

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Mexico

Fresh Deciduous Fruit Annual

United States Remains Main Supplier of Deciduous Fruit to Mexico

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Report Highlights:

The United States remains the major supplier of deciduous fruits to Mexico. However, due to the depreciation of the peso against the dollar and the uncertainties this creates in the market, Mexican traders are being more cautious in importing fruit. Additionally, apple imports from the United States are expected to be lower due to the 20 percent retaliatory import duty imposed in June 2018 in response to U.S. aluminum and steel tariffs. According to traders, this tariff is creating a cash flow problem –as the duty must be paid in full before sale- that could stop some importers from purchasing apples.

APPLES, FRESH

Area

New/Post total area planted for MY 2018/19 is forecast to decrease marginally from New/Post MY 2017/18 area, as increases in some states are offset by decreases in others. Area harvested is forecast to decrease compared to previous MY 2017/18 area due to late frost in the states of Coahuila and Durango. New/Post planted and harvested areas for MY 2017/18 were revised downward based on official estimates from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA). New/Post area planted and harvested for MY 2016/17 remains unchanged from previous estimates based on official data. Area planted for Golden Delicious apple variety has been slowly increasing in Mexico. For MY 2017/18 this variety increased to a 46 percent of the area in Mexico from a 45 percent in the previous marketing year. The Red Delicious variety accounts for 31 percent of total area planted. The state of Chihuahua accounts for almost 50 percent of total area planted, of which 61 percent is planted with the Golden Delicious variety, and 32 percent with the Red Delicious variety. The state of Durango accounts for 14 percent, Puebla 14 percent, and Coahuila 10 percent of total area planted. Growers indicated that Mexico's planted area is not expected to expand much due to higher costs of production, limited credit availability, water scarcity, and limited market expansion. Mexico's main harvest season is between August and October.

According to producers, the Gala variety comprises approximately five percent of total planted area in Mexico. New crop Gala and Golden Supreme varieties from Chihuahua enter the market in mid-August. Near the end of August, the Red Delicious apple harvest starts. Golden Delicious apples are harvested in September. Rome Beauty apples are usually harvested in early October, and all harvesting in the state of Chihuahua is completed by the end of October. Producers in Chihuahua generally use more advanced production technology than in other states, resulting in higher-quality apples. Industry sources report that large-scale and technologically sophisticated growers in Chihuahua are renewing old orchards and planting with greater tree densities as well as slowly increasing planted area. There is also more investment in hail protection and in cold storage facilities using controlled atmosphere technology. According to growers, most of the apple area in Chihuahua has irrigation infrastructure, via sprinklers, micro sprinklers, and drip irrigation. Most areas in Durango are also irrigated, and more than 70 percent of areas in Coahuila have irrigation technology.

In order to remain competitive, large producers in Chihuahua continue replacing a number of older orchards with higher yielding (about 80 MT/hectare (Ha)) and higher density apple trees (1,000 trees/Ha or more). The remainder of the apple producing area is planted at more traditional spacing of 350-400 trees per hectare. Smaller producers tend to remain with the same area density, as they cannot afford to invest. High-density production accounts for approximately 30 percent of Chihuahua's planted area.

Production

According to sources, apple production in Mexico for MY 2018/19 is forecast to be somewhat lower compared to the previous MY 2017/18 as production in the states of Coahuila and Durango was damaged due to freezing temperatures. Therefore, the New/Post forecast for MY 2018/19 (August/July) of apple production is at about 660,000 MT. However, preliminary estimates have not been published yet.

Average yields are estimated between 12 and 13 MT/Ha. The state of Chihuahua, the main apple producing state, is expected to have a crop of about 580,000 MT to 590,000 MT for MY 2018/19.

Yields in Chihuahua are usually the highest in the country and average between 15-25 MT/Ha or more for well-tended orchards. Yields in the state of Durango, the second-largest producing state, are at about 4 to 5 MT/Ha, the states of Coahuila and Puebla have yields of about 5 to 6 MT/Ha.

Table 1. Mexico: Apple Production for Selected States
Metric Tons

APPLE PRODUCTION	MY 2016/17	MY 2017/18
Chihuahua	586,593	589,227
Durango	42,224	32,651
Coahuila	20,832	22,653
Puebla	37,113	36,773
Total Mexico	716,930	714,149

Source: Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food./ Agrifood and Fisheries Information System. (Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentacion./ Servicio de Informacion Agroalimentaria y Pesquera) - SAGARPA/SIAP

The New/Post apple production estimate for MY 2017/18 is revised downward from previous estimates to 714,149 MT as Durango and Puebla had marginally lower crops than expected. The national average yield for MY 2017/18 is estimated at 13.3 MT/Ha. The New/Post apple production data for MY 2016/17 remains unchanged from previous estimates. There is no official information on non-commercial apple production.

Consumption

New/Post domestic consumption for MY 2018/19 is forecast to be lower compared to MY 2017/18 consumption due to a lower consumer purchasing power and lower demand. This however, will depend on international prices and the depreciation of the peso against the dollar that will increase prices for imported fruit. In fact, domestic and imported apples began at higher price levels compared to last MY 2017/18. Due to lower quantities purchased by importers, some retail stores have sometimes less fruit available. Retailers observe that consumers buy somewhat less quantity of fruit due to prices. New/Post apple consumption estimates for MY 2017/18 were revised down from previous estimates due to a lower demand than expected. New/Post apple consumption estimates for MY 2016/17 were revised marginally upward from previous estimates.

Four varieties continue to dominate the Mexican market, and account for 97 percent of the imported volume to date: 38 percent Red Delicious, 33 percent Gala, 18 percent Golden Delicious, 8 percent Granny Smith, and 1 percent Fuji and 0.86 percent other varieties. The decrease in Red Delicious imports, which is due to a lower U.S. production, is allowing an increase in imports of other apple varieties. For example, the Gala variety imports increased from a 26 percent in 2017 to a 33 percent in 2018 due to a growth in production. Mexican consumers have developed a strong preference for the Gala variety. According to industry, consumption of apples is driven by the retail sector, which represents 54 percent of domestic consumption. There is no official information on apple per capita consumption. Apple varieties like Honey Crisp, Jonagold, and Crisp Pink are being imported at much smaller quantities, based on produce availability. While Mexican consumers like the size and color of U.S. apples, Mexican apples are considered sweeter, flavorful and less crunchy. The U.S. apple industry

will continue to face limited competition in Mexico from other countries such as Chile, Canada and South Africa.

Apples for processing are destined mostly to the juice processing plants. Apples are sold at very cheap prices. Producers tend to sell all they can to the fresh market first. There is no official information as to the amount of apples destined to the industry. Growers indicate that about 13 or 14 percent of the crop is for processing.

Trade

Due to the depreciation of the peso against the dollar, traders are being more cautious due to the uncertainties this originates in the market. New/Post estimates for apple imports for MY 2018/19 are forecast to be lower compared to MY 2017/18 imports due to the depreciation of the peso against the dollar and international fruit prices. In addition, there is a 20 percent import duty imposed on June 2018, on U.S. apples as a retaliation due to the tariffs that the U.S. administration imposed on imported steel and aluminum. According to traders, this tariff is imposing a cash flow problem that could stop some importers in bringing apples. The 20 percent import duty has to be paid in full before importing the apples into the country, limiting their financial capacity. Some importers though, will buy fruit in smaller quantities at a time due to the tax and to the swings in exchange rates. New/Post apple imports for MY 2017/18 were revised down from previous estimates due to a lower demand. New/Post apple imports for MY 2016/17 were revised marginally upwards from previous estimates based on Global Trade Atlas (GTA) trade data.

More than 65 percent of apples are imported into Mexico during the months of January /July. Traders indicate that they expect demand will continue in this period as end consumers are used to having apples year round. More than 95 percent of Mexico’s apple imports originate from the United States’ west coast, and it is expected that this trend will continue. Washington-origin apples account for 85 percent of U.S. exports to Mexico, with the state of California supplying the remainder. Canadian apples are imported from November to January and Chilean apples are typically imported from March to June. Mexican apples are marketed from September through December. Due to the cold storage facilities, now Mexican apples are present throughout the year.

Mexican apple exports are almost residual, and the United States and Belize have been the main importers for the last two years. Mexico exported 557 MT of apples to the Belize and 37 MT to the United States for MY 2017/18. These apples come from a limited number of counties in the state of Chihuahua that are recognized as fruit fly free zone by USDA Animal and Plant Health Inspection Service.

Table 2.- Trade Matrix Apples

Apples	H.S. 0808.10	Unit: Metric Tons	
Exports for MY 2016/17	(Aug-Jul) to:	Imports for MY 2016/17 (Aug-Jul) from:	
U.S.	459	U.S.	262,662
Belize	432	Chile	3,091
		Canada	876
Other	69	Other	194

TOTAL	960	TOTAL	266,823
Source: Global Trade Atlas July 2018			

Apples	H.S. 0808.10	Unit: Metric Tons	
Exports for MY 2017/18 (Aug-Jul) to:		Imports for MY 2017/18 (Aug-Jul) from:	
U.S.	37	U.S.	283,834
Belize	557	Chile	2,466
Nicaragua	31	Canada	414
Other	0	Other	543
TOTAL	625	TOTAL	287,257
Source: Global Trade Atlas July 2018			

Policy

The Mexican government has established several agricultural protocols and agreements with the Chinese government. Among the products to be imported from China are fruits and vegetables, including apples. The domestic industry does not anticipate significant competition. For information on the Work Plans between the United States and Mexico on apples see <http://publico.senasica.gob.mx/?doc=27822>

Tariffs

Under NAFTA, tariffs on U.S. and Canadian apples were eliminated on January 1, 2003. The same treatment is expected under the new agreement USMCAN. Under the Chile-Mexico Free Trade Agreement, imported Chilean apples began to enter duty free as of January 1, 2006. Apples from other countries are subject to a 20 percent duty. Apple HS code is 080810.

However, due to the tariffs imposed by the United States on imported steel and aluminum, Mexico imposed on June 2018, equivalent measures to various products. Some of these products are flat steel (hot and cold foil, including coated and various tubes), lamps, pork legs and shoulders, sausages and food preparations, apples, various cheeses, among others, up to an amount comparable to the level of affectation.

Prices

The medium rural price for MY 2017/18 is estimated between US\$0.31/kg and \$0.49/kg. Production costs will tend towards the higher end of the estimate if growers have frost protection equipment and new irrigation systems. According to producers, electricity, fuel, and packing costs (the last of which depend on foreign inputs like imported boxes and wax cartons), continue to rise compared to previous years. Part of the current crop that has been harvested in Chihuahua is now in cold storage in order to manage prices.

According to the National Service of Market Information ([SNIIM](#)), wholesale domestic prices during MY 2017/18 were higher compared to prices in 2016/17. Growers are expecting that prices will also

increase for MY 2018/19. It is important to consider that the Mexican peso value against the dollar has been depreciating over the years. (See table 15)

Table 3. Mexico -Average Monthly Wholesale Apple Import Prices			
Red Delicious		Pesos/kilogram	
Month	2017	2018	Change percent
January	37.90	40.56	7.01
February	38.77	38.71	(0.15)
March	39.29	36.78	(6.38)
April	37.44	35.29	(5.74)
May	38.23	35.29	(7.69)
June	38.23	36.56	(4.36)
July	38.23	39.85	4.23
August	37.87	42.40	11.96
September	37.73	46.62	23.56
October	39.12	44.12*	12.78
November	39.51		
December	39.59		

CIF-Mexico City
Source: Servicio Nacional de Información de Mercados
2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos
October 17, 2018 Exchange Rate: U.S.\$1.00 = 18.76 Pesos
*October 17, 2018

Table 4: Mexico -Average Monthly Wholesale Apple Domestic Prices			
Red Delicious		Pesos/kilogram	
Month	2017	2018	Change percent
January	27.89	28.13	0.86
February	27.57	27.68	0.39
March	27.68	27.37	(1.11)
April	27.36	27.37	0.03
May	26.94	26.63	(1.15)
June	26.73	27.43	2.61
July	26.35	29.87	13.35
August	26.77	35.58	32.90
September	27.73	37.79	36.27
October	28.95	36.32*	25.45
November	28.32		
December	28.11		

CIF-Mexico City
Source: Servicio Nacional de Información de Mercados
2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos
October 17, 2018 Exchange Rate: U.S.\$1.00 = 18.76 Pesos
*October 17, 2018

Table 5. Mexico -Average Monthly Wholesale Apple Import Prices			
Golden Delicious		Pesos/kilogram	
Month	2017	2018	Change percent
January	49.41	56.96	15.28
February	48.24	54.71	13.41
March	47.29	51.54	8.98
April	43.68	49.32	12.91
May	42.87	47.29	10.31
June	42.99	47.53	10.56
July	40.21	50.74	26.18
August	42.15	51.53	22.25
September	44.14	52.38	18.66
October	51.47	44.14*	(14.24)
November	63.09		
December	57.82		

CIF-Mexico City
Source: Servicio Nacional de Información de Mercados
2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos
October 29, 2018 Exchange Rate: U.S.\$1.00 = 19.47 Pesos
*October 29, 2018

Table 6. Mexico -Average Monthly Wholesale Apple Domestic Prices			
Golden Delicious		Pesos/kilogram	
Month	2017	2018	Change percent
January	28.16	33.29	18.21
February	28.66	32.88	14.72
March	28.53	32.32	13.28
April	27.54	31.58	14.66
May	27.68	31.58	14.08
June	28.95	32.34	11.70
July	28.95	34.21	18.16
August	29.52	37.56	27.27
September	30.48	37.89	24.31
October	33.29	36.13*	8.53
November	34.21		
December	34.13		

CIF-Mexico City
Source: Servicio Nacional de Información de Mercados
2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos
October 29, 2018 Exchange Rate: U.S.\$1.00 = 19.47 Pesos
*October 29, 2018

Table 7. Mexico Apple Production

Apples, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	58528	58528	57770	57530	0	57500
Area Harvested	54248	54248	54000	53620	0	49000
Bearing Trees	12422	12422	12366	12278	0	10076
Non-Bearing Trees	980	980	863	895	0	3091
Total Trees	13402	13402	13229	13173	0	13167
Commercial Production	714930	714930	718000	712149	0	658000
Non-Comm. Production	2000	2000	2000	2000	0	2000
Production	716930	716930	720000	714149	0	660000
Imports	266800	266823	300000	287257	0	275000
Total Supply	983730	983753	1020000	1001406	0	935000
Fresh Dom. Consumption	889730	889793	926400	908781	0	848440
Exports	1000	960	600	625	0	560
For Processing	93000	93000	93000	92000	0	86000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	983730	983753	1020000	1001406	0	935000

(HA) ,(1000 TREES) ,(MT)

PEARS, FRESH

Area

Investment in pear production is generally low. Area planted has fluctuated from 4,000 to 4,500 hectares in the last few years. Therefore, pear producers have been producing more or less the same volumes in the same area. Some growers, however, have started to experiment with planting more disease-resistant and longer shelf-life varieties. New/Post area planted for MY 2018/19 is forecast to be at about 4,200 hectares, a decrease from MY 2017/18, but still within the fluctuation mentioned above. The state of Puebla seems to have a slight increase from 1,955 hectares to 1,962 for MY 2018/19. However, higher costs of production are preventing producers from increasing area planted. New/Post planted area for MY 2017/16 is revised lower from previous estimates but area harvested is revised upward, according to official data from SAGARPA. Planted and harvested area for MY 2016/17 remains unchanged from previous estimates.

Production

Mexico's New/Post pear production forecast for MY 2018/19 (July/June) is 27,800 MT, based on trends and expected good weather conditions. Pear production is not expected to show significant increases in the near future, as growers are not heavily investing due to the high cost of production. New/Post pear production for MY 2017/18 is revised slightly higher from previous estimates based on official data. Pear yields for MY 2017/18 are 6.7 MT/Ha, up from MY 2016/17 yields of 6.4 MT/Ha. Pear production for MY 2016/17 remain unchanged from previous estimates.

Approximately 86 percent of the pear planted area is rain-fed. Michoacán, Puebla, and Morelos are Mexico's major pear producing states and account for almost 80 percent of total Mexican production. Morelos starts harvesting in June, Michoacan during June/July, while Puebla begins in

August/September. Lack of investment, high costs of production, scarce water supplies in pear producing regions, and disease problems have limited domestic production growth. Due to limited scales of production, Mexican pears are sold almost exclusively through local markets, with few sold in supermarkets. The most popular Mexican pear varieties among Mexican consumers are the Kiefer variety and the Paraiso variety. There is no official information on non-commercial pear production.

Consumption

Domestic demand has increased over the years as consumers have become accustomed to having different varieties of imported pears available in the market. Demand is mainly covered by imports from the United States. New/Post pear consumption for MY 2018/19 is expected to increase due to a large supply coming from the United States, however, imported prices since August 2018 have been high compared to 2017 prices. Still, a lower consumer purchasing power and variations in the peso exchange rate against the dollar could negatively influence pear consumption. Traders are hoping prices will stabilize and consumers will keep buying the fruit. New/Post pear consumption for MY 2017/18 estimates are revised higher than previously expected as pear prices were good. New/Post pear consumption for MY 2016/17 is revised marginally higher from previous estimates due to slightly higher demand.

Pears are available to consumers year round, mainly from Oregon and Washington states. Anjou pears continue to be the most sought-after variety in the market followed by Bosc, Bartlett, and Red Anjou varieties. Traders indicated that per capita pear consumption was about 2 pounds. There is no official information as to the amount of pears destined to the industry. Growers indicate that about 16 to 17 percent of the crop is destined for processing.

Trade

Due to the depreciation of the peso against the dollar and the uncertainties this originates in the market, importers are cautiously importing in smaller batches. Traders are expecting to import more fruit from the United States due to a large supply. Therefore, pear imports for MY 2018/19 are forecast to increase from last MY 2017/18 levels. However, higher prices of imported pears at the beginning of the MY 2018/19 may have an impact on demand. It seems that some of the Bartlett pears from California overlapped with the Oregon and Washington pear supply in the Mexican market. Pear imports for MY 2017/18 are revised upward due to a higher demand than expected. According to traders, demand was good as prices for pears- mainly Anjou- were even lower for MY 2017/18 than the previous year. New/Post imported pears for MY 2016/17 increased marginally from previous estimates, as demand was good.

The U.S. Anjou pear import season is from September to July, although cold storage facilities in Mexico and the United States provide year-round availability. The U.S. Bartlett pear import season is from August through February, again with cold storage facilitating year-round availability. The United States is by far the largest and most important supplier of pears in Mexico, with a market share of 95 percent, followed by Argentina with 3-5 percent, Chile with almost 1 percent and China with the remaining 0.5 percent. The presence of Chilean and Argentinean pears is limited in the Mexican market. When available in Mexico, they are of fair to good quality, and are usually priced lower than U.S. pears. Mexican pear exports are residual, and Belize has been the principal importer for the last few years. The export forecast for pears for MY 2018/19 is 70 MT. Belize imported 71 MT during MY 2017/18 and 51 MT during MY 2016/17. Only pears from the states of Oregon, Washington and

California, and from areas not under quarantine are allowed to be imported into Mexico. China has been exporting pears to the Mexican market recently, but volumes are still small.

Table 8.- Trade Matrix Pears

Pears H.S. 0808.30		Unit: Metric Tons	
Exports for MY 2016/17 (Jul-Jun) to:		Imports for MY 2016/17 (Jul-Jun) from:	
U.S.	0	U.S.	61,751
Belize	51	Argentina	3,470
		Chile	933
Other	0	Other	361
TOTAL	51	TOTAL	66,515

Pears H.S. 0808.30		Unit: Metric Tons	
Exports for MY 2017/18 (Jul-Jun) to:		Imports for MY 2017/18 (Jul-Jun) from:	
U.S.	0	U.S.	67,504
Belize	71	Argentina	3,208
		Chile	533
Other	0	Other	465
TOTAL	71	TOTAL	71,710

Tariffs

Under various trade agreements, the import duty on pears from the United States, Chile, and Argentina is zero. For all other countries, the duty is 20 percent. The pear HS code is 080830.

Pear Prices

Table 9: Mexico -Average Monthly Wholesale Pear Import Prices			
D'ANJOU	Pesos/kilogram		
Month	2017	2018	Change percent
January	47.47	41.73	(12.09)
February	47.67	40.00	(16.08)
March	46.56	39.40	(15.37)
April	45.06	38.92	(13.62)

May	44.22	38.78	(12.30)
June	45.82	38.89	(10.43)
July	43.42	42.36	(2.44)
August	40.44	45.90	13.50
September	39.82	48.36	21.44
October	42.00	46.96*	11.80
November	40.82		
December	40.90		
CIF-Mexico City Source: Servicio Nacional de Información de Mercados 2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos October 17, 2018 Exchange Rate: U.S.\$1.00 = 18.76 Pesos *October 17, 2018			

Table 10. Mexico Pear Production

Pears, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jul 2016		Jul 2017		Jul 2018	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4320	4320	4250	4235	0	4200
Area Harvested	4209	4209	4130	4170	0	4150
Bearing Trees	925	925	908	917	0	913
Non-Bearing Trees	24	24	26	14	0	11
Total Trees	949	949	934	931	0	924
Commercial Production	25952	25952	25800	26930	0	26800
Non-Comm. Production	1000	1000	1000	1000	0	1000
Production	26952	26952	26800	27930	0	27800
Imports	66500	66515	70000	71710	0	80000
Total Supply	93452	93467	96800	99640	0	107800
Fresh Dom. Consumption	89102	89116	92550	95169	0	103330
Exports	50	51	50	71	0	70
For Processing	4300	4300	4200	4400	0	4400
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	93452	93467	96800	99640	0	107800

(HA) ,(1000 TREES) ,(MT)

FRESH TABLE GRAPES

Area

The state of Sonora accounts for approximately 90 percent of total table grape production in Mexico and 84 percent of the total planted area. New/post area planted for MY 2018/19 is forecast to increase slightly to 23,000 Ha. Growth in planted area is limited in Sonora and Baja California as production costs are high and water is scarce. Producers are getting rid of old areas and establishing new areas with new technology to increase yields. Sonora growers have increased technological innovations and higher density planting, achieving higher yields compared to other growing regions. Producers indicate that expansion is limited mainly because of water scarcity in Sonora aquifers. As a result, producers are

trying to increase yields and become more efficient rather than increase acreage. Market and growing conditions are favorable but water scarcity continues to limit aggressive expansion in Sonora as all table grape area is irrigated. The national average yield for MY 2017/18 was 16.6 MT/Ha, higher than the MY 2016/17 yields of 14.1 MT/Ha. Yields for MY 2018/19 are expected at about 15.0 MT/Ha.

Yields for Sonora are between 14 and 18 MT/Ha. According to growers, there are 2,500 plants per hectare on average, producing an 8.18 kg/box per plant. These yields change depending on the plant variety and cultivation methods. Baja California, on the other hand, has increased planted area as producers consider this region to have better weather conditions. Baja California is the third most important growing area and exports substantially all of its table grape production. Most of the table grape production from the states of Zacatecas, and Guanajuato, are destined for local markets. New/Post planted and harvested areas for MY 2017/18 are revised upward from previous estimates based on official data. According to producers, the states of Guanajuato, Zacatecas, and San Luis Potosi planted new areas with table grapes for the domestic market. New/Post area planted and harvested for MY 2016/17 remain unchanged from previous estimates based on official data.

Production

New/Post total Mexican table grape production for MY 2018/19 (May/April) is forecast at 281,000 MT, lower compared to MY 2017/18, due to weather issues during the developing stage of the fruit in Sonora. According to producers, there was lower than normal chilling hours for grapes, and winter was dry. However, after bloom there was cold weather in January/ February that resulted in a lower volume of fruit than expected. Harvesting begins in May and typically ends in July for the state of Sonora, the largest producer. Table grape production in Zacatecas, the second-largest producing state, is expected to be good. Harvest is usually between July and October. Baja California and other states harvest from June to August. According to sources, some of the best crop grapes destined to the domestic market went to the export market in order to cover contracts, and some grapes destined to processing went to the fresh domestic market.

Table 11. Mexico: Table Grape Production for Selected States
Metric Tons

Grape Production	MY 2016/17	MY 2017/18
Sonora	231,310	310,361
Zacatecas	19,714	15,524
Baja California	2,766	5,838
Total Mexico	255,822	339,392
Source: SAGARPA/SIAP		

New/Post production estimate for MY 2017/18 is revised higher from previous estimates as weather was ideal for table grape production achieving high yields. Growers report this year as an excellent one. Production for MY 2016/17 is revised marginally upward based on official estimates. Some of the main grape varieties that Mexico produces include Perlette, Flame, Sugraone, and Red Globe. There is no official information on non-commercial table grapes production.

Consumption

The volume of Mexican grapes on the local market depends on export volumes, as producers tend to supply the international market before the domestic market. The local market, however, is supplied by certain Mexican states as well as from the United States and Chile. New/Post table grape consumption for MY 2018/19 is forecast at 213,000 MT slightly lower compared to MY 2017/18 due to an expected lower consumer purchasing power. Prices for imported product are expected to increase due to the peso exchange vs the dollar. New/Post consumption estimates for MY 2017/18 are revised higher from previous estimates due to a good demand and good prices. New/Post consumption estimates for MY 2016/17 are revised marginally downward from previous estimates. The consumer is used to have grapes almost year round as domestic and imported product cover demand. U.S. Globe and Thompson varieties remain among the most popular in Mexico. Domestic product is more price accessible than imported product.

Trade

According to traders, New/Post table grape imports for MY 2018/19 are forecast to be similar compared to MY 2017/18. However, it is important to note that the U.S. grape crop has been very good, and additional supplies could be shipped if prices allow. Although demand is expected to be good, the depreciation of the peso against the dollar could increase prices and slow demand. Table grape imports for MY 2017/18 are revised higher due to a greater demand than expected due to affordable prices. New/Post grape imports for MY 2016/17 are revised marginally upward from previous estimates based on the GTA data.

While Chilean grape production is primarily counter-seasonal to U.S. production, some Chilean grapes are also available during California's early and late season, when they compete directly in the Mexican market. U.S. suppliers export to Mexico from August to December and from January to February—before and after the Mexican season. Chile usually exports from January to April. The United States remains the leading supplier of fresh grapes to Mexico, with approximately 68 percent of total imports for MY 2017/18, the same percentage as last MY 2016/17. Chilean grapes increased to 20 percent of total imports for MY 2017/18 from 19 percent in MY 2016/17. In three years Peruvian grapes have gone from 0 to 10 percent market share of grape imports into Mexico.

Mexican table grape exports for MY 2018/19 are forecast to be lower compared to MY 2017/18 due to weather issues during the production cycle, but still reflecting a strong international demand at good prices. According to growers, Sonora is expecting to export about 16.0 million boxes of table grapes (18 pound/box – 8.18 kg/box), compared to last year's record crop of 21 million boxes. New/Post exports for MY 2017/18 are revised slightly upward, from previous estimates reflecting strong international demand. New/Post exports for MY 2016/17 are revised marginally upward from previous estimates based on trade data. Most of Mexico's table grapes are exported to the United States. However, traders keep trying new markets, like Australia.

Table 12.- Trade Matrix Table Grapes

Table grapes	H.S. 0806.10	Unit: Metric Tons	
Exports for MY 2016/17 (May-Apr) to:		Imports for MY 2016/17 (May-Apr) from:	
U.S.	153,816	U.S.	51,706
Costa Rica	479	Chile	14,482
Other	1,439	Other	9,330
TOTAL	155,734	TOTAL	75,518

Table grapes	H.S. 0806.10	Unit: Metric Tons	
Exports for MY 2017/18 (May-Apr) to:		Imports for MY 2017/18 (May-Apr) from:	
U.S.	193,251	U.S.	56,019
Costa Rica	615	Chile	16,489
Other	2,516	Other	8,918
TOTAL	196,382	TOTAL	81,426
Source: Global Trade Atlas July 2018			

Policy

U.S. table grapes can only be imported into Mexico from California due to phytosanitary restrictions that prohibit imports from other U.S. states. Grapes must come from nonregulated areas in California

Tariffs

Under their respective trade agreements, the import duty on grapes from the United States, Chile, Japan and Peru is zero, and they are expected to continue exporting to the Mexican market. Table grapes HS code is 080610.

The Mexico–European Union (EU) Trade Agreement, signed in 2000, allows Mexican table grapes to be imported into the EU duty free, beginning in 2008. Mexico has not taken full advantage of this agreement since most of its grapes are being exported to the United States, a more profitable market.

Prices

Although demand is expected to be good for table grapes, prices are expected to be higher compared to MY 2017/18 prices. Similar to other imported fruit, importers are being very cautious when importing, as the continuing depreciation of the peso against the dollar does not allow them to import large quantities at a time, resulting in a slowing of the market.

Most of Mexico’s table grapes are exported to the United States. Growers indicated that free on board (FOB) export prices in early May 2018 began at about U.S. \$34 to \$38 per 8-kg box of Perlettes compared to U.S \$46 to \$58 per 8-kg box of Perlettes in May 2017, and then continued at about U.S.

\$20 to \$27 in June 2018. Flame seedless grapes began in May 2018 at a high of U.S. \$38 to \$40 per 8-kg box and then fell to an average of U.S. \$28 to \$30 per 8-kg box in mid-June 2018. These prices are higher than the traditional Mexican export prices of between U.S. \$14 and U.S. \$16 per box.

Table13: Mexico -Average Monthly Wholesale Grape Import Prices			
Globe	Pesos/kilogram		
Month	2017	2018	Change percent
January	54.35	54.38	0.05
February	58.25	47.70	(18.11)
March	56.25	43.70	(22.31)
April	55.85	44.13	(20.98)
May	54.48	43.50	(20.15)
June	54.00	46.56	(13.77)
July	36.50		
August			
September	32.00	46.19	44.34
October	33.50	42.08*	25.61
November	45.45		
December	49.28		

CIF-Mexico City
Source: Servicio Nacional de Información de Mercados
2017 Exchange Rate Avg.: U.S.\$1.00 = 18.91 Pesos
October 29, 2018 Exchange Rate: U.S.\$1.00 = 19.47 Pesos
*October 29, 2018

Table 14. Mexico Table Grape Production

Grapes, Fresh Table	2016/2017		2017/2018		2018/2019	
	May 2016		May 2017		May 2018	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Area Planted	19467	19467	20000	22309	0	23000
Area Harvested	18139	18139	18600	20444	0	21000
Commercial Production	254821	254822	289000	338392	0	280000
Non-Comm. Production	1000	1000	1000	1000	0	1000
Production	255821	255822	290000	339392	0	281000
Imports	75500	75518	75000	81426	0	80000
Total Supply	331321	331340	365000	420818	0	361000
Fresh Dom. Consumption	175621	175606	170000	224436	0	213000
Exports	155700	155734	195000	196382	0	148000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	331321	331340	365000	420818	0	361000

(HA) ,(MT)

Table15. Mexico: Monthly Exchange Rate

Averages for 2015-2018				
MX Pesos per U.S. \$1.00				
	2015	2016	2017	2018
January	14.68	18.02	21.37	18.95
February	14.92	18.47	18.47	18.63
March	15.21	17.69	17.69	18.66
April	15.22	17.49	18.77	18.36
May	15.26	18.09	18.76	19.57
June	15.46	18.12	18.16	20.31
July	15.92	18.58	17.83	19.05
August	16.50	18.47	17.80	18.83
September	16.85	19.16	17.81	19.03
October	16.58	18.91	18.77	18.88*
November	16.63	20.03	18.94	
December	17.03	20.51	19.12	
Annual Avg	15.85	18.62	18.91	
*As of 3 rd week of October, 2018				
Source: Mexican Federal Register				
Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico				

