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Mexico

Fresh Deciduous Fruit

Semi-Annual

2003

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Report Highlights:
Mexico's apple production for MY 2002/03 remained unchanged at 465,000 MT. Imports of U.S. apples are expected to continue decreasing, due to the 46.85 percent antidumping duties for the Red and Golden Delicious varieties. Pear production for MY 2002/03 remained unchanged at 33,500 MT. Imports of U.S. apples are forecast to be slightly lower than expected, due to shorter supplies. Table grape production for MY 2003 remains unchanged at 189,800 MT. U.S. grape imports are expected to keep growing.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Mexico [MX1], [MX]

TABLE OF CONTENTS

SECTION I. SITUATION AND OUTLOOK

APPLES

Production

The MY 2002/03 (August/July) forecast of total Mexican apple production remains unchanged as does all other data. Sources indicate that weather conditions for production in Chihuahua, the main apple producing state, and Durango, the second-largest producing state, were very good. However, some hailstorms in Chihuahua affected the quality of the fruit during the harvesting season. Yields in Chihuahua are estimated at approximately 13.8 MT/ha, while overall yields are estimated at about 7.3 MT/ha. The production estimate for MY 2001/02 was revised downward based on official data, but still reflected a larger volume compared to MY 2000/01 production. Area planted for MY 2001/02 was revised downward and area harvested was revised upward based on official estimates. Data for MY 2000/01 remains unchanged.

Consumption

The forecast for apple consumption for MY 2002/03 remains unchanged. Although a good demand is expected, the anti-dumping duties imposed on U.S. Red and Golden Delicious apples have resulted in less U.S. apples available at the market for the October-December months. A larger volume of imported apples is expected by January 2003 as the 20 percent duty on U.S. apples becomes zero. Domestic consumption estimates for MY 2001/02 were revised slightly upward based on available industry data. Data for MY 2000/01 remains unchanged.

The main domestic apple producing regions from September through December are Chihuahua and Durango. Wholesale prices for domestic apples in Mexico City for Red Delicious apples began at US$23.30/kg per box in September 2002, and ended at US$21.15/kg per box in December 2002. Golden Delicious prices began at US$24.27 in September 2002, and ended at US$28.84 in December 2002. Domestic prices for both apples were higher during the last quarter of 2002 compared to last year's prices, due to the absence of imported apples in the market.

Trade

The forecast for apple imports for MY 2002/03 remains unchanged at 112,000 MT. It is still uncertain how the demand for imported apples will be affected, due to the anti-dumping duties imposed on U.S. Red and Golden Delicious apples. Almost all fruit importers stopped importing these apples due to the 46.58 percent antidumping duty and the 20-percent out of quota duty. Now that the January 2003 NAFTA 20-percent safeguard TRQ has been lifted, some fruit importers will try to import Delicious variety apples and pay only the antidumping duty. Other importers have tried to import other apple varieties not affected by antidumping duties like the Gala. However, they did not sell as much as expected, as consumers prefer the Delicious varieties. Another factor affecting imports of fruit is the weakness of the Mexican Peso. The peso slipped to 10.43 pesos to the U.S. dollar last December 30,2002, from approximately 10.20 pesos to a dollar in the previous weeks. In the past year, the Mexican Peso has declined over 10 percent vis-à-vis the U.S. dollar.

The estimate for apple imports for MY 2001/02 was revised upward to 189,581 MT based on recent trade data. U.S. and Canadian apple imports were lower compared to MY 2000/01 imports, but Chilean and South African apple imports increased. Data for MY 2000/01 remains unchanged.

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 2003 import quota will be 2,621.4 MT at the low-tariff rate of 5% 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 of 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. However, due to the imposition of antidumping duties and the subsequent decrease in the volume of U.S. apple imports during the last quarter of 2002, promotion efforts were deferred until January or February 2003, when importers hopefully will begin to import larger volumes of U.S. apples. On the other hand, fruit importers are expecting Chile to send larger volumes of apples now that U.S. apples will have a lower presence in the Mexican market.

PEARS

Production

As pear production in Mexico is not as significant as other deciduous fruit, periodic data is not available from the Mexican Government. Consequently, data for production, area planted and harvested MY 2002/03 (July/June) remains unchanged from the previous report (MX2120). Data for MY 2000/01 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 2002/03 was revised downward due to expected lower supplies. This situation could result in higher prices that will affect domestic consumption. However, demand is expected to continue to be good, unless the Mexican peso continues to slide further. Consumption estimates for MY 2001/02 were revised downward, due to declining demand resulting from a decrease in consumer purchasing power. Consumption for MY 2000/01 remains unchanged.

According to traders, the pear import forecast for MY 2002/03 was revised downward as lower supplies will be available from the United States, due to lower production. Traders report that pear imports have been steady despite slightly higher prices, and a weakness of the Mexican peso. Other countries, like Chile and Argentina, might try to ship larger volumes of pears to fill the void left by the decrease in volume of U.S. apple imports. Imports for MY 2001/02 were also revised downward because of shorter supplies from the United States. Chilean imports for MY 2001/02 were very similar to MY 2000/01 imports, but there was an increase of Argentinean pears from 470 MT to 2,290 MT. Data for MY 2000/01 remains unchanged. The import duty on pears under the different trade agreements from 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. 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 have fair to good quality, and have been marketed at available prices.

TABLE GRAPES

Production and Consumption

Table grape data for MY 2003 (January-December) remains unchanged from the previous report (MX2120). Consumption estimates for MY 2002 were revised downward because of reduced demand and more grapes having been diverted to the export market. Lower supplies resulted in higher prices, thus reducing demand. Data for MY 2001 also remains unchanged.

Trade and Marketing

Total imports of table grapes for MY 2002 were revised downward based on Mexican trade data, but still reflect an increase compared to MY 2001. U.S. and Chilean imports are zero duty and both countries are increasing 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, resulted in positive buys for MY 2002. According to traders, prices at the central wholesale market increased during the Christmas season of 2002 as follows:

Variety	November 2002	December 2002
Globe	US$1.35/kg	US$1.73/kg
Thompson	US$1.13/kg	US$1.38/kg

Mexican total exports for table grapes for MY 2002 were revised upward, due to good demand from the international market. Most of the table grapes are exported to the United States.

SECTION II. STATISTICAL TABLES

Apples, PS&D Table

PSD Table	**Mexico**					
Country						
Commodity	**Fresh Apples**			(HA)(1000 TREES)(MT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	08/2000		08/2001		08/2002	
Area Planted	64366	64366	62869	62395	62500	62500
Area Harvested	54023	54023	60861	60997	60600	60600
Bearing Trees	12155	12155	13693	13724	13635	13635
Non-Bearing Trees	2327	2327	451	314	427	427
Total Trees	14482	14482	14144	14038	14062	14062
Commercial Production	330245	330245	449889	434679	457000	457000
Non-Comm. Production	8000	8000	8000	8000	8000	8000
TOTAL Production	338245	338245	457889	442679	465000	465000
TOTAL Imports	228063	228063	160000	189581	112000	112000
TOTAL SUPPLY	566308	566308	617889	632260	577000	577000
Domestic Fresh Consump	496308	496308	527889	542260	487000	487000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	70000	70000	90000	90000	90000	90000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	566308	566308	617889	632260	577000	577000

Pear, PS&D Table

PSD Table						
Country	Mexico					
Commodity	Fresh Pears			(HA)(1000 TREES)(MT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	07/2000		07/2001		07/2002	
Area Planted	4865	4865	4892	4892	4900	4900
Area Harvested	4842	4842	4858	4858	4860	4860
Bearing Trees	1007	1007	1015	1015	1018	1018
Non-Bearing Trees	5	5	7	7	8	8
Total Trees	1012	1012	1022	1022	1026	1026
Commercial Production	29780	29780	31468	31468	32000	32000
Non-Comm. Production	1500	1500	1500	1500	1500	1500
TOTAL Production	31280	31280	32968	32968	33500	33500
TOTAL Imports	95513	95513	98000	89436	102000	89500
TOTAL SUPPLY	126793	126793	130968	122404	135500	123000
Domestic Fresh Consump	124793	124793	128968	120404	133500	121000
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	126793	126793	130968	122404	135500	123000

Table Grapes, PS&D Table

PSD Table						
Country	Mexico					
Commodity	Fresh Table Grapes					(HA)(MT)
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2002		01/2003	
Area Planted	20178	20178	20700	20700	21000	21000
Area Harvested	17562	17562	17600	17600	17700	17700
Commercial Production	186375	186375	198200	198200	188000	188000
Non-Comm. Production	1800	1800	2000	2000	1800	1800
TOTAL Production	188175	188175	200200	200200	189800	189800
TOTAL Imports	75060	75060	83000	79500	87000	87000
TOTAL SUPPLY	263235	263235	283200	279700	276800	276800
Domestic Fresh Consump	165496	165496	159200	150820	166800	166800
Exports, Fresh Only	97739	97739	124000	128880	110000	110000
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	263235	263235	283200	279700	276800	276800

Fruit Prices

Average Monthly Wholesale Imported Grape Prices Globe Pesos / Kilogram			
Month	2001	2002	Change %
January	15.09	19.88	31.74
February	12.85	17.72	37.90
March	13.28	13.70	3.16
April	13.32	12.77	(4.13)
May	13.31	12.22	(8.19)
June	16.36	15.55	(4.95)
July	14.73	N/A	N/A
August	15.92	18.33	15.14
September	14.44	15.00	3.88
October	15.56	14.59	(6.23)
November	14.20	13.81	(2.75)
December	16.60	17.78	7.11
CIF-Mexico City			

Source: Sevicio Nacional de Informacion de Mercados
2001 Exchange Rate Avg.: U.S.$1.00 = 9.35 pesos
2002 Exchange Rate Avg.: U.S.$1.00 = 9.82 pesos

AVERAGE MONTHLY WHOLESALE DOMESTIC GRAPE PRICES PERLETTE PESOS / KILOGRAM			
Month	2001	2002	Change %
January			
February			
March			
April			
May			
June	13.16	9.00	(31.61)
July	7.92	8.75	10.48
August	6.94	8.87	27.81
September			
October			
November			
December			
CIF-Mexico City			

Source: Sevicio Nacional de Informacion de Mercados
2001 Exchange Rate Avg.: U.S.$1.00 = 9.35 pesos
2002 Exchange Rate Avg.: U.S.$1.00 = 9.82 pesos

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

AVERAGE MONTHLY WHOLESALE IMPORTED PEAR PRICES D'ANJOU PESOS / KILOGRAM			
Month	2001	2002	Change %
January	10.83	11.26	3.97
February	10.83	10.82	(0.09)
March	11.38	11.11	(2.37)
April	11.66	11.80	1.20
May	12.12	12.12	0.00
June	13.76	12.05	(12.43)
July	15.37	13.64	(11.26)
August	16.11	14.90	(7.51)
September			
October	11.11	12.78	15.03
November	11.38	12.35	8.52
December	11.38	12.11	6.41
CIF-Mexico City			

Source: Sevicio Nacional de Informacion de Mercados
2001 Exchange Rate Avg.: U.S.$1.00 = 9.35 pesos
2002 Exchange Rate Avg.: U.S.$1.00 = 9.82 pesos

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

AVERAGE MONTHLY WHOLESALE IMPORTED APPLE PRICES RED DELICIOUS PESOS / KILOGRAM			
Month	2001	2002	Change %
January			
February	10.78	10.96	1.67
March	11.03	10.85	(1.63)
April	11.28	11.77	4.34
May	11.90	13.61	14.37
June	11.78	12.38	5.09
July	11.37	13.11	15.30
August	11.57	13.16	13.74
September	11.25	13.33	18.49
October	11.30		
November	12.12		
December	11.00		
CIF-Mexico City			

Source: Sevicio Nacional de Informacion de Mercados
2001 Exchange Rate Avg.: U.S.$1.00 = 9.35 pesos
2002 Exchange Rate Avg.: U.S.$1.00 = 9.82 pesos

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

AVERAGE MONTHLY WHOLESALE DOMESTIC APPLE PRICES RED DELICIOUS PESOS / KILOGRAM			
Month	2001	2002	Change %
January	10.14	9.13	(9.96)
February	7.50	8.96	19.47
March	7.00		
April	7.28		
May			
June			
July			
August			
September	9.50	11.93	25.58
October	9.50	11.66	22.74
November	10.00	10.55	5.50
December	9.50	11.00	15.79
CIF-Mexico City			

Source: Sevicio Nacional de Informacion de Mercados
2001 Exchange Rate Avg.: U.S.$1.00 = 9.35 pesos
2002 Exchange Rate Avg.: U.S.$1.00 = 9.82 pesos

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

Monthly Exchange Rates

Month	2000	2001	2002
January	9.02	9.76	9.16
February	9.43	9.70	9.10
March	9.28	9.60	9.07
April	9.37	9.33	9.14
May	9.50	9.14	9.49
June	9.81	9.09	9.75
July	9.43	9.15	9.79
August	9.27	9.12	9.83
September	9.33	9.40	10.05
October	9.52	9.45	10.09
November	9.50	9.25	10.19
December	9.44	9.16	10.21
Annual Avg.	**9.40**	**9.35**	**9.82**