Avocado

Production prospects for the summer market

While the sun shines

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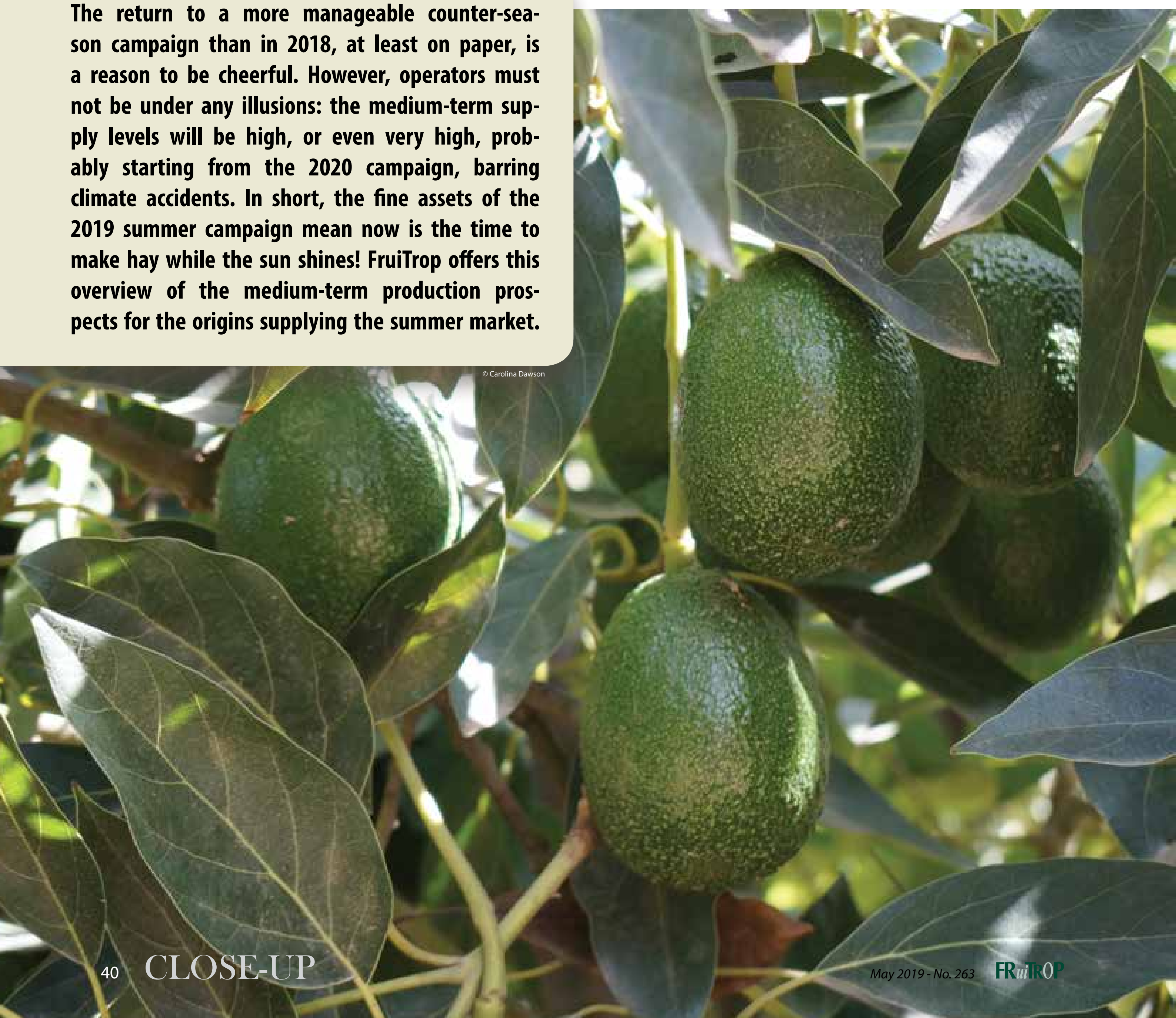
The return to a more manageable counter-season campaign than in 2018, at least on paper, is a reason to be cheerful. However, operators must not be under any illusions: the medium-term supply levels will be high, or even very high, probably starting from the 2020 campaign, barring climate accidents. In short, the fine assets of the 2019 summer campaign mean now is the time to make hay while the sun shines! FruiTrop offers this overview of the medium-term production prospects for the origins supplying the summer market.



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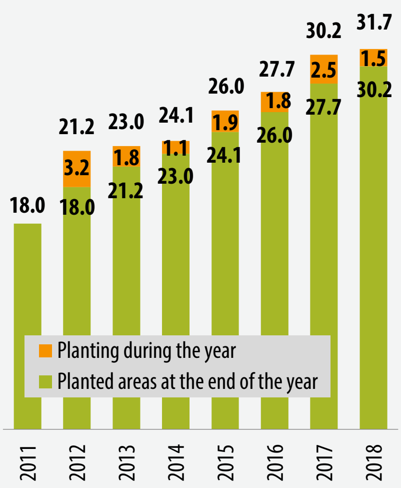
Avocado - Peru - Evolution of planted areas
(in 000 hectares | professional sources)



Peru

A slowdown in the surface areas expansion trend on the horizon

The figure of nearly 32 000 hectares of Hass planted in two decades is an edifying one, especially with surface areas continuing to expand. The growth rate of the cultivation area has been between 1 800 and 2 500 ha in recent years. Producers are now targeting zones enabling them to extend the trading calendar, especially in the early season. The boom has been particularly evident in the Olmos irrigated area, opened in 2014, where the Hass campaign can start from the first half of April. For the last four years, 4 200 ha of high-tech orchards with a high production potential (more than 20 t/ha) have been planted. Similarly, planting is on the rise in the high-altitude zones in the south of the country (sierras of Ayacucho and Ica in particular), where the campaign can start from mid-February. Nonetheless the dynamic is weaker (sloped zones more difficult to harness and more fragmented), and the production system much less high-tech, and based on small producers (0.5 to 5-6 ha on average). With the existing production capital, the country's Hass export potential should exceed the 500 000-t mark within four or five years, especially since no fall in yield is currently being seen in the country's oldest orchards, more than twenty years old.

The planting dynamic should remain strong in 2019 and 2020, with some big projects scheduled. It could drop off thereafter, since most of the big producers seem to want to target other producer countries, with a production calendar complementary to Peru. Camposol has already taken the first step, by announcing a large-scale project in Colombia. Other producers seem to want to follow in its producers. The investment decisions of the country's big sugar cane groups, which are starting to take an interest in the avocado, bear watching, since these groups, boasting big financial resources and large land surface areas, could restart a major growth trend. Furthermore, some producers are now focusing on increasing productivity, by developing cutting-edge plant stock (derived from local selections on clonal rootstocks).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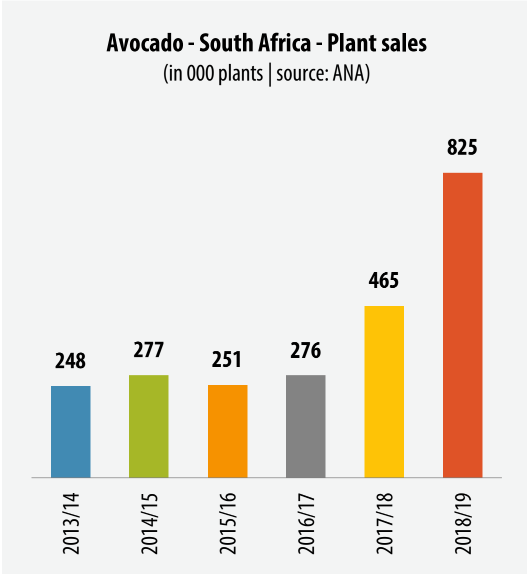
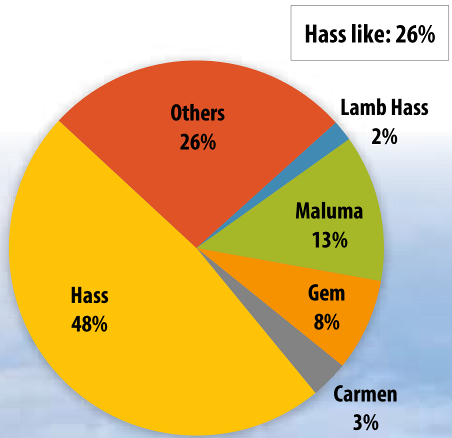
South Africa

Gathering pace

South Africa has shifted up a gear! Growth is gathering pace, in a country which already has one of the Southern Hemisphere's biggest cultivation areas (approximately 17 500 ha in 2018). Sales of plants, after levelling out at between 250 000 and 280 000 plants per year since 2010-11, have increased considerably since 2017-18 thanks to the rise in production capacity of the nurseries, and to the arrival of new players in this sector (more than 450 000 plants forecasted in 2017-18). This has been accompanied by an increase in annual planting rate from approximately 750 ha to 750-1 000 ha in 2018. Hass and Hass like have represented nearly 75 % of planting since 2015-16 (of which approximately 16 % early Hass like such as Carmen or Maluma, and 10 % late Hass like such as Gem or Lamb). The plant stock is high quality (more than 80 % of plants on clonal or micro-clonal rootstocks). This expansion is primarily taking place in the traditional production zones in the north of the country, high-tempo growth in surface areas. It is more limited in zones with a later production calendar further south in the country (Eastern Cape, Western Cape). Hence if we assume average yields slightly higher than their current level of 8.5 to 10 t/ha, the figures of the exceptional 2018 season could be no more average within four of five years (production 170 000 to 180 000 t, with exports of 90 000 to 100 000 t), if the local market continues to develop at its current tempo. Growth in surface areas should accelerate even more, with planting figures of 1 000 to 1 500 ha/year in 2019 and maintaining this range in subsequent years. Some of the new plantations could be set up in zones where the avocado is currently scarce.



Avocado - South Africa
Plant sales by variety in 2016-17
(source: ANA)



Kenya

More of a heavyweight than ever

While it is impossible to estimate the extent of the Kenyan cultivation area, due to the absence of reliable agricultural surveying and the extreme difficulty in estimating the large surface areas owned by very small producers, its strong growth can be in no doubt. As proof, the country has reached a whole new level of exports, with volumes going from approximately 20 000 t in the middle of the decade to more than 70 000 t in 2018, now hot on South Africa's heels. The avocado remains a "money tree" in a context of falling profitability and high instability on the tea and coffee markets, two of the country's big export crops. Uncomplicated in technical terms, the crop is progressing among very small producers, who are also entitled to State or NGO planting incentives (free distribution of plants in certain zones, for example). Similarly, surface areas surfaces are continuing to expand for the sector number one, Kakuzi (+ 100 ha per year, taking the cultivation area to 700 ha in 2018), while an increasing number of agri-business groups in the country are continuing to invest in commercial plantations of varying scale. Overall, the annual growth rate lies within a wide range of 500 to 1 000 ha.

Brazil

Expansion of Brazil's "small-scale" cultivation area gathering pace

The sector's growth dynamic has been gathering pace too in Brazil since 2018. The cultivation area remains modest (estimated at approximately 1 500 ha in 2018), but is expanding rapidly. The sector number one, Jaguacy, is continuing to develop its production capacity via its own orchards or those of its associated producers (+ 200 ha per year approximately). Furthermore, there are new players entering the industry, thanks in particular to the increasing supply of plants. These new plantations are mainly small (less than 50 ha) or medium-sized (50 to 100 ha), with the exception of a larger facility set up by a foreign investor. Overall, the annual planting rate has gone from approximately 700 to 750 ha (as opposed to 200 to 300 ha per year before 2018). The production zone is tending to expand, with producers no longer restricting themselves to the historical cropping area of São Paulo and Minas Gerais provinces, but also venturing into Paraná and Bahia.

Tanzania

Expanding surface areas and rationalisation of the production model

Just like Brazil, Tanzania is still one of the minor market players. Nonetheless, production will see very considerably growth in the coming years. In the north, at the base of Kilimanjaro, the country's main producer-exporter, Africado, is continuing to develop its production capacity, while the orchards belonging to the region's other producers are entering their prime. The zone now has a total of approximately 550 to 600 ha. Furthermore, the new production centre of the Iringa region will gradually start to enter production (approximately 400 to 450 ha). Finally, the Mount Rungwe region is getting back in business, with the Rungwe Avocado Company refloating. It now has approximately 60 ha of commercial orchards, as well as a hard to quantify – but not trivial – portfolio of very small-scale production facilities (200 to 300 ha). In another major trend, the country is reinforcing its production model, with its cultivation area now very much relying on large-scale commercial plantations (30 to 80 ha in most cases, with the exception of Africado which has larger surface areas). This is a significant guarantee of better quality management! The cultivation area should continue to expand, possibly at a faster rate. Three large-scale projects (150 to 500 ha, divided between the south and north) are under study or have started.

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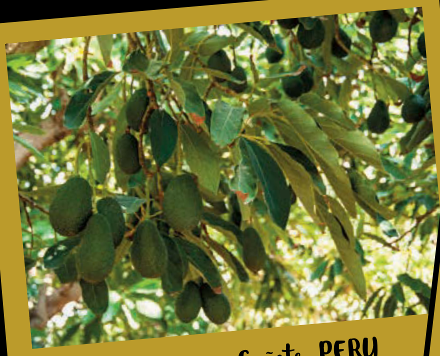
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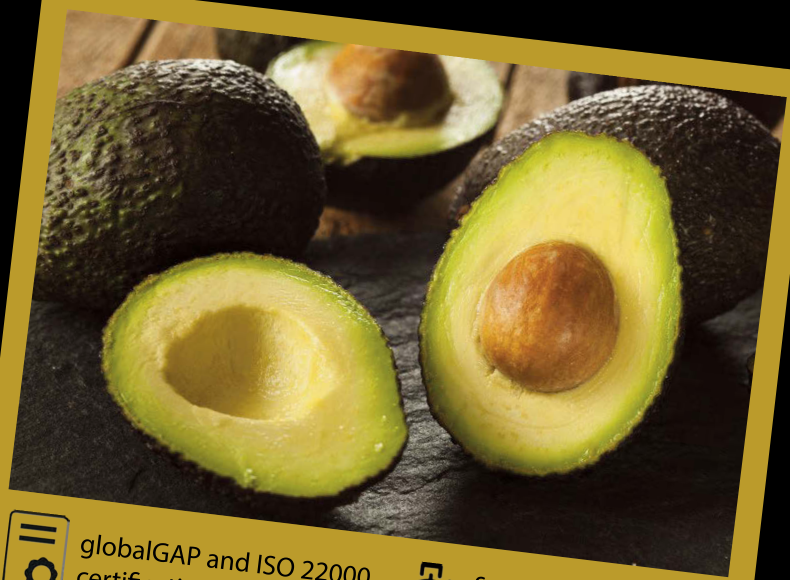

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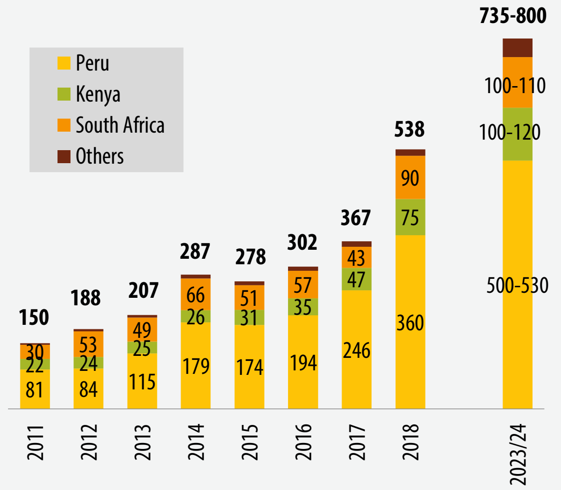
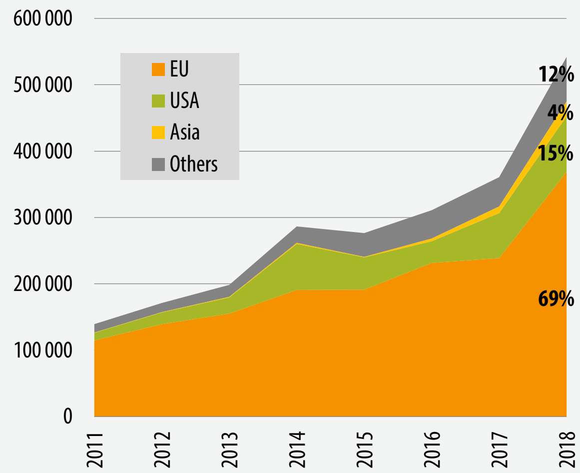
Overall volumes on a steep rise

Based on currently planted surface areas, we can make a highly approximate projection of the combined export potential of these origins in five years' time, by extrapolating production of the young orchards not yet in production or which have not yet reached full maturity (or by extrapolating the current export trend for Kenya, due to lack of surface area data). These volumes should be around 735 000 to 800 000 t, as opposed to 540 000 t during the exceptional 2018 season, and 350 000 t during the 2017 season. Of course, there is a significant margin for error. In particular, Kenya is a problematic case. In addition, the share of volumes taken in by the local markets could change over this period (assuming near-stability of their market share in this projection, i.e. continued growth for South Africa, and practically non-existent for the other countries). However, despite these reservations, it is clearly apparent that the additional volumes put on the international market by these five origins, will be significantly greater than those currently trading. This significant growth underlines the recommendations relating to an acute need for promotion of the product, and to open up new markets, presented in the article "Projection of consumption in the EU-28" in this very edition of **FruiTrop** ■

Avocado - Summer market origins - Exports and projections
(in 000 tonnes | professional sources, CIRAD)



Avocado - Summer origins - Markets
(in tonnes | professional sources, CIRAD)



Avocado – Projection of planted areas and export potential

	Planted areas in 2018	Estimated export potential in 2023	Planted areas growth
Peru	31 000 ha	500 000 to 530 000 t	2 500 to 3 000 ha in 2019, then 1 500 ha per year
South Africa	17 500 ha	100 000 to 110 000 t*	1 000 to 1 500 ha per year
Kenya	?	100 000 to 120 000 t	500 to 1 000 ha per year
Brazil	1 500 ha	20 000 to 22 000 t	700 to 750 ha per year
Tanzania	1 200 to 1 400 ha	15 000 to 20 000 t	300 to 400 ha per year
Total		**735 000 to 800 000 t**	

* Domestic market: 40 % of production | Professional sources, CIRAD

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