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Dominican Republic

Avocado

Production and Export Update

2001

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Report Highlights:

Dominican avocado production recovers from the effects of drought and Hurricane Georges. Exports to the United States increased from 6,000 MT in CY 1999 to 8,000 MT in CY2000.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1], DR

Executive Summary

Avocado production and exports have mostly recuperated after the effects of Hurricane Georges. Preliminary estimates indicate a total production of 13,500 MT for CY 2000 and a forecast substantial increase in 2001 (7-10 percent increase). Very few farms have developed new acreage to expand production, except for the Hass variety. There have been no government incentives to assist potential producers.

Local consumption is estimated at about five to six thousand metric tons. This is approximately forty percent of total production, not including post-harvest losses which are not included in production or consumption estimates (this is estimated at twenty-five percent). Dominicans mostly consume the locally available criollo variety and commercial production which does not qualify for export (due to deficiencies in grade, color maturity, minimum weight and diameter).

The bulk of the Dominican Republic's exported avocados (95 percent) are bound for the United States (including Puerto Rico and the Virgin Islands) with the remainder to the European Union, some Caribbean islands and Canada. The natural market for the Dominican avocado has been the United States because of proximity, price and the large numbers of Dominicans living in Chicago, Boston, New York and Puerto Rico. U.S. Department of Commerce statistics show that the Dominican Republic is one of the top five suppliers to the United States. U.S. Census data shows calendar year avocado imports from the Dominican Republic at 6,291 MT valued at US\$5.3 million for CY 1999 and 8,130 MT valued at \$6.9 million for CY 2000.

There is no governmental production policy nor direct support for avocado production, consumption or export. High costs of inputs, refrigeration, credit and transportation continue to discourage newcomers to the sector.

Production

Avocado production and exports have recuperated from the effects of Hurricane Georges. Preliminary estimates indicate a total production of 13,500 MT for CY 2000 and a forecast substantial increase in 2001 (7-10 percent increase). Very few farms have developed new acreage to expand production, except for the Hass variety. There have been no government incentives to assist potential producers.

An extended drought prior to 1998 affected avocado farmers in most of the country and discouraged potential investors in avocados, except for a few commercial farms with independent irrigation systems or near irrigation canals or dams. Though Hurricane Georges affect production in 1998 by downing immature fruit, it did not do major damage to the plantations. Expectations for 2001 are more promising as rains return to normal. Commercial avocado plantations started to develop in the mid-sixties and continued during the early eighties.

Most avocados which are grown for export are produced in the southern and west-central parts of the island (Mao, Peravia, Ocoa and Elias Pina). There are over 18 grafted varieties. The seven most popularly grown for export are: Simmonds (harvests June-July); Popenoe (July-September); Semil 34 and 43 (September-December/January and up to through February in Ocoa); Melendez (September-November); Hass (year-round but principally in October-mid-February) and Choquette (December-February and sometimes through April in the mountains). Other less important are: Hall, Lula and the "Criollo" avocados grow wild throughout the country. These are mainly for domestic consumption and are generally harvested between July and October.

There are two Dominican producers focusing on increasing acreage for the Hass variety. These are run by members of the same family in two different areas of the country (Elias Pina and Ocoa) and have the leadership in producing and exporting Hass avocados. There are other smaller producers that sell their production to the major exporters. Hass producers indicate that they have under production 660 HA, 170 are under development (will be in full production in 2003) and 315 HA are expected to be planted this year.

All avocados are grown for fresh consumption. Damaged or overripe fruit are often used for pig feed. According to official data from the Secretary of Agriculture, the area devoted to commercial production has grown to an estimated 6,500 HA. Farm sizes range from a bunch of "criollo trees" in back lot operations to organized farms of 6 to 400 HA. With planting patterns ranging from 100 to 340 plants per hectare, yields also vary widely. After the fourth year, plants typically yield 75 to 200 fruits per year with 16 years of commercial life.

Producers report that the two main pests which affect avocados are aphids, which turn leaves dirty brown, and a grove bug (*Acysta perseae*) which infests the underside of leaves. Plant diseases include *Sphaeloma perseae* which attacks fruit tissue and *Colletotrichum gloeosporoides* that causes dark depressions on the peel and provokes rotting. Root rot caused by a fungus, *Phytophthora cinnamomi*, is a serious problem where there is humidity. A typical fertilizer is 15-15-15 (N, P, K), applied once or twice a year.

Agricultural inputs are costly and have risen substantially within the last decade due to the impact of inflation and a weakened peso. Although there are several carton factories operating and prices have come down, cardboard boxes made in the Dominican Republic remain on the expensive end and can run over US\$.15 per avocado.

Consumption

Local consumption is estimated at about five to six thousand metric tons. This is approximately forty percent of total production, not including post-harvest losses which are not included in production or consumption estimates (this is estimated at twenty five percent). Dominicans mostly consume the locally available criollo variety and commercial production which does not qualify for export (due to deficiencies in grade, color, maturity, minimum weight and diameter).

Trade

Though local official trade data is not totally consistent with U.S. Department of Commerce numbers, it provides a comparative indication of value and quantity by destination.

DOMINICAN FRESH AVOCADO EXPORTS (Metric tons)

Country	1994	1995	1996	1997	1998	1999	2000
United States	2,584	3,244	3,411	3,883	3,560	3,210	5,397
Puerto Rico	3,115	3,610	3,760	3,680	3,016	3,027	6,406
Belgium/Lux	115	283	339	259	325	241	279
Holland	-	73	199	100	93	34	44
Others	455	435	343	1,188	934	324	354
Total	6,711	7,827	7,873	8,252	7,928*	6,836*	12,480

* Preliminary data.

Source: Dominican Export Promotion Center (Cedopex).

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Because of its short shelf life, avocados are shipped in refrigerated containers or by air. Typical ocean freight times for container are: to Miami (2-3 days); to Puerto Rico (1 day) and to New York (5-6 days). Cost ranges between US\$1,900-3,500. A 40 ft. container can hold 3,270 single flats of 26,160-52,320 avocados depending on the size. A container with double layer boxes has 1,635 flats. Most Dominican avocado exports to the United States are Size 8, 10, 12 and 16.

Some growers have expressed concern over competition from Mexican Hass avocados in the U.S. market, but others believe that the Dominican and Mexican varieties target different consumers.

Avocado imports into the Dominican Republic are subject to licensing requirements, a 25 percent CIF duty and a value added tax of 8 percent.

Stocks

Stocks are not maintained.

Policy

There is no governmental production policy nor support to avocado production, consumption or export. There has been some discussion about planting avocado trees for reforestation projects. The Agricultural Credit Bank allocated US\$56,000 to support the avocado sector

Marketing

While the cost of a Dominican avocados vary depending on the time of season, variety and demand, the average farm gate price of a Dominican avocado for export range between RD\$3.50 and RD\$4.00 per unit(US\$0.24-0.28). Exporters have indicated that price per 26 lbs. box range between US\$12 and US\$35 FOB.

Distribution channels vary. Some major producers are also exporters. Others prefer to sell their produce to exporters who assume the risk of dock delays, payment arrears or defaults by the U.S. wholesaler, but at the same time receive the most profit. Avocados for domestic consumption are usually purchased by wholesalers at the individual farms who resell to retailers. Wholesalers may also sell directly to consumers. Restaurants and hotels may buy from the wholesalers or direct from the producer.

Documentation required for exports include a) Phytosanitary certificate issued at port or airport, b) CEDOPEX requires a sworn declaration of export charged per container at port or at the airport, c) Customs Declaration which inspectors provide upon inspection at the packing shed. Dominican avocados enter the United States duty free under the Caribbean Basin Economic Recovery Act (CBERA).