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TRADE

PASS THE GUACAMOLE

WITH BARRIERS LIFTED, MEXICAN AVOCADO GROWERS ENJOY BOOM TIMES AS THEY EXPORT THEIR FRUIT TO MEET THE DEMANDS OF THE U.S. MARKET

BY Chris Kraul

Los Angeles Times Service

URUAPAN, Mexico - Like big goose eggs the color of money, avocados slide down the conveyor belt at Gerardo Pérez's packing plant to be sorted, boxed, then loaded onto trucks for the caravan north to the U.S. market.

"Business has never been so good," said Pérez, co-owner of Avocado Export, a modern low-rise packing house dwarfed by surrounding fruit trees.

Pérez's crop is but a trickle in a river of avocados flooding the United States from Mexico, where exports have more than doubled in volume this year over last as growers finally attain unimpeded entree to the U.S. market after eight decades of barriers. Many packing houses are working multiple shifts to feed U.S. avocado demand, which is growing 15 percent a year.

"It is going to remain this way," Pérez said. The opening of the U.S. market "has changed the industry for good."

So sure are Pérez and partner Miguel Torres of a continuing bonanza that they hired 20 additional workers this year -- a 50 percent bumping up of the payroll -- and invested \$4 million in a computerized sorting system to more efficiently box their Senor Avo brand of fruit.

What's driving growth in avocado exports is the elimination of trade barriers and sanitary bans that for most of the last century kept the U.S. market off limits to Mexican fruit. The boost also is due to the surprisingly strong growth in U.S. consumption. According to the California Avocado Commission, the state industry's marketing arm, total U.S. avocado sales will reach 440,000 tons this year, an 80 percent increase from the total consumed in 2000. South Florida produces a different type of avocado, and the crop this year took a major hit from Hurricane Katrina.

"Guacamole's gone mainstream," said John Loughridge, vice president of Coral Gables-based Fresh Del Monte Produce Co., the fruit wholesaling giant that buys 90 percent of Pérez's avocados and distributes them across the United States.

"The growth is due to avocados' favorable health aspects, the immigration trend and the popularity of Mexican cuisine," said Loughridge, who added that his company had come "from nowhere" to become the nation's second-largest avocado wholesaler partly because of its strong links to Michoacan producers.

Mexico has grabbed an increasing share of the expanding U.S. market. Benjamin Grayeb Ruiz, a Michoacan grower and current president of that state's growers and packers association, says Mexican exports will reach 100,000 tons this year, up from 42,632 in 2004. That would put Mexico on par with top-ranked Chile, which last year shipped 100,000 tons of avocados into the U.S. market.

Blanketed with avocado orchards, the rolling hills of western Michoacan state are alive with commerce. Uruapan, a city of 250,000, is the nerve center. Equipment companies, truck fleets, sanitary inspectors and orchard workers are all thriving in an industry that will pump about \$400 million into the local economy this year, a 50 percent increase from five years ago. The number of packing plants has grown to 23 from 12 three years ago.

Signs of prosperity are everywhere, said Mayor Marco Antonio Lagunas.

"You see it in the shopping centers, increased number of cars in the streets, the construction of more houses," he said in an interview.

Out-of-work Mexicans are flocking to Michoacan from other states, lured by field wages that have grown 25 percent to 33 percent in two years.

"The market has been much better than we thought," Grayeb said. "But we invested a lot of time and money to make it happen."

Much of that effort was directed at persuading U.S. authorities to lower what growers here considered unfair trade barriers.

For Mexico, the turning point was the 1994 North American Free Trade Agreement, whose provisions have gradually worn down those barriers. Market access has been phased in since 1997, when Michoacan growers were allowed to sell in 18 states during four months of the year. On Jan. 31, farmers here received the right to sell year-round in 47 states. In 2007, access will be complete when California, Florida and Hawaii open up year-round as well.

Meanwhile, growers here had to prove that their avocados were safe. The U.S. avocado industry long argued that Mexican fruit should be kept out to contain the spread of fruit flies and tree diseases.

Mexican farmers overcame those concerns, which they claimed were simply trade barriers used to keep out low-cost competition, with years of scrupulous monitoring and pest control in Michoacan orchards. Packers such as Pérez have to pay the salary of a full-time U.S. Department of Agriculture inspector who remains at the plant just to certify that Perez's fruit meets U.S. sanitary regulations.

From 60 certified growers in 1997, Michoacan now has 2,500 avocado producers permitted to ship to the states, Grayeb said.