Commodity Profile: Avocados

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Overview
According to the California Avocado Commission, California is the top producer of avocados in the U.S. and home to 95 percent of the nation’s crop. Approximately 6,000 growers harvest avocados in California. Avocados are grown year-round in California thanks to the state's coastal microclimate. The average size of an avocado farm in California is 10 acres. A single California avocado tree can produce up to 60 pounds of avocados each year, or approximately 120 pieces of fruit.

Most California avocados are harvested on 60,000 acres between San Luis Obispo and the Mexican border. San Diego County alone produces 40 percent of all California avocados. Seven varieties of avocado are grown in California; Hass avocados make up 85 percent of the volume.

The Los Angeles Basin is the world's largest market for California avocados. Other major California markets include San Francisco and San Diego.

Demand
U.S. per capita retail avocado consumption has varied drastically since 1970 (Table 1; Figure 1). In 1970, consumption was 0.8 of a pound per capita, but it has since ranged from a low of 0.4 of a pound in 1973 to a high of 2.21 pounds in 1987. As of 2001, consumption had crept back up to 2.07 pounds per capita.

The Agricultural Issues Center at the University of California estimates that 86 percent of avocado exports originated in California in 2002. Canada and Japan are the most important destinations for avocado exports.

Total U.S. exports amounted to $1.7 million in 2002 (Table 2). Compared to 1989, when $8.9 million worth of U.S. avocados were exported, shipments have decreased sharply. In 1993, exports were valued at $15.1 million and continued to be relatively high during the early NAFTA years before dropping to the 2002 level.

Avocado shipments to Canada almost doubled during the first year of CUSTA, from $2.6 million in 1989 to $5.1 million in 1990. After 1990, exports dropped almost every year. In 2002 avocado exports to Canada were $812,381, down 34.5 percent from the previous year and down 84 percent from the peak in 1990.
U.S. avocado shipments to Mexico are low because U.S. exporters face a ban and can usually sell their product for a higher price in the United States and other countries.

**Tariff rates and policy changes resulting from NAFTA**

The United States imposes a tariff of 11.2 cents per kilogram on fresh or dried avocado imports from countries with which it has normal trade relations. Imports from trade partners without normal trade status face a tariff of 33.1 cents per kilogram.

Canada had no tariff on avocado imports from the United States, even before the 1989 Canadian-US Free Trade Agreement (CUSTA). Before NAFTA, avocado exports to Mexico were subject to a tariff of 20 percent. The tariff was reduced over a 10-year period and was phased out on January 1, 2003. However, Mexico has banned California avocado exports into most Mexican states. The ban was addressed at the second Annual Agriculture, Food and Fisheries Outlook Forum in Mexico City in April 2002, and Mexican officials are considering the request to give California avocados access to the banned Mexican states.

With the implementation of CUSTA, the United States phased out its tariffs of 13.2 cents per kilogram on Canadian imports over 10 years. Mexico also faced a tariff of 13.2 cents per kilogram on exports to the United States before NAFTA. Under NAFTA, the United States phased out that tariff over 10 years. Beginning in 2003, Mexico imported avocados into the United States duty-free.

Avocado imports from Mexico have increased due to the lifting of a ban that had existed because of phytosanitary concerns for almost 80 years, from 1914 to 1993. In 1993, Mexico was allowed to ship avocados to Alaska. Since 1997, distribution of Mexican avocados has been allowed in most states on the East Coast and in the Midwest. In November 2001, the “Mexican Avocado Import Program Final Rule” was published (Foreign Agricultural Service, USDA), increasing the number of northern U.S. states to which Mexican avocados can be shipped. The rule also expanded the shipping season to October 15 through April 15. Previously, the shipping season was limited to November through February. Mexican avocados still cannot be distributed in California or the Southern states. In April 2002, during the second Annual Agriculture, Food and Fisheries Outlook Forum, the United States promised a risk assessment of the eventual opening of all the United States to Mexican avocados.

**Supply**

U.S. avocados are commercially grown in California, Florida and Hawaii. In 2002, California acreage made up 90 percent of the U.S. acreage and 86 percent of the production. Acreage used to produce avocados in California decreased from 72,900 acres in 1992 to 58,000 acres in 2002. During the same period, bearing acreage also decreased in the United States—from 81,520 acres to 64,150 acres.

California avocado production varied throughout the 1990s. Production in 2002 amounted to 187,000 tons, up from 136,000 tons in 1990 (National Agricultural Statistical Service, USDA). California production peaked in 1992 at 284,000 tons. Total U.S. production also varied considerably. In 2002, the United States produced 218,350 tons of avocados. Cash receipts from California avocado production increased from $239.4 million in 1990 to $337.4 million in 2002. Almost all avocado production was marketed as fresh avocados.

Avocado prices (in 1996 dollars) varied considerably during the past decade, even after taking into account inflation. California prices for avocados have generally been slightly higher than the U.S. average. U.S. prices reached a low in 1992 of $441 per ton. In 1993, prices more
than tripled to $1,893 per ton. Then, after a few years of unstable prices, the price of avocados rose to $2,093 per ton in 1998 ($2,325 per ton in California). The price for avocados has since been lower and was $1,401 per ton in 2002. In California, the 2002 price was $1,551 per ton.

The value of fresh and dried avocado imports into the United States amounted to almost $134.7 million in 2002. Most avocados, over 65 percent, were imported from Chile. Chilean avocado shipments into the United States were valued at $81.5 million, or 60 percent of total U.S. import value. Mexico supplied 28.8 percent of U.S. avocado imports. Imports from Mexico increased during most of the 1990s from $45,509 in 1990 to over $38.8 million in 2002 (Figure 2). Other importers were the Dominican Republic (8 percent) and New Zealand (2.5 percent).

Total imports of avocados into the United States have increased sharply over the past decade (Table 4). In 1989, imports were valued at $4.4 million, which increased to $134.7 million in 2002.
Sources

California Avocado Commission, About Avocados. Available at: http://www.avocado.org/


Tables and figures

Table 1: U.S. Retail Avocado Consumption, per capita, 1970-2001, in pounds

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<tr>
<td>Cons.</td>
<td>0.80</td>
<td>0.42</td>
<td>0.77</td>
<td>0.40</td>
<td>0.66</td>
<td>1.16</td>
<td>0.68</td>
<td>1.11</td>
<td>1.05</td>
<td>1.18</td>
<td>0.79</td>
<td>1.95</td>
<td>1.45</td>
<td>1.73</td>
<td>2.06</td>
<td>1.72</td>
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<td>Cons.</td>
<td>1.41</td>
<td>2.21</td>
<td>1.49</td>
<td>1.47</td>
<td>1.01</td>
<td>1.32</td>
<td>1.34</td>
<td>2.03</td>
<td>1.25</td>
<td>1.27</td>
<td>1.48</td>
<td>1.49</td>
<td>1.63</td>
<td>1.43</td>
<td>1.80</td>
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(Source: USDA Economic Research Service)

Table 2: Total U.S. Avocado Exports and Shipments to Canada, in million $, 1989-2002

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<tr>
<td>Canada</td>
<td>2.6</td>
<td>5.1</td>
<td>3.9</td>
<td>3.8</td>
<td>4.7</td>
<td>2.5</td>
<td>2.0</td>
<td>1.2</td>
<td>1.5</td>
<td>1.1</td>
<td>1.2</td>
<td>0.9</td>
<td>1.2</td>
<td>0.8</td>
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<tr>
<td>Total (all)</td>
<td>8.9</td>
<td>7.8</td>
<td>6.7</td>
<td>8.8</td>
<td>15.1</td>
<td>11.8</td>
<td>13.3</td>
<td>12.0</td>
<td>7.2</td>
<td>5.5</td>
<td>7.6</td>
<td>3.6</td>
<td>2.3</td>
<td>1.7</td>
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(Source: U.S. Customs Service)


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<tr>
<td>Production (tons)</td>
<td>291,550</td>
<td>143,650</td>
<td>175,250</td>
<td>190,250</td>
<td>190,700</td>
<td>178,250</td>
<td>159,250</td>
<td>183,300</td>
<td>239,320</td>
<td>223,300</td>
<td>218,350</td>
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<td>Value ($1,000)</td>
<td>118,120</td>
<td>255,418</td>
<td>240,929</td>
<td>244,733</td>
<td>272,784</td>
<td>277,754</td>
<td>343,730</td>
<td>378,934</td>
<td>331,397</td>
<td>373,890</td>
<td>337,398</td>
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<tr>
<td>Nominal Price ($/ton)</td>
<td>405.00</td>
<td>1,780.00</td>
<td>1,370.00</td>
<td>1,290.00</td>
<td>1,430.00</td>
<td>1,560.00</td>
<td>2,160.00</td>
<td>2,070.00</td>
<td>1,380.00</td>
<td>1,670.00</td>
<td>1,550.00</td>
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<tr>
<td>Real Price ($/ton)</td>
<td>451.51</td>
<td>1,938.06</td>
<td>1,456.69</td>
<td>1,343.65</td>
<td>1,457.69</td>
<td>1,560.00</td>
<td>2,118.74</td>
<td>2,005.74</td>
<td>1,318.20</td>
<td>1,562.36</td>
<td>1,416.62</td>
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(Source: National Agricultural Statistics Service)

Table 4: U.S. Avocado Imports, in million $, 1989-2002

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<tr>
<td>Total</td>
<td>4.4</td>
<td>18.9</td>
<td>17.7</td>
<td>17.5</td>
<td>5.0</td>
<td>25.1</td>
<td>14.7</td>
<td>23.3</td>
<td>28.2</td>
<td>64.4</td>
<td>72.4</td>
<td>107.9</td>
<td>83.9</td>
<td>134.7</td>
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(Source: U.S. Customs Service)
Figure 1: U.S. Per Capita Avocado Consumption, 1970-2001
(Source: USDA Economic Research Service)

Figure 2: U.S. Avocado Imports from Mexico, 1989-2002
(Source: U.S. Customs Service)