

U.S. Flavor, Delivered Fresh: Produce Exports to Mexico

By **Chad Russell and Dulce Flores Montes**

No one can resist the sensory delights of a fresh produce stand replete with top-quality products that practically sell themselves—crisp apples, sweet pears and luscious peaches. Add to that salad greens and tangy peppers.

So here's a riddle: Would you be likely to find this great food stand in a U.S. supermarket, chock full of produce imported from Mexico? Or would it be the other way around?

Most people would guess, imported from Mexico and sold in the United States. Their reasoning would be correct. After all, U.S. produce purchases from Mexico are vast. About 9 percent of Mexico's farmland is used for growing fruit, vegetables and flowers—but these crops make up 34 percent of the value of Mexico's agricultural production.

It's also true that Mexican farmers are growing less grain and more of the highly profitable produce.

Nevertheless, the converse is also true. U.S. fresh produce pops up in Mexican markets regularly.

In fact, the United States is expected to remain the main apple supplier to the Mexican market and U.S. pears are also dominant imports in this country.

Some fruits and vegetables simply do better in the United States, where growing conditions are rainier and cooler. Crops grown under a gentler sun provide a good opportunity for the U.S. exporter in Mexico.

The Apple of Mexico's Market

The U.S. apple industry's continued market and in-store promotion efforts have contributed to that success. Promotion efforts for 2000 were targeted to varieties less familiar to Mexican consumers, such as Gala and Fuji.

Mexican consumers prefer Red Delicious and Golden Delicious. Their long shelf lives give these apples a competitive advantage over others.

Since Mexico's domestic production is limited, Golden Delicious apples have especially strong import potential. Rome Beauty is another variety that has been widely accepted by consumers, mainly for baking purposes.

Promotion Makes the Difference

Thanks to FAS' Market Access Program, there is more money available for TV advertisements to help Mexico's consumers

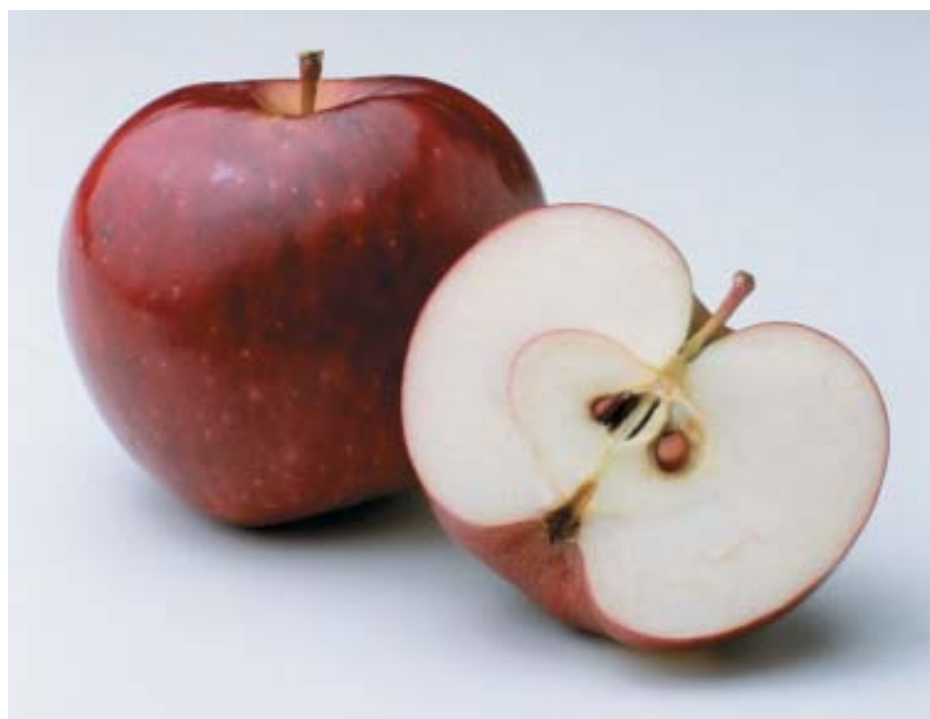
identify U.S. brands. And since the industry plans to sponsor sporting events, Mexico's armchair athletes will soon view commercials for U.S. apples along with their favorite teams.

There's also a pitch to retailers. A contest promotion has been devised to reward supermarket distributors of U.S. apples with prizes for increased sales. They can also win for the best in-store exhibit. According to managers, these competitions not only motivate sales, they also give U.S. fruit managers an incentive to keep the apples in good condition.

The Competition Pushes Harder

Mexican apple producers are now themselves advertising on the radio and in certain TV spots.

And the United States also faces competition from Chilean producers who have been working aggressively to penetrate the



Mexican market. They have introduced several affordable apple varieties to target the budget-conscious consumer.

Mexican consumers have accepted Chilean apples, which taste like familiar Mexican apples and are often cheaper than those from the United States. According to traders, Chile is making plans to invest in in-store demonstrations and advertisements. Canada is also aggressively promoting its apples, offering trips to Canada for high-volume customers. According to industry insiders, France, China and South Africa are also beginning to explore the Mexican fruit market.

The Power of Pears

One reason U.S. pears are strong in Mexico is that promotional efforts continue in several Mexican cities, supermarkets and street markets. The major challenge for pears



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is to increase consumer appreciation for new varieties.

As with apples, pear promoters plan to rely on television commercials and magazine ads.

Chilean producers do not conduct marketing or promotional campaigns in Mexico, and since Chilean pears cost more, they do not represent a major threat to U.S. exports to Mexico.

The No. 1 pear preference among Mexicans is for the Anjou variety, followed by Bartlett. Most U.S. pears come from Washington, Oregon and California.

Hot Trends for Apple/Pear Exporters

Mexico's apple production forecast on the 2000/2001 marketing year was revised downward from earlier estimates due to adverse weather conditions, according to reports in early calendar year 2001. Correspondingly, the forecast for apple imports for this year has been moved upward, thanks to growing demand and good consumer purchasing power. Figures for 2000 showed U.S. apple exports at 170 million metric tons, valued at \$102 million.

As far as pears go, Mexico's production estimates for the 2000/2001 market year have been revised upwards to 34,000 tons, but imports are also expected to rise to 95,000 tons because of increased demand and high U.S. pear production.

A good economy and improved consumer purchasing power will likely increase apple and pear imports, especially from the United States.

Pitted Against the Competition

The Mexican market for stone fruit imports has potential for slow but steady growth over the next couple of years.

Competition is stiff from local production of other fruit, especially peaches.



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Mexico's peach and plum growers aggressively adjust their prices in response to pressure from imports.

Currently, the United States supplies approximately 53 percent of Mexico's stone fruit imports, with Chile in second place at 43 percent. Total U.S. sales for peaches and nectarines, for example, were 111 million tons, valued at over \$100 million.

Produce Coming on Strong

Mexican farmers are by far the main source of fresh vegetables, although imports are growing.

U.S. exports of fresh vegetables to Mexico reached a record \$68.8 million in 2000, an impressive 47-percent increase over exports in 1999. Growth in U.S. exports of tomatoes, lettuce and cabbage, cauliflower, kale and similar products accounted for most of the increase from 1999 to 2000. ■

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