramps up its volume to the U.S. market. Wedin predicted that for the 2022-23 Jalisco season 25-50 percent of its volume will be shipped to the United States. While Jalisco fruit will also continue to be shipped to the markets it has developed over the past decade, there will be opportunities created for other regions with Jalisco diverting some of its fruit to the United States.

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About Tim Linden |

Tim Linden grew up in a produce family as both his father and grandfather spent their business careers on the wholesale terminal markets in San Francisco and Los Angeles.

Tim graduated from San Diego State University in 1974 with a degree in journalism. Shortly thereafter he began his career at The Packer where he stayed for eight years, leaving in 1983 to join Western Growers as editor of its monthly magazine. In 1986, Tim launched Champ Publishing as an agricultural publishing specialty company.

Today he is a contract publisher for several trade associations and writes extensively on all aspects of the produce business. He began writing for The Produce News in 1997, and currently wears the title of Editor at Large.

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