

# Review of the 2004/2005 winter avocado season

## A winter season with increasingly blurred limits

### Record production in Israel

The situation changes from one year to another for Israeli producers. The 2004/2005

harvest reached an estimated record 83 000 tonnes after two years of equally exceptional deficits (less than 50 000 t). This performance is explained mainly by alternate bearing (yields were particularly high at close to 20 t per ha). The effect of the increase in the area under avocado is also perhaps beginning to be felt (the total has increased by an annual 100 ha in recent years). Another important point is that alternate bearing is no longer simultaneous in Israel and Spain and the cumulated supplying of the winter market by the two countries will therefore be much more stable from one season to the next than it used to be. In 2004/2005, supplies were only 10% greater than in the preceding year whereas 30% fluctuations were not uncommon in the past. This fine harvest meant that Israeli operators dominated strongly during the season, as is shown by the 50% increase in

their market share in supplies from the main suppliers. However, the situation was not the same on all the markets. France remained by

far the main outlet for Israeli avocado, with the volumes marketed recovering to about 20 000 t. Nevertheless, this market continued to suffer from the outlet diversification strategy that benefited the United Kingdom. The diametrically opposed movement of the volumes shipped to the two countries speaks for itself, falling from more than 50% at the end of the 1990s to less than 40% in the last season for France and rising from less than 10% to over 20% for the UK during the same period. What factors justify this attraction for the British market? Firstly, the supply segmentation procedures set up by distributors are paying off and enabling consumption dynamism that is unique in Europe. For example, imports rose from about 12 000 t in the mid-1990s to 30 000 t in 2004. Israeli operators thus sold a fair proportion of their 'Hass' in the United Kingdom for use in the 'perfectly ripe' fruit programmes, a key feature in stimulating sales. The still modest per capita consumption of some 500 g indicates considerable margin for development. Secondly, supermarket chain transaction procedures are also original, with guarantees for the security of both parties. At the beginning of the season, clients and suppliers agree on a programme (quantities to be delivered and price) that can be adjusted during the season. The upstream part of the sector is thus protected from sudden changes in price and has a certain security with regard to the flow of produce that is primordial for

such perishable goods. Supply is guaranteed for the downstream end of the sector. This strong commercial link is also the result of the strict requirements of British distributors who usually require specific features with regard to packaging, service, etc.

### Spain is strengthening its presence

The quantities available in Spain were even smaller than the negative alternate bearing would have led to believe. Growers suffered a very sharp, rare frost at the end of February in addition to frequent problems caused by high winds in January. A large proportion of the fruits that remained to be picked—and especially 'Hass' for Easter marketing operations—was lost. As a result, shipments did not exceed 35 000 t, in comparison with more than 50 000 t in 2003/2004. Although the influence of the Spanish crop was only limited with regard to the progress of the season, that of Spanish operators increased. Their imports for re-exporting to the other EU countries increased strongly. They aim at being able to supply the European clientele with continuous supplies of 'Hass', using locally grown fruits or produce imported from South America (from Chile at the beginning of the season and then from Peru plus a few batches from Argentina at the end). Spain has become a centre for supplying the European market with fruits from Chile and Peru.

**Shipments were slightly more ample than last year. On the one hand, deliveries from the three origins forming the backbone of supply in the winter season were more substantial. The exceptionally large Israeli harvest more than compensated the marked deficit in Spain. On the other hand, shipments from the up-and-coming origins in South America such as Chile and Peru were distinctly greater and strongly influenced the beginning and end of the winter season. Although France remains the EU's star market, the United Kingdom is becoming increasingly attractive, especially for 'Hass'.**

Avocado market supply - EU15

000 t	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	average 99/04	Delta %
Spain	23.8	33.3	33.9	54.8	36.7	44.7	32.3	46.3	24.6	47.9	31.1	39.2	- 21
Mexico	25.2	33.2	24.4	16.8	13.3	14.5	13.0	10.1	21.9	18.7	16.7	15.6	+ 7
Israel	22.1	43.6	40.7	33.6	23.2	44.0	38.3	43.5	25.9	25.3	52.2	35.4	+ 47
Winter total	71.1	110.1	99.0	105.2	73.2	103.2	83.6	99.9	72.4	91.9	100.0	90.2	+ 11
Kenya	8.9	7.8	13.0	7.0	9.7	11.4	15.8	11.8	19.6	17.4	18.5	15.2	+ 22
South Africa	29.5	26.7	23.3	48.9	31.6	42.1	32.3	41.1	35.7	29.7	46.4	36.2	+ 8
Peru					0.4	2.0	2.4	4.7	11.3	14.6	18.0	7.0	+ 157
Chile								1.9	4.3	10.1		5.4	
Summer total	38.4	34.4	36.3	55.9	41.3	53.5	48.1	59.4	71.0	65.6		59.5	
Total	122.7	154.3	137.5	167.5	118.8	152.9	131.6	164.9	147.7	157.9		151.0	

Note: September-August for Spain, Israel and Mexico, calendar year for the other origins / Sources: Eurostat, CIRAD

## Mexico confirms its position

Mexico remained a major player on the EU market during the winter season. Arrivals were plentiful and very similar to those of the 2002/2003 season. In particular, it played a very major role in supplying 'Hass' for the French market. But many operators are wondering about the sustainability of this position. What will be the medium-term impact of the broader opening of the US market from 1 February 2005 onwards on shipments of Michoacán avocado to the EU? The end of the 2004/2005 season may have begun to answer the question. The boom in shipments to the United States (65 600 t exported between February and July 2005 against 21 500 t in the preceding year) resulted in the rocketing of cost prices. The comparative stability of European imports recorded by Eurostat from February until the end of the season resulted to a considerable extent from the favourable situation. On the one hand, competition from the other origins was relatively moderate as a result of the Israeli diversification strategy with shipments of 'Hass' to the British market and more limited potential in

Spain. On the other hand, the euro:dollar exchange rate was even more favourable than in the preceding season. The start of the 2005/2006 gives a more accurate picture. Imports during Mexico's main niche period from September to October have been down by half in comparison with the two preceding years. The financial risk (high cost price and firm payment for goods) and fears of an avalanche of Chilean fruits have encouraged European importers to be cautious. Nevertheless, it is clear that Mexican exporters do not want to withdraw from the EU market, as is proved by the promotion campaign for the origin that they are financing in France.

## Kenyan marketing more peaceful

According to a preliminary estimate (customs figures are not available), Kenyan exports to the EU were at least as large as in 2004. However, marketing seems to have been more peaceful than in the past, even if parts of the season were very difficult. On the one hand, the efforts made to segment supplies (an

increasing proportion of 'Hass', a low price range of small 'Fuerte') have broadened the outlets for Kenyan avocado. On the other hand, the concentration of supplies between a small number of operators has also paid off.

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It is difficult to limit description of the season to so-called 'winter' origins. The increased presence of new South American suppliers makes the panorama of supplies to Europe more complex. The transition periods between the summer and winter seasons used to be excellent as supplies were scarce but they are now tending to become a nightmare. The 2004/2005 season is unfortunately a perfect illustration of this change. The boom in the volumes shipped from Chile from mid-September 2004 (with nearly 1.2 million boxes received in four weeks in contrast with less than 400 000 the year before) contributed to serious over-supplying of the market, with the price of 'Hass' plunging to a hitherto unseen EUR 3 or 4 per box. The scene was repeated at the end of the season. The massive arrival of fruits from Peru in June (nearly 1.5 million boxes against 750 000 in the previous year) resulted in another extremely difficult period. However, these economically unbearable crises are probably not unavoidable. But it is necessary to take advantage of the enormous scope for the development of consumption in Europe (cf. **Fruitrop Focus Avocado**) ■

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## Average season price

Prices fluctuated greatly once again during this season. Their astonishingly regular movement should be underlined. Nonetheless, the performance can be described as satisfactory. It is true that the considerable fall in average price in comparison with the preceding season should be viewed in relative terms. It is still markedly higher than average while large quantities were marketed.

