

The USDA decision to halt inspections of Michoacan, Mexico grown avocados, and essentially halt their export across the northern border, and bring with it a migratory impact if it continues. The US embassy made its first statement following talks this week.

Past the impact on market prices of the fruit and the receiving chain, it puts some 300,000 Mexican laborers and their families in limbo and could quickly displace this labor force. Possibly toward the U.S with a substantial migratory impact.

According to Humberto Solorzano, founder of avocado platform AvoPRICE and a third generation Michoacan avocado grower himself, the impact of the USDA's decision was immediate. Within a half hour of the incident and USDA inspector's call to his team, producers in the area were aware that something serious was underway.

Solorzano created AvoPRICE following disruptions due to three strikes in 2018 precisely to create a platform for greater transparency between players in the avocado supply chain.

Destination markets in the U.S. will likely feel a price bump due to the contingency. Even if the outage lasted longer, eventually the fruit prices would settle once supply is established again.

How long this will take depends on how long the fruit remains blocked, with some distributors in the U.S. likely waiting a bit longer for prices to fall after the first shipments.

But on the producer side, Solorzano said that it must be seen as an opportunity to spur change in how the industry works.

Past the price, the avocado industry is the primary employer throughout Michoacán's 22 municipalities, with an estimated 300,000 workers engaged in the harvest, packing and logistics of the industry.

In general, Solorzano said these workers are humble, day laborers, so even a short stoppage can leave them in a bind. If you consider that each work has another 4-5 people who might depend on them, it means the industry affects up to a million and a half people directly.

Plus the industries that attend indirectly to the avocado trade in the region. A crisis could lead to labor migration for the region, with many likely headed for the U.S. border, further exacerbating the issues already taking place along this political divide and affecting the U.S. neighbors.

Therefore, it is clear that both the U.S. and the Michoacan producers depend on one

another. Although Mexican producers can ship their fruit to Canada, Asia or Europe, no singular market can absorb the quantity that they produce.

“It’s convenient for everyone to take this incident as a warning, that we are all important for one another, it is an opportunity to reflect,” Solorzano said.

The Disruption Continues

Wholesale avocado prices in the U.S. had already been soaring prior to the development, and currently prices are roughly double what they were a year ago.

[According to USDA data](#) from the Boston Terminal Market, a two layer carton of 32 caliber Mexican Hass were selling for up to US\$82.00 on Feb. 17, 2022, compared to up to US\$40.00 a year prior.

Retail sellers are also predicting an impact. U.S. media predicts that avocados could start to run low in supermarkets “in a matter of days”. Food service chains with a heavy use of the fruit, such as Chipotle, are also in a pinch.

The burrito purveyor chain’s CFO Jack Hartung said in a statement that “Our sourcing partners currently have several weeks of inventory available, so we’ll continue to closely monitor the situation and adjust our plans accordingly”.

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US Embassy Statement

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The [US Embassy made its first statement](#) following the round of meetings on Thursday, commenting that it has been working in hand with the USDA’s Animal and Plant Health Inspection Service (APHIS), the The Association of Avocado Producers and Packers of Mexico (APEAM) and Mexico’s National Service of Agri-Food Health, Safety and Quality (SENASICA) to resolve the matter.

The statement said that U.S. officials suspended inspections based on recommendations

from its Regional Security Official (RSO), but that its work would resume as soon as possible. However it also said that this was not the first incident, and that security incidents have occurred not just in avocado inspections, citing the murder of an APHIS official in 2020.

In the current incident, the official and their family were verbally threatened for not certifying a lot of avocados for export.

The statement said that Mexico accounts for US\$ 2.8 billion of the US\$ 3 billion of avocados into the US. In volume it's share of avocado exports total 1.1 million tons, or 89% of the imported crop. For Michoacán, the U.S. absorbed 78% of its avocado exports.