THE EU MARKET FOR AVOCADOS

Markey Survey #03

INTRODUCTION

Avocado (*Persea americana*) is the fruit of a tree native to Latin American and the Caribbean. It is cultivated in many countries with tropical climates across Asia, Africa and Latin America, as well as temperate ones such as the United States (California). The Hass variety is the dominant and most popular commercial type grown, and is exported in large voluems to the United States, the world's largest importer of avocados. The Fuerte variety remains the most popular greenskin avocado being exported to the EU, though popularity for the Hass variety is growing due to year-round production, longer shelf-life and its rich, nut-like flavor.

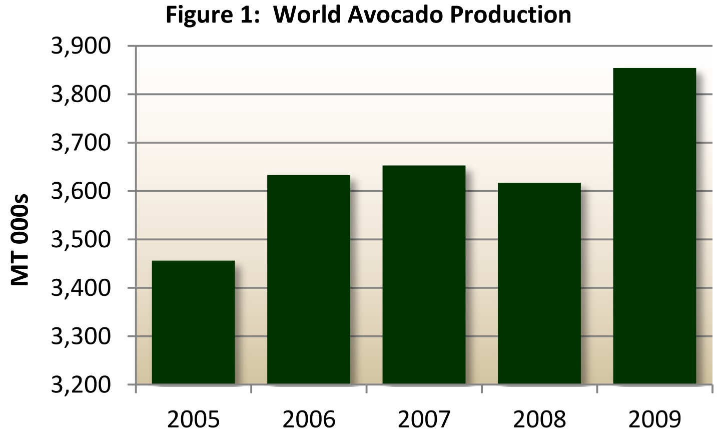
PRODUCTION

Between 2004 and 2007, world avocado production increased at an average rate of 4 percent per year. Production leveled off in 2007 before dropping slightly in 2008 due in part to a weather-related drop in production in Chile, the world's second largest producer. However, the industry made a full recovery in 2009 with production shooting up 6.5 percent to 3,853,930 MTs. Estimates for 2010 indicate that the production continued to rise at rates comparable to pre-2008.

Mexico is by far the world's leading avocado producer. In 2008, it accounted for more than one-third of global avocado output, nearly four times more than **Chile**. Other major producers include Indonesia, Dominican Republic, Colombia, Brazil, Peru, Spain and the United States.

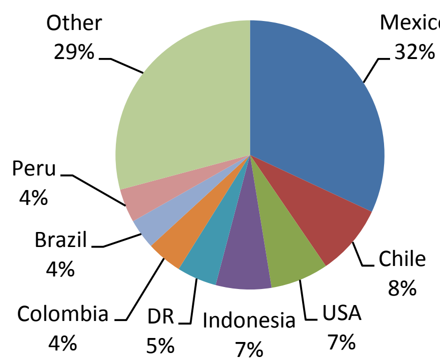
In **Africa**, Kenya, South Africa, Rwanda, Democratic Republic of Congo and Cameroon together accounted for 12 percent of world output in 2008.

Figure 1: World Avocado Production



Source: FAOSTAT

Figure 2: Major Avocado Producers, 2009
World Production by Volume



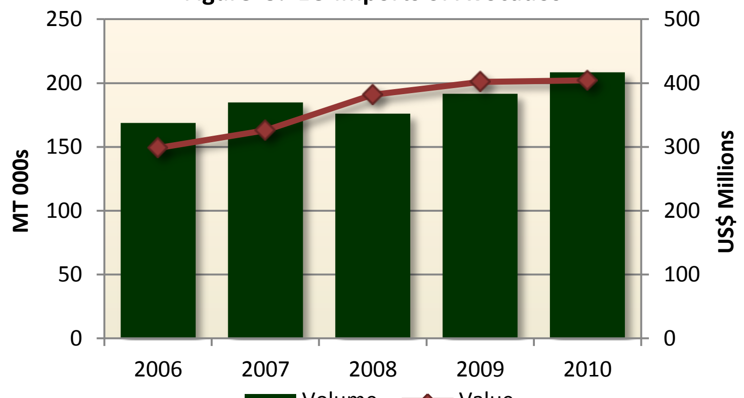
Source: FAOSTAT

IMPORTS

The **European Union (EU)** is the second largest import market for avocados after the US, receiving 208,432 MTs, valued at US$404 million in 2010. Peru, South Africa and Israel are the top suppliers of avocados to the EU market, together providing 68 percent of its 2010 imports by volume.

The Netherlands and **France** are the top avocado importing countries in the EU, receiving almost two thirds of overall EU imports in 2010 with a combined total of 130,347MTs valued at US$262 million. The **UK, Spain** and **Italy** combined brought in 72,736 MTs valued at US$133 million, roughly one-third of EU imports that year. Italy's imports have multiplied exponentially since 2008, when the country held less than 0.15 percent of the market; in 2009 and 2010, they were responsible for 10 percent of overall EU imports following a surge of shipments from Israel.

Figure 3: EU Imports of Avocados



Source: Eurostat

Table 1: EU Avocado Suppliers

Supplier	2006		2007		2008		2009		2010	
	MTs	$000s	MTs	$000s	MTs	$000s	$000s	MTs	MTs	$000s
Peru	30,515	58,640	35,857	62,618	49,895	108,025	45,819	90,939	56,282	110,109
S. Africa	36,008	64,948	37,957	67,341	50,578	98,600	38,377	74,278	47,262	94,971
Israel	31,926	51,724	50,577	79,240	26,081	62,394	30,766	67,932	39,680	69,524
Chile	34,009	57,690	30,235	61,255	16,640	35,697	41,049	100,312	34,788	73,012
Kenya	13,656	20,213	12,000	17,956	11,868	26,122	15,038	25,923	14,101	24,800
Mexico	16,455	33,877	11,479	24,715	11,881	30,261	10,428	23,172	7,985	16,667
Other	6,095	11,246	6,737	12,869	9,126	20,655	10,098	19,358	8,333	15,051
Total	**168,663**	**298,337**	**184,841**	**325,994**	**176,070**	**381,755**	**191,573**	**401,914**	**208,432**	**404,135**

Source: Eurostat

Tariff code CN08044000, Fresh or Dried Avocados

SUPPLIERS

Peru has enjoyed steady growth in its share of the EU import market for fresh avocadoes, with growth of 84 percent by volume from 2006 to 2010, and shipments increasing from 30,515 MTs valued at $59 million in 2006 to 56,282 MTs worth $110 million. Peru's peak harvest season extends from May to September.

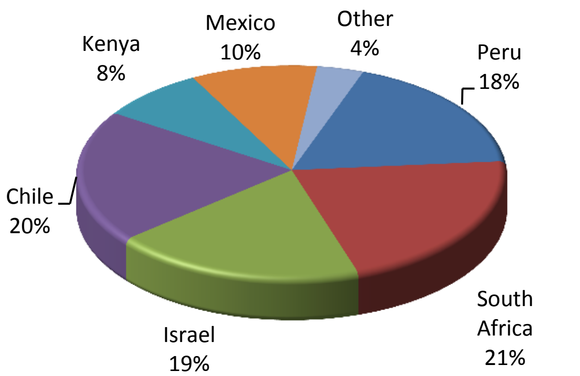
Although relatively small in terms of global market share, **South Africa** and **Kenya** are the main African exporters of avocados, with South Africa being the second largest supplier to the EU. The two major export markets for avocadoes originating in South Africa and Kenya are the EU and the Middle East. South Africa exported 47,262 MTs valued at $95 million in 2010, up from 36,008 MTs worth $65 million in 2006, an increase of 31 percent by volume. In 2010, 63 percent of South Africa's avocado exports to the EU were shipped to the Netherlands. Kenya's shipments, by contrast, have hovered between 12,000 MTs – 15,000 MTs over the period, with value ranging $17 - $26 million. In 2010, 55 percent of Kenya's avocado exports by volume to the EU went to France. Other African countries supplying lesser volumes of avocados to the EU include **Swaziland**, **Zimbabwe**, **Uganda** and **Cameroon**.

Israel, the third largest supplier to the EU, was responsible for 20 percent of EU imports by volume in 2010. Overall, exports from Israel have experienced a 24 percent increase since 2007, despite a drop in 2008 after frost severely damaged crops. Israel's exports will likely increase as the country has seen a 10-12 per cent increase in land area devoted to avocado production, with 300-400 hectares added each year (*www.univeguk.co.uk*). Nearly 60 percent of Israel's exports in 2009 went to Italy and accounted for 99 percent Italy's avocado imports that year. This trend continued in 2010. Israel's export season begins October and ends in May, with different varietals featuring throughout the growing season. Ettinger kicks off the production season, followed by Pinkerton, Fuerte, Ardith, Nabal, Reed and Hass, with the latter comprising one third of the exported volume. Traders believe varieties that fruit later in the year should be planted due to increased demand at that time.[1]

Chile is the second largest world supplier of avocados and the fourth largest supplier to the EU. In 2010, Chile exported 34,788 MTs of avocados valued at US$73million to the EU, accounting for 17 percent share of the EU's avocado imports that year. The country's export market share – although still below 10 percent of world export totals – has doubled since 2005. Its exports to Europe have followed the same pattern as Peru, showing a significant drop in 2008.

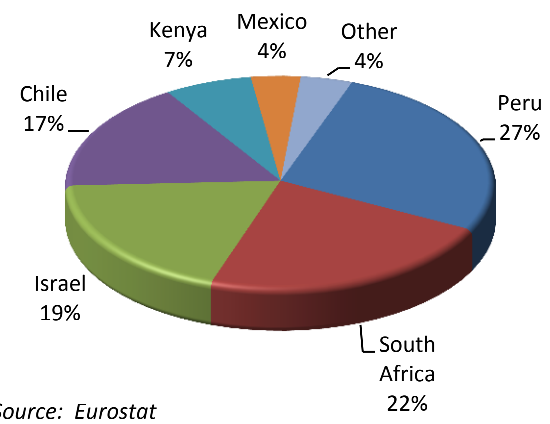
Mexico, the world's largest producer of avocados, has steadily decreased its volumes destined for the EU market. Mexican avocado EU market share dropped from 10 percent in 2006 to 4 percent in 2010, with the majority of its exports now headed for the United States.

Figure 4: EU Imports of Avocados
Market Share by Volume, 2006



Source: Eurostat

Figure 5: EU Imports of Avocados
Market Share by Volume, 2010



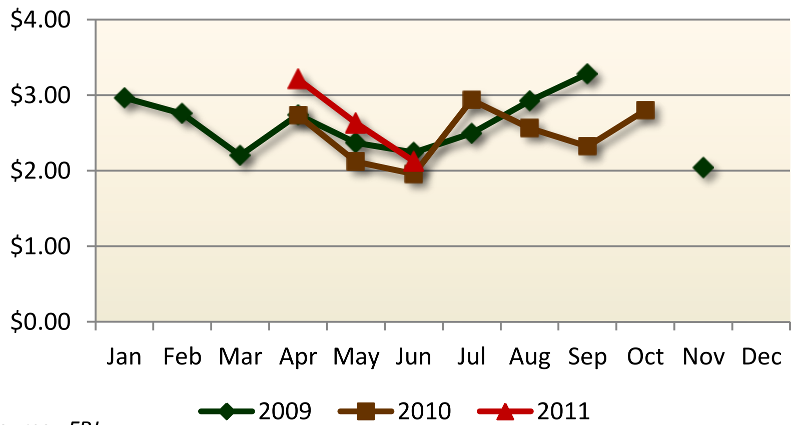
Source: Eurostat

PRICES

Avocados are typically marketed in 4-kg containers in the EU. Wholesale prices in 2010 fluctuated from US$1.96 to $2.80 per kg. Avocado imports from Kenya and South Africa averaged $2.13 and $2.49 per kg, respectively, while those from Israel saw an average of $2.00 per kg. During the first half of 2011, average prices ranged greater than in 2010, from $1.60 to $3.24 per kg.

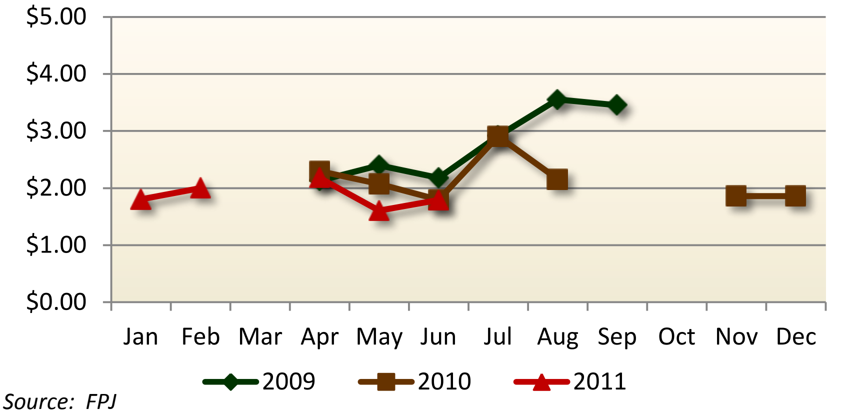
EU prices are slightly lower during the summer months when product is available from suppliers such as Peru, whose peak harvest season extends from May to September.

Figure 6: UK Wholesale Prices of South African Avocados (Liverpool, US$ per kg)



Source: FPJ

Figure 7: UK Wholesale Prices of Kenyan Fuerte Avocados (New Covent Gardens, US$ per kg)



Source: FPJ

STANDARDS

Industry representatives have complained about the requirements some countries are imposing in terms of food safety and Good Agricultural Practices certifications. According to sources speaking to the *Fresh Produce Journal*, while meeting GlobalGAP certification is sufficient to export to most EU countries, growers have to bear annual compliance and audit costs when supplying certain supermarket chains utilizing the British Retail Consortium and other private protocols. Suppliers wishing to target this segment of the market should investigate the requirements and costs presented by each of the applicable protocols.

OUTLOOK

In recent years, consumption of avocados has increased steadily in the EU. Industry sources expect demand for avocados in Europe to continue its upward trend in the coming years. Much of the demand in Europe is driven by increased awareness of the fruit and its potential uses and benefits. Promotional campaigns throughout Europe from producing countries such as South Africa, Chile, Israel, and, most recently, Peru have attempted to raise consumer awareness regarding avocados.

Three EU countries act as hubs or redistribution centers for the avocado trade in Europe: the Netherlands, Spain and France, with France also being the largest consumer in the EU. Growing demand from these countries has resulted in a 23 percent increase in imports by volume since 2006. Further expansion in demand is likely as consumers become educated about the health benefits of avocados.

Kenya Horticulture Competitiveness Project

USAID-KHCP is a 5-year project designed to increase smallholder farmer incomes through enhanced productivity, crop diversification and improved market access.

Visit **www.growkenya.org** for more information on upcoming activities and to receive copies of monthly bulletins and success stories.

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[1] “2009 a Tough Season for Greek Avocado Harvest,” Associated Content, March 19, 2009. http://www.associatedcontent.com/article/1570943/2009_a_tough_season_for_greek_avocado.html