

The sharp uptick in Mexican lime prices has left U.S. retailers and margarita lovers alike second-guessing their purchases. With prices taking a sudden, four-fold increase, many grocers and restaurants have backed off from the citrus fruit.



The worst of Mexican lime prices could soon be in the past, however. Although sizing and quality remain inconsistent, greater volume should bring better price points throughout early summer, said Ronnie Cohen, Vision Import Group's vice president of sales.

"I think we've peaked. Our lime business is driven by retail and the food service business. Retail has backed off but food service has continued. There's no real substitute for limes. Some people have switched to lemons, some have taken them off the menu but some just cannot," he told www.freshfruitportal.com.

"After this peak, the price points are going to come down but they are going to come down at a slower increment. They are harvesting a lot of small limes right now because of the price point. If you harvest them right now, you can get a lot of money. If you leave them on the tree, in a month or two when they are bigger, the market is going to be much lower."

As of yesterday, fruit entering the country was described by the United States Department of Agriculture as inconsistent, with supplies of high quality fruit too low to satisfy demand.

While winter weather created a natural drop in large fruit, supply pressure has also pushed premature fruit into the market. Inspired by high prices, many farmers have begun picking limes early.

"There are people bringing limes in that are not packing a true sized lime in a box. They are cheating, for lack of a better word. So you are getting more fruit that you shouldn't be. It's a little bit of false advertising trying to capitalize on the higher market. It's not good for people who do the right job. It creates downward pressure," Cohen said.

Currently, Cohen said around 80% of limes coming in measure as 230s. In lay terms, most cartons contain a 230-count of small-sized limes. Larger lime sizes equate to a lower count per carton, ranging between 200 and 110.

As of yesterday, Cohen said a carton of 175s was pricing for as high as US\$120 for traders in Texas.

A number of factors have led up to the current U.S. lime crisis. To start, adverse weather struck plantations in Veracruz right at bloom time, killing off many potential fruits.

"Traditionally during the winter months, there is lower production of limes. From January to March, it's lower production. Back in November and December, they had some weather that made some of the blooms on the trees drop. They had wind and cool weather. It made that lower production even lower for Persian limes," Cohen said.

The U.S. has also become increasingly dependent on Mexico for limes. Although consumer taste for limes has grown, U.S. production of the fruit has dropped.

"Mexico, because of proximity to the United States, supplies 90-95% of all limes that the U.S. consumes. That is something that progressed over time. Years ago there was decent commercial lime production in Florida but hurricanes basically wiped that out. Canker didn't help either. There's still a crop down there but it's a drop in the bucket compared to what it was," Cohen explained.

Favored by typically great growing conditions and proximity to the U.S., Mexico has easily surpassed all other exporters of the fruit.

"The other countries that produce limes are a small percentage, 5%-8%. That includes Ecuador, Guatemala, El Salvador, Honduras, Colombia. Some of these countries have more acreage than others. But during a regular season, it doesn't pay to come here because it's price prohibitive. If they don't make a minimum, it's a negative proposition for them," Cohen said.

The importer refuted speculation that organized crime has played a role in high prices.

"Everybody keeps trying to tie the drug cartel into this and it's so far from the truth. They're looking for a sexy story and it's just not there," he said.

"The reality is that it's a none effect. This is strictly a weather-related event - natural supply and demand."

He recommended U.S. lime importers consider establishing a marketing promotion board to improve oversight on such supply shocks in the future.

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