

*In this edition of the 'Agronomics In Charts' series, Colin Fain studies the impact of the recent suspension of imports of avocados from Mexico to the US market. Each week the series looks at a different horticultural commodity, focusing on a specific origin or topic visualizing the market factors that are driving change.*

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As we speak, avocados from Chile are being loaded onto airplanes to make an emergency departure for the U.S. The reason is an update to the [USDA/APHIS Commodity Import Report suspending the import of Mexican avocados](#) due to the threats sent to a USDA inspector in the country.

In a statement on twitter, the US Embassy in Mexico put forward that “Facilitating the export of Mexican avocados to the US and guaranteeing the security of our inspection teams go hand in hand. We are working with the government of Mexico to guarantee safe conditions that allow our personnel in Michoacan to continue operations.”

Facilitar la exportación de aguacates mexicanos a EE.UU. y garantizar la seguridad de nuestros equipos de inspección agrícola van de la mano. Estamos trabajando con [@GobiernoMX](#) para garantizar condiciones de seguridad que permitan a nuestro personal en [#Michoacán](#) reanudar operaciones

— Embajada EU en Mex (@USEmbassyMEX) [February 14, 2022](#)

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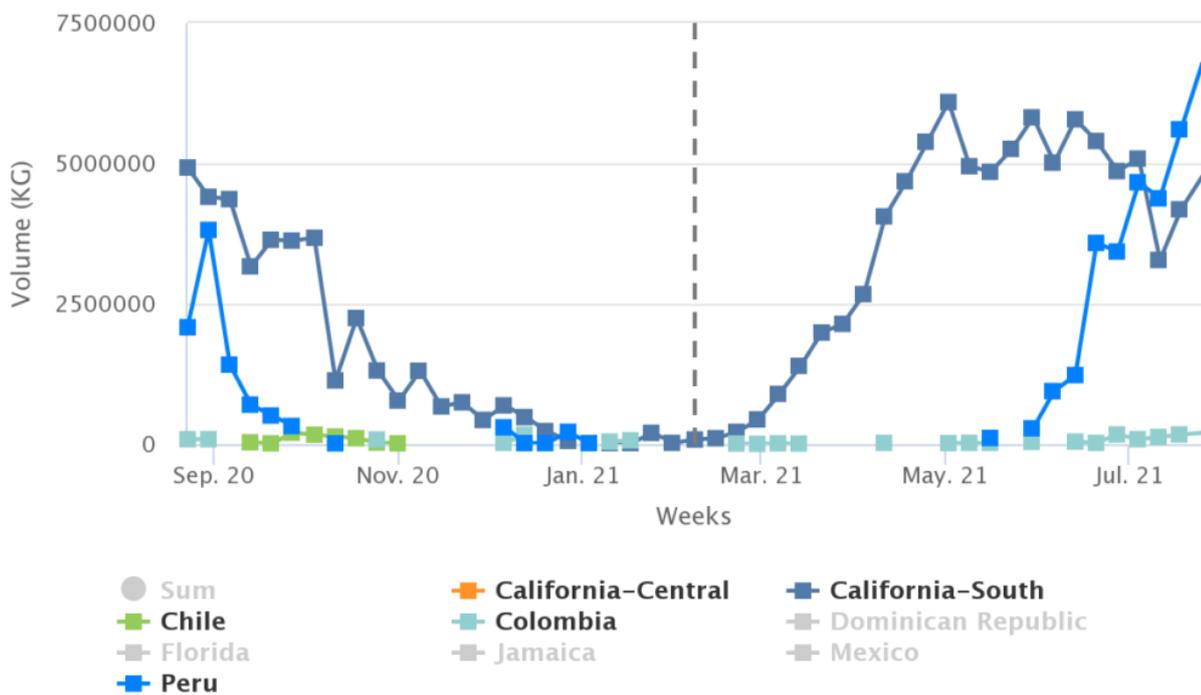
## **Background**

January and February are the height of Mexico's production window. The massive growth of exports from this origin to the U.S. has edged every other producing region out of the market as they are not able to compete with the volume, proximity and cost effectiveness of Mexican production during these months.

So not only is this the most difficult moment to freeze operations, but it is also a difficult

time to source fruit from alternative origins.

### Avocado Volumes by Origin in the US | Conventional

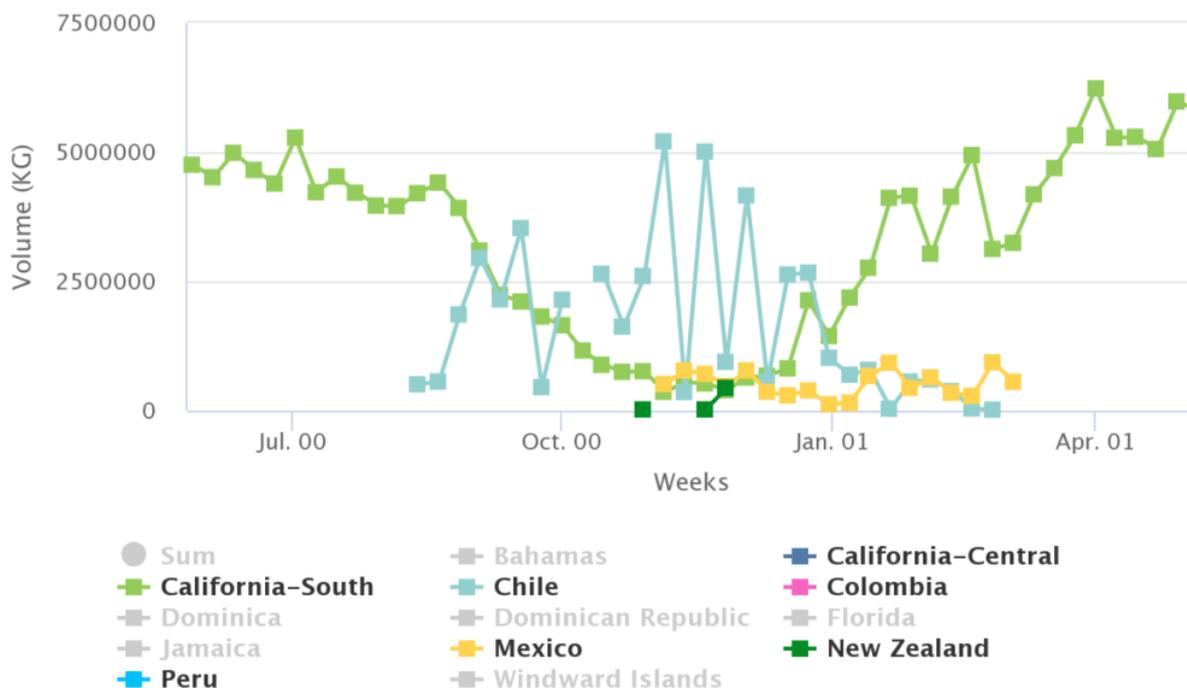


(Source: USDA Market News via [Agronometrics](#). Agronometrics users can view this chart with live updates [here](#))

### Alternative Sources

The first question for a shocked industry is 'where do I get avocados from'? It may seem like ancient history, but at the turn of the millennium avocado imports from Mexico were merely a footnote in an industry dominated by California's production and complemented by Chile.

### Avocado Volumes by Origin in the US | Conventional

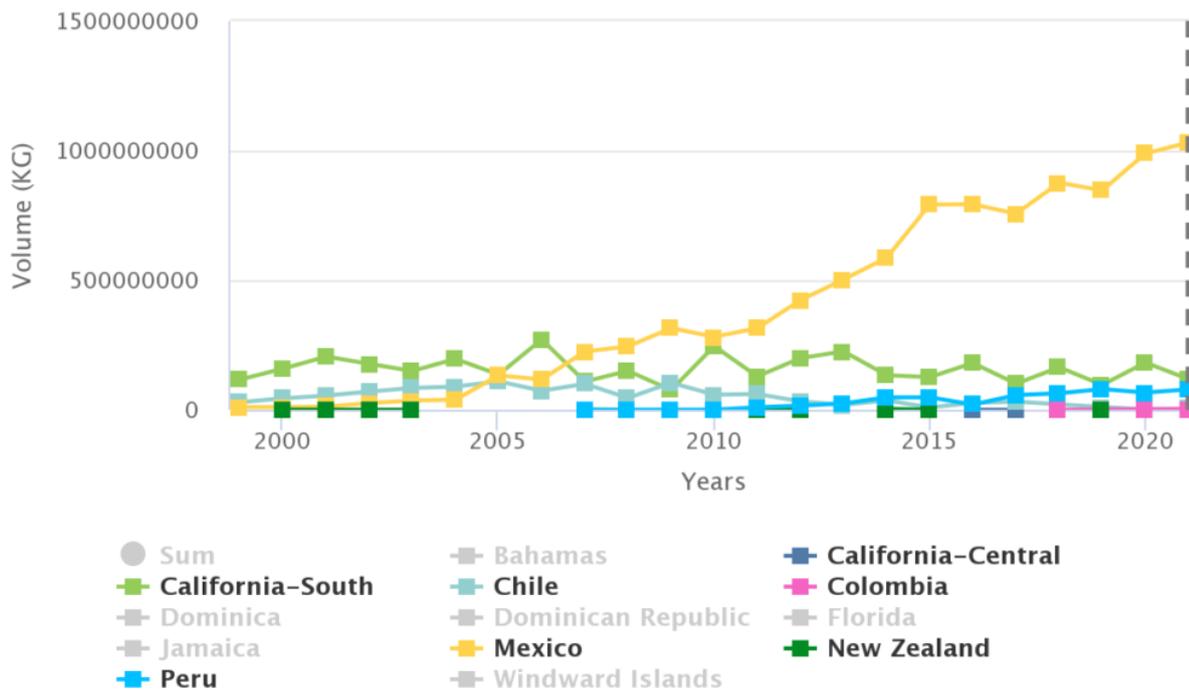


(Source: USDA Market News via [Agronometrics](#). Agronometrics users can view this chart with live updates [here](#))

Hence the note at the beginning of the story alluding to planes being filled with avocados: whatever supply shortfall that can be compensated from Chile will be a welcome relief to U.S. consumers.

The Chileans, however, have not been keeping up with the pace of growth the U.S. has seen, so there is no possible way that enough avocados can be sourced from anywhere on this planet to satisfy the levels of demand, U.S. consumers have grown accustomed to.

## Avocado Volumes by Origin in the US | Conventional



(Source: USDA Market News via [Agronometrics](#). Agronometrics users can view this chart with live updates [here](#))

### Effects on the market

The irrevocable reality of unsatisfied demand means that prices will spike. This expected effect will be the reason fruit from Chile or whatever origin that can supply it will be rushed to the U.S. as quickly as possible.

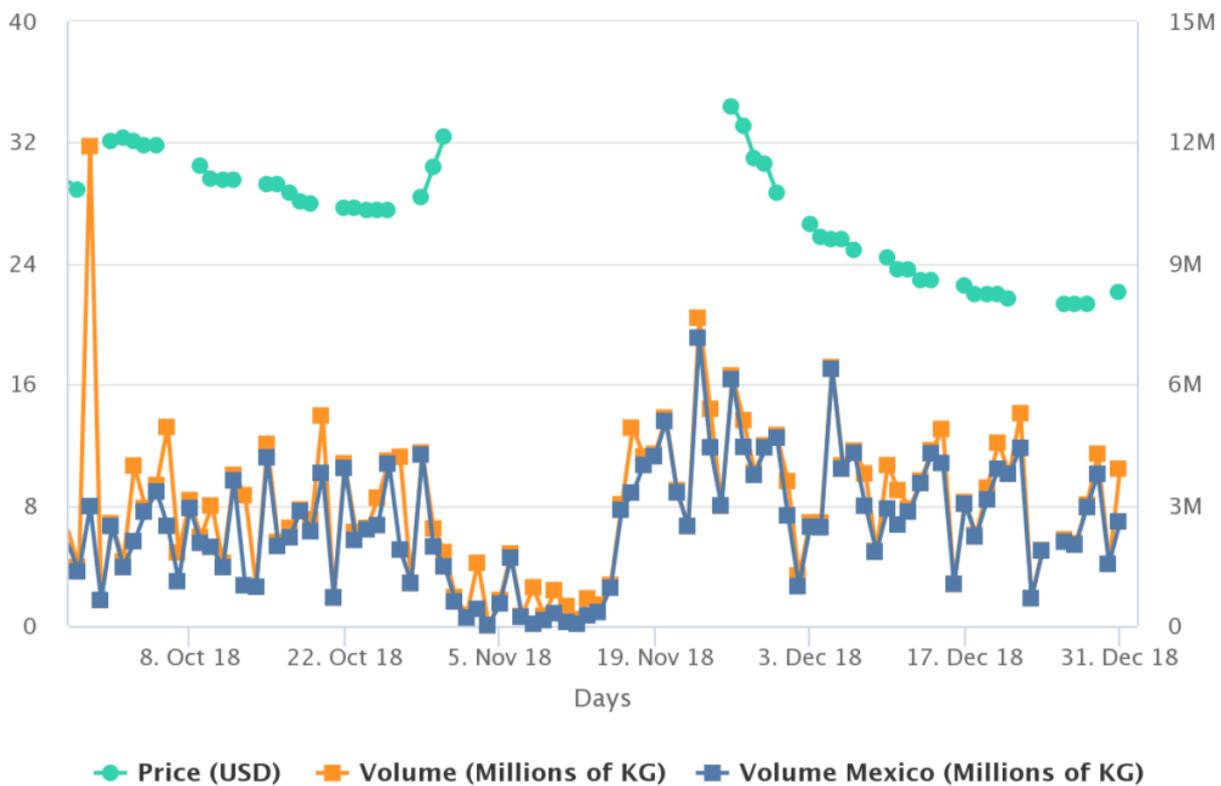
No programs will be set up, as I would expect that any volume that makes it to the market while the import suspension is still in place will go straight to the spot market to try and take advantage of the windfall left by the absence of Mexican fruit.

This all said, a cut off of avocados from Mexico is not something completely unheard of. Strikes have affected the industry in the past, both in 2016 and 2018.

During the 2018 strike, where producers stopped harvesting for nearly three weeks in order

to demand better returns for their fruit, the industry saw volumes severely withheld while spot prices jumped from one day to the next. At one point volumes were so limited that the USDA was unable to gather a market price and had to stop reporting.

### Hass Avocados, Conventional | Prices and Volumes



(Source: USDA Market News via [Agronometrics](#). Agronometrics users can view this chart with live updates [here](#))

Depending on how long the suspension lasts will define the rate and height at which avocado prices will rise. Keeping in mind that the industry holds inventories, which try to float at around a week's worth of volume, avocados won't disappear from the shelves right away.

As those inventories begin to decrease, the price will be pushed higher and higher. Considering that this season was already seeing some of the highest prices on record, doubling last year's pricing during week 6, my guess would be that inventories might be running leaner than normal, meaning that prices may spike even more abruptly than those we saw in 2018.

Of note in 2018, was that as soon as the volumes began flowing again, prices came right back down and continued following the trend the market had seen before strike.

Avocados can be left on the tree to fatten without spoiling and if controlled well, inventories can hold for a couple months before being sold. So when the flood gates open again any effects that the suspension could have on the market will likely be short lived.

### **Lingering effects on the avocado market**

Far from a workers' strike, this event could have much farther reaching consequences. The demand for an agricultural commodity like avocados takes years of investment to build with the hope that the consumption becomes a natural part of a country's culture. From my experience, there are three factors that have the largest effect on demand growth: Availability of a product on store shelves, consistency in quality of that product, and finally, awareness of the existence of that product.

Avocados, led by the Mexican producer associations have done an incredible job at lifting up the industry on all three fronts, growing to a US\$3 billion behemoth. The advertisements for avocados from Mexico at the most recent Super Bowl speak to this.

The suspension of imports because the life of a U.S. official was threatened. However is the single most powerful negative piece of marketing that has yet affected the industry, slandering Mexico's reputation yet again and conjuring similarities to the murder of a DEA agent in 1985.

It has long been an open secret that the cartels have influence in the avocado producing regions, but as long as the avocados kept going north, that was a Mexican problem and U.S. consumers were happy to turn a blind eye.

In one fell swoop, however, this subject has been brought to the forefront of the U.S. public's attention, making headlines in every single major news outlet and bringing forward the support of [American producers for the people and institutions that US consumers count on to keep food supply safe](#). And just in case someone was living under a rock, devoid of

media, the coming price spike will be a shocking reminder of the goings on in Mexico.

Just like it takes years investing billions in marketing to build up the perception of value that fuels demand, that same perception can also be whittled away. I by no means believe that consumption will stop, but I think an event like this will likely set the industry back a couple of years.

I wouldn't be at all surprised if once this whole event blows over and imports open back up, that a good sized portion of U.S. consumers don't look at avocados the same way they used to.

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*In our 'In Charts' series, we work to tell some of the stories that are moving the industry. Feel free to take a look at the other articles by [clicking here](#).*

*All pricing for domestic US produce represents the spot market at Shipping Point (i.e. packing house/climate controlled warehouse, etc.). For imported fruit, the pricing data represents the spot market at Port of Entry.*

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