

Peru must develop new markets for avocados and stop relying on the EU and the US

The avocado was Peru's main agricultural export product in 2018, and expectations are that it will have a very ambitious expansion, which will underpin the development of national agriculture and strengthen the income of rural workers.

This, according to a study by Directorate of Economic Studies and Agrarian Information (DEEIA) of the Ministry of Agriculture and Irrigation (Minagri), "The Situation of the International Market of Avocado. An analysis from a Perspective of Peruvian Exports."

The study highlights that global consumption of avocado has grown exponentially in recent years, and that its taste and nutritional properties have made it a fashionable food in developed countries and among more and more young consumers in emerging countries.

Global imports

According to TradeMap data global imports of avocados are growing steadily. In the 2001-2017 period there was an average growth rate of 12.5% per year, which means that the volume of global imports increased by more than six times in these eighteen years. In 2017, the world imported 2,081,026 tons of avocados, in 2016 it imported 1,943,541 tons and in 2001 imports only amounted to 315,353 tons.

Apparently, avocado imports have a high diversification as more than 145 countries of the world import this fruit, however they are concentrated in few economies such as the United States and the European Union (28 member countries). These two mega markets imported 1.7 million tons in 2017 (80.7% of the world total).

In 2017 the United States imported 900,198 tons of avocado, in 2016 they imported 859,606 tons, but in 2001 they only imported 59,385 tons. Meanwhile, the European Union imported 780,132 tons in 2017, close to 697,240 tons in 2016, and 186,236 tons in 2001.

Other important and permanent markets include Canada and Japan (which westernized consumption long ago). Asian markets such as China, Hong Kong, South Korea, and Singapore, as well as Arab countries, such as Saudi Arabia, the United Arab Emirates, and Morocco have shown a great impetus.



"If Peru intends to develop new markets and stop relying on the two mega markets (the European Union and the United States) it needs to urgently intensively work the aforementioned markets, including the Central American market, in order to enter these markets in their counter seasons to consolidate its presence in them without affecting their internal production and expand its agricultural export markets by combining marketing mechanisms with seasonal exports," the study recommends.

Global Production

According to FAOSTAT data, avocado production in the world had a 5.1% annual increase in the 2000-2017 period due to the expansion of global consumption. In 2017, the highest production figure was reached with 6,048,508 tons. In 2016 it stood at 5,737,522 tons, and in 2007 it reached 3,683,499 tons.

Mexico is the main producer, consumer, and exporter of avocado in the world. In 2017 it accounted for 34% of world production with an average annual growth rate of 5.09% (2000-2017). It is followed by the Dominican Republic with an 11% share and an annual average increase of 13.3%.

Peru is the third biggest producing country with an 8% share in the world production. Peru is the country that shows the highest growth rate of its production with an average 14.4% per year. At that rate of growth, it will possibly produce as much as the Dominican Republic by 2021.

In 2017 Peru produced 466,758 tons of avocados, in 2016 it produced 455,394 tons, in 2015 (367,110 tons), in 2014 (349,317 tons), in 2013 (288,387 tons), in 2012 (268,527 tons), in 2011 (213,662 tons), in 2010 (184,370 tons), in 2009 (157,415 tons), in 2008 (136,303 tons), and in 2007 (121,720 tons).

Avocado exports

Nearly 33% of world avocado production is exported. Almost 95% of the volume sold is of the Hass variety. Exports in the last 17 years have increased on average by 12% per year, which shows that this fruit is being valued in its due magnitude and is recognized throughout the world.

In 2017 world avocado exports amounted to 1,993,000 tons, in 2016 they were 1,871,000 tons, and in 2001 only 320,000 tons were exported. Mexico is the world leading exporter of this product; in 2017 it accounted for 45% of the total exported.



Peru ranks second. In 2017 it exported 247 thousand tons (12.4% of the total). In addition its exports grew at an average rate of 32% per year during the 2000-2017 period, exceeding in that period the most important supplier and trading countries in the world. In 2016 Peru exported 194 thousand tons, in 2015 it exported 187 thousand tons, in 2014 (179,000 tons), in 2013 (115,000 tons), in 2012 (84,000 tons), in 2011 (82,000 tons), in 2010 (60,000 tons), in 2005 (19,000 tons), and in 2001 (3,000 tons).

China, a market with potential

The patterns of consumption of the Chinese population have limited the dynamism of avocado imports so that there weren't significant imports in 2013 (1.5 thousand tons) and in 2014 (4.1 thousand tons). In 2015 there was a jump in imports as they increased to 16 thousand tons (290% growth). In 2016, they increased to 25.1 thousand tons (57%) and reached an important import volume in 2017 with 32 thousand tons (28%).

Only three countries (Mexico, Chile and Peru) supply avocados to China. Initially Mexico was the protagonist of this behavior (2014 and 2015), but in 2016 and 2017 the strong increase of imports from Chile made it the main supplier of avocados in China (11.6 thousand tons and 16.7 thousand tons respectively).

Peru still has a modest presence in this market. In 2015 it sent 3.6 thousand tons of avocado to China, and in 2017 it sent 6.7 thousand tons (86% increase).

There is no doubt that avocado imports in China have been consolidating rapidly, although not in the quantities that were expected, so this potential mega market has not been able to adopt this fruit of Latin American origin yet.

China's current avocado demand is really very limited when one considers it has 1.36 billion inhabitants. Until a few years ago, this product was only for a niche market of tourists or Western visitors who came to the hotels for business.

Currently there is a potential market of 180 million middle and high class consumers distributed in more than 100 Chinese cities, which have little or no knowledge of the benefits of Peruvian avocado, except for a marginal number of people who are beginning to enjoy this exquisite fruit. This type of consumer should increase to more than 400 million by 2020, according to "Meet the Chinese consumer of 2020", a study done by Yuval Atsmon and Max Magni, two consultants of a market research center, that was published on the website of McKinsey & Company in 2012.



It is necessary to carry out avocado promotion campaigns in China to ensure that the product is known and publicize how they can be consumed. Since the avocado is a little-known product in this market, it is necessary to educate the Chinese consumer about its state of maturity, possible preparations, and ways to distinguish the quality of the product.

Opportunities for Peru

If Peru intends to break the market hegemony, where Mexico is the leading exporter of this product, and it wants to consolidate its presence in the important North American and world markets it needs to analyze the seasonality of Mexican exports.

Mexican exports avocado throughout the whole year, but their export volumes peak between the months of October and May of each year. Meanwhile, Peru exports its products between March and September, precisely in the months when Mexico exports its lowest volumes. Hence, the best opportunity to expand Peruvian exports lies in that period of time (March-September).

Peru will have the best opportunities to enter those markets in which it competes with Mexico when they are poorly supplied by that country, i.e. when it has a lower exportable supply in the market.

In fact, this lower supply of avocados by Mexico will influence the price of the product in the international market, making it the best moment for the Peruvian avocado to consolidate its presence in the North American market, and in potential markets for Peru, such as Japan, Canada, China, and Central America.

In addition, it is necessary to encourage the consumption of Hass avocado in Peru, as consumption of this variety is very limited and because this would allow having a base market that compensates for the conjunctural drops of global demand.

Lien article : <https://www.freshplaza.com/article/9070596/peru-must-develop-new-markets-for-avocados-and-stop-relying-on-the-eu-and-the-us/>

