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## Mexico

### Fresh Deciduous Fruit

### Semi-Annual

### 2004

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**Report Highlights:**

Mexico's apple production for MY 2003/04 remains unchanged at 490,000 MT. Imports of U.S. apples are expected to continue decreasing, due to the 46.85 percent antidumping duties for Red and Golden Delicious varieties; Chilean and Canadian apples as well as some U.S. pears are expected to fill somewhat this void. Pear production for MY 2003/04 remains unchanged at 32,000 MT, but imports are expected to increase. Table grape production for MY 2004 remains unchanged at 178,300 MT. U.S. grapes can only be imported from California.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Semi-Annual Report  
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**SECTION I. SITUATION AND OUTLOOK****APPLES****PRODUCTION**

The MY 2003/04 (August/July) forecast of total Mexican apple production remains unchanged from the previous report (MX3116). However, area planted was revised upward and area harvested was revised downward based on available official statistics. Sources indicate that weather conditions for production in Chihuahua, the main apple producing state, and Durango, the second-largest producing state, were average. Some hailstorms in Chihuahua caused damage to unprotected crop during the harvesting season. Yields in Chihuahua are estimated at approximately 13.7 MT/ha, while overall yields are estimated at about 8.0 MT/ha. The production estimate for MY 2002/03 as well as area planted and harvested remain unchanged. Data for MY 2001/02 also remains unchanged.

**CONSUMPTION**

The forecast for apple consumption for MY 2003/04 is expected to increase 3 percent from the previous forecast, due to the availability of apples at somewhat lower prices, an expected stable exchange rate vis-à-vis the US dollar, and effective marketing. However, the increase represents a 0.6 percent compared to MY 2002/03 consumption, due to the antidumping duties imposed on U.S. imported Red and Golden Delicious apples. Domestic apple prices for September-December 2003 were slightly lower compared to the same period of time in 2002. Consumption for MY 2002/03 was revised upward 3 percent from previous estimates despite the antidumping duties on U.S. imported apples, due to affordable prices of imported apples from other countries, such as Canada and Chile, and population growth. Increased consumer demand has led to opportunities for other countries to export apples at more affordable prices taking advantage of the room left by U.S. apples. The anti-dumping duties imposed on U.S. Red and Golden Delicious apples have resulted in less U.S. apples available on the Mexican market. Data for MY 2001/02 remains unchanged.

The main domestic apple producing regions are the states of Chihuahua and Durango, which harvest mainly from September through December. Wholesale prices for domestic apples in Mexico City for Red Delicious apples began at US\$21.80/20 kg box in September 2003, and continued at almost the same price through December 2003. Golden Delicious prices began at US\$25.45/ 20 kg per box in September 2003, and ended at US\$27.27/ box in December 2003.

**TRADE**

The forecast for apple imports for MY 2003/04 was revised upward from previous estimates as more apples from other countries such as Canada and Chile are expected to fill somewhat the void left by U.S. apples. Imported apples from the United States have decreased in volume, due to the anti-dumping duties imposed on U.S. Red and Golden Delicious apples in August, 2002 (see report MX2120) of 46.85 percent. December 2003 retail U.S. Red delicious apple prices were about \$28.90 pesos/kg (US\$2.55/kg), Canadian Red Delicious were about \$25.50 pesos/kg (US\$2.25/kg), while Mexican Red Delicious were \$25.90 pesos/kg (US\$2.29/kg). Although Chilean apples are not available at the end of the year, retail prices averaged from \$22.00 to \$23.50 pesos/kg (US\$2.08 to \$2.22/kg) from March to June 2003.

Apple imports for MY 2002/03 were revised upward to 170,808 MT, based on increased consumer demand. Available data show that Chilean and Canadian apples gained more

market share, due to the void left by the U.S. apples. Chilean apples went from an 18-percent market share in MY 2001/02 to a 26-percent market share in MY 2002/03, whereas Canadian apples went from a 3-percent market share in MY 2001/02 to a 6-percent market share in MY 2002/03. The U.S. market share dropped from 78 percent in MY 2001/02 to 66 percent in MY 2002/03. However, due to the anti-dumping duties faced by Red and Golden Delicious varieties, other imported varieties of U.S. and third country (i.e., Canada and Chile) apples like Fujis and Galas increased their presence in the Mexican market. According to the Washington Apple Commission, during MY 2002/03 Red Delicious apples represented about 39 percent of exports, while Golden Delicious represented 46 percent. Non-Red and Golden Delicious apple varieties like Granny Smith, Gala, Fuji, and Jonagold represented about 15 percent of exports, compared to 6-7 percent during MY 2001/02. The import estimate for MY 2001/02 remains unchanged.

Nevertheless, Red and Golden Delicious varieties still continue to account for almost all U.S. apple exports to Mexico. While Mexican consumers like the size and color of U.S. apples, Mexican Red Delicious apples are said to be sweeter. The U.S. apple industry will continue to face strong competition from other countries, especially Chile.

## **POLICY**

The NAFTA safeguards for United States and Canadian apples were completely lifted as of January 1, 2003, bringing the duty to zero. For Chilean apples, the 2004 import quota will be 2,752.4 MT at the low-tariff rate of 3.3% and a snapback of 23%. Apples from other countries are subject to a 20% duty.

## **MARKETING**

Despite the imposition of anti-dumping duties, the United States is expected to remain the main apple supplier to the Mexican market. The U.S. apple industry's continued market and in-store promotion efforts have significantly contributed to creating a market for U.S. apples in Mexico. On the other hand, fruit importers are expecting Chile to send larger volumes of apples now that U.S. apples have a slightly smaller presence in the Mexican market.

Mexican consumers still prefer the Red and Golden Delicious varieties more than any others. Commercially, these two varieties have a competitive advantage over other varieties because of their longer shelf life. Another variety widely demanded by consumers is the Rome Beauty, which is mainly used for baking and cooking. The Royal Gala has become more attractive to the Mexican consumer and is being sold in most supermarkets. Chilean producers are also marketing Royal Galas in Mexico.

## **PEARS**

### **PRODUCTION**

Pear production, area planted and harvested MY 2003/04 (July/June) remains unchanged from the previous report (MX3116). As pear production in Mexico is not as significant as production for other deciduous fruit, periodic data is not available from the Mexican government. Data for MY 2002/03 and 2001/02 also remains unchanged.

### **CONSUMPTION AND TRADE**

Domestic supply continues to rely on imports, mainly from the United States, because Mexican pear production is minimal. The pear consumption forecast for MY 2003/04 is

expected to increase slightly because economic perspectives for the country are better for 2004 as the inflation rate is expected to go down from 3.98 in 2003 to 3.3 in 2004; the GDP is expected to grow 3.4 percent in 2004 compared to a 1.2-percent growth 2003; the exchange rate to the dollar is expected to vary little from \$11.23 pesos per dollar in 2003 to \$11.31 pesos per dollar in 2004. Consumption estimates for MY 2002/03 were revised upward, based on information from trade associations, more affordable prices and effective marketing. Consumption for MY 2001/01 remains unchanged.

Pear imports for MY 2003/04 were revised upward. Traders report that pear imports have been steady despite slightly higher prices, and the weakness of the Mexican peso at the end of 2003. However, economic perspectives indicate that the peso will remain stable against the dollar for 2004, which will ease imports. Mexico continues to import U.S. pears as domestic production remains almost stagnant. Other countries, like Chile and Argentina, might try to ship larger volumes of pears to fill some of the void left by the decrease in volume of U.S. apple imports. Imports for MY 2002/03 were revised upward, due to a slight increase in demand. Pear imports for MY 2001/02 remain unchanged. The import duty on pears under the different trade agreements with the United States, Chile, and Argentina are zero.

## **MARKETING**

The United States is expected to continue as Mexico's main supplier of pears. Market promotion efforts for U.S. pears continue in supermarkets and street markets of several Mexican cities. During January/March 2004, promotional efforts will be done through television advertising. The number one pear preference among Mexicans is the Anjou variety, followed by other varieties like Bartlett, Bosc, and Red Anjou. Most U.S. pears come from Washington, Oregon and California. Chilean and Argentinean pears are of fair to good quality, and have been marketed at affordable prices.

## **TABLE GRAPES**

### **PRODUCTION AND CONSUMPTION**

Table grape production for MY 2004 (January-December) remains unchanged from the previous report (MX3116). Production for MY 2003 was revised upward based on good weather and higher yields. MY 2002 production remains unchanged. Consumption estimates for MY 2004 remain unchanged. Table grape consumption for MY 2003 was revised downward because of a contraction in supply as more product was diverted to the export market. Producers serve the international market first and domestic market afterwards, so what is not exported is sold in the domestic market. Data for MY 2002 remains unchanged.

### **TRADE AND MARKETING**

Total imports of table grapes for MY 2002, 2003 and 2004 remain unchanged. U.S. and Chilean imports are at zero duty and both countries have increased exports to the Mexican market. According to traders, U.S. promotional efforts to export table grape varieties to Mexico other than Red Globe or Thompson are resulting in increased sales. U.S. table grapes can only be imported from California, due to Mexico's phytosanitary restrictions on table grapes from other U.S. states. According to traders, prices at the central wholesale market increased during November–December 2003 were as follows:

Variety	November 2003	December 2003
Globe	US\$1.63/kg	US\$1.83/kg
Thompson	US\$1.71/kg	US\$1.72/kg

Mexican total exports for table grapes for MY 2004 remain unchanged. Exports for MY 2003 were revised upward, due to good demand from the international market. Most of the table grapes are exported to the United States. Data for MY 2002 remains unchanged.

## SECTION II. STATISTICAL TABLES

## Apples, PS&amp;D Table

PSD Table						
Country	Mexico					
Commodity	<b>Fresh Apples</b>		(HA)(1000 TREES)(MT)			
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2001		08/2002		08/2003	
Area Planted	62395	62395	62475	62475	63500	66000
Area Harvested	60997	60997	60890	60890	61500	61000
Bearing Trees	13724	13724	13700	13700	13837	13725
Non-Bearing Trees	314	314	356	356	450	1125
Total Trees	14038	14038	14056	14056	14287	14850
Commercial Production	434679	434679	472616	472616	483000	483000
Non-Comm. Production	8000	8000	7000	7000	7000	7000
<b>TOTAL Production</b>	<b>442679</b>	<b>442679</b>	<b>479616</b>	<b>479616</b>	<b>490000</b>	<b>490000</b>
TOTAL Imports	189581	189581	155000	170808	156000	164000
<b>TOTAL SUPPLY</b>	<b>632260</b>	<b>632260</b>	<b>634616</b>	<b>650424</b>	<b>646000</b>	<b>654000</b>
Domestic Fresh Consump	542260	542260	544616	560424	556000	564000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	90000	90000	90000	90000	90000	90000
Withdrawal From Market	0	0	0	0	0	0
<b>TOTAL UTILIZATION</b>	<b>632260</b>	<b>632260</b>	<b>634616</b>	<b>650424</b>	<b>646000</b>	<b>654000</b>

## Pear, PS&amp;D Table

PSD Table						
Country	Mexico					
Commodity	<b>Fresh Pears</b>			(HA)(1000 TREES)(MT)		
	2002	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	07/2001		07/2002		07/2003	
Area Planted	4892	4892	4820	4820	4800	4800
Area Harvested	4858	4858	4683	4683	4750	4750
Bearing Trees	1015	1015	979	979	992	992
Non-Bearing Trees	7	7	28	28	10	10
Total Trees	1022	1022	1007	1007	1002	1002
Commercial Production	31468	31468	30951	30951	31500	31500
Non-Comm. Production	1500	1500	1000	1000	1000	1000
TOTAL Production	32968	<b>32968</b>	31951	<b>31951</b>	32500	<b>32500</b>
TOTAL Imports	89436	89436	91000	91978	92000	93000
TOTAL SUPPLY	122404	122404	122951	123929	124500	125500
Domestic Fresh Consump	120404	120404	120951	121929	122500	123500
Exports, Fresh Only	0	0	0	0	0	0
For Processing	2000	2000	2000	2000	2000	2000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	122404	122404	122951	123929	124500	125500

## Table Grapes, PS&amp;D Table

PSD Table						
Country	Mexico					
Commodity	Fresh Table Grapes				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2002		01/2003		01/2004	
Area Planted	18178	18178	18700	18700	19000	19000
Area Harvested	17817	17817	18100	18100	18200	18200
Commercial Production	173942	173942	180200	203200	176500	176500
Non-Comm. Production	2000	2000	1800	1800	1800	1800
<b>TOTAL Production</b>	175942	<b>175942</b>	182000	<b>205000</b>	178300	<b>178300</b>
TOTAL Imports	96820	96820	97000	97000	100000	100000
TOTAL SUPPLY	272762	272762	279000	302000	278300	278300
Domestic Fresh Consump	143751	143751	147000	134000	146300	146300
Exports, Fresh Only	129011	129011	132000	168000	132000	132000
For Processing	0	0	0	0	0	0
Withdrawal FromMarket	0	0	0	0	0	0
<b>TOTAL UTILIZATION</b>	272762	<b>272762</b>	279000	<b>302000</b>	278300	<b>278300</b>

## Trade Matrixes

## Trade Matrix Apples

Apples		Unit: Metric Tons	
Exports for MY 2002/03 (Aug-Jul) to:		Imports for MY 2002/03 (Aug-Jul) from:	
U.S.	53	U.S.	113,333
EL SALVADOR	21	CHILE	44,766
OTHER	0	OTHER	12,709
<b>TOTAL</b>	<b>75</b>	<b>TOTAL</b>	<b>170,808</b>

**SOURCE:** Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition, October 2003.

## Trade Matrix Pears

Pears		Unit: Metric Tons	
Exports for MY 2002/03 (Jul-Jun) to:		Imports for MY 2002/03 (Jul-Jun) from:	
U.S.	20	U.S.	84,442
EL SALVADOR	8	ARGENTINA	3,836
OTHER	1	OTHER	3,700
<b>TOTAL</b>	<b>29</b>	<b>TOTAL</b>	<b>91,978</b>

**SOURCE:** Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition, October 2003.

## Trade Matrix Table Grapes

Table grapes		Unit: Metric Tons	
Exports for MY 2003 (Jan-Dec) to:		Imports for MY 2003 (Jan-Dec) from:	
U.S.	166,371	U.S.	24,557
GERMANY	104	CHILE	41,027
OTHER	1,112	OTHER	
<b>TOTAL</b>	<b>167,587</b>	<b>TOTAL</b>	<b>65,884</b>

**SOURCE:** Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition, October 2003.

Note: Figures for MY 2003 as of October 31, 2003.

## Fruit Prices

## Apple Price

AVERAGE MONTHLY WHOLESALE APPLE IMPORT PRICES RED DELICIOUS PESOS/KILOGRAM			
Month	2002	2003	Change %
January			
February	10.96		
March	10.85	14.87	37.05
April	11.77	14.66	24.55
May	13.61	14.78	8.60
June	12.38	14.44	16.64
July	13.11	14.35	9.45
August	13.16	14.16	6.83
September	13.33	13.83	3.75
October			
November			
December			
CIF-Mexico City			

AVERAGE MONTHLY WHOLESALE APPLE DOMESTIC PRICES RED DELICIOUS PESOS/KILOGRAM			
Month	2002	2003	Change %
January	9.13	10.98	20.26
February	8.96	11.05	63.62
March			
April			
May			
June			
July			
August			
September	11.93	11.35	(4.86)
October	11.66	11.35	(2.65)
November	10.55	11.50	(0.43)
December	11.00	11.50*	4.54*
CIF-Mexico City			

Source: Servicio Nacional de Informacion de Mercados

\* as of December 23, 2003

2002 Exchange Rate Avg.: U.S.\$1.00 = 9.82 pesos

December 23, 2003 Exchange Rate: U.S.\$1.00 = 11.28 pesos

Shaded  area indicates that prices for domestic apples were not available.

## Pear Prices

AVERAGE MONTHLY WHOLESALE PEAR IMPORT PRICES D'ANJOU PESOS/KILOGRAM			
Month	2002	2003	Change %
January	11.26	12.20	8.35
February	10.82	12.78	18.11
March	11.11	13.29	19.62
April	11.80	13.33	12.97
May	12.12	12.93	6.68
June	12.05	15.20	26.14
July	13.64	16.67	22.21
August	14.90	17.22	15.50
September			
October	12.78	13.77	7.74
November	12.35	13.33	7.93
December	12.11	13.33	10.07
CIF-Mexico City			

Source: Servicio Nacional de Informacion de Mercados  
 2002 Exchange Rate Avg.: U.S.\$1.00 = 9.82 pesos  
 December 31, 2003 Exchange Rate: U.S.\$1.00 = 11.19 pesos

Shaded  area indicates that prices for imported pears were not available.

## Table Grape Prices

AVERAGE MONTHLY WHOLESALE GRAPE IMPORT PRICES			
GLOBE		PESOS/KILOGRAM	
Month	2002	2003	Change %
January	19.88	15.93	(19.87)
February	17.72	15.00	(15.35)
March	13.70	15.08	10.07
April	12.77	15.32	19.97
May	12.22	14.57	19.23
June	15.55	13.82	(11.13)
July	N/A	15.91	N/A
August	18.33	18.30	(0.16)
September	15.00	18.17	21.13
October	14.59	17.92	22.82
November	13.81	14.98	8.47
December	17.78	20.71	16.47
CIF-Mexico City			

Source: Servicio Nacional de Informacion de Mercados  
 2002 Exchange Rate Avg.: U.S.\$1.00 = 9.82 pesos  
 December 31, 2003 Exchange Rate: U.S.\$1.00 = 11.19 pesos

AVERAGE MONTHLY WHOLESALE GRAPE DOMESTIC PRICES			
PERLETTE		PESOS/KILOGRAM	
Month	2002	2003	Change %
January			
February			
March			
April			
May			
June	9.00	8.95	(0.56)
July	8.75	8.81	0.69
August	8.87		
September			
October			
November			
December			
CIF-Mexico City			

Source: Servicio Nacional de Informacion de Mercados  
 2002 Exchange Rate Avg.: U.S.\$1.00 = 9.82 pesos  
 Dec 31, 2003 Exchange Rate: U.S.\$1.00 = 11.19 pesos

## Monthly Exchange Rate

MONTHLY EXCHANGE RATE AVERAGES			
	2001	2002	2003
January	9.76	9.16	10.59
February	9.70	9.10	10.93
March	9.60	9.07	10.92
April	9.33	9.14	10.61
May	9.14	9.49	10.25
June	9.09	9.75	10.49
July	9.15	9.79	10.44
August	9.12	9.83	10.75
September	9.40	10.05	10.92
October	9.45	10.09	11.17
November	9.25	10.19	11.12
December	9.16	10.21	11.25
<b>Annual Avg.</b>	<b>9.35</b>	<b>9.82</b>	<b>10.79</b>
Source: Mexican Federal Register Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.			