Buoyant Mexico looks to expand berry markets

When Mexico's berry sector gathered for the annual National Association of Berry Exporters (Aneberries) congress in early August, the mood was buoyant and rightly so. Unlike the country's avocado industry, which has faced significant challenges from insecurity in key production areas, the outlook for Mexican berries is bright, with all four major fruits – blueberries, blackberries, strawberries and raspberries – experiencing strong export growth.

According to Aneberries' own statistics, Mexican berry exports increased by almost 17% between 2017 and 2018, reaching a total of US$2.24bn. In fact, berry exports now rival avocados – Mexico's leading produce export at US$2.4bn – in value. Just five years ago, exports of the same five berries from Mexico were valued at US$1bn. Blueberries led the growth trend between 2017 and 2018, with exports up by 32 per cent, while raspberry and blackberry exports increased by 13 per cent.

Mario Steta, Driscoll's vice president and general manager for central Mexico, paints an optimistic portrait of Mexico's berry sector, despite some challenges. "In general, the trend and movement we have seen over the past few years has been one of growth in production surface area, exports and value," he tells Eurofruit. "Mexico is well-placed in terms of quality and the confidence that our products generate."

However, Steta says that one of the key influences on this trend has been indirect. Mexican berry production zones, he says, have benefited from recent difficulties faced by growers in California. "It's becoming increasingly expensive to produce berries profitably in California due to a combination of factors including the cost of manpower and land and it's difficult to see how this situation is going to be resolved," says Steta. "However, as a result of more fruit and vegetable production is moving from California to Mexico and it's not just berries."

Challenges remain

As a sector, Steta argues that the key challenge for the Mexican berry sector is to maintain a reputation for product quality and customer confidence, which he says has taken years to build. This means, he continues, that there is a pressing need to stamp out abuses when it comes to organic berry labelling. According to Steta, wrongly-labelled organic products present one of the greatest threats to the health of the sector.

Other challenges include access to water – by no means unique to Mexico – and pest outbreaks in some zones. However, although growers remain concerned about the country's security situation and have faced instances of machinery theft, Steta stresses that they have been fortunate in not having to cope with the kinds of challenges facing Mexico's avocado producers.

In terms of markets, the US remains by some distance Mexico's most important export destination for berries, and Steta says there is no indication this situation is about to change. This reliance on the US has if anything been strengthened in recent seasons, he admits, as a result of a loss of competitiveness in Europe for...
Mexican blueberries and blackberries due to strong competition from producers in Morocco and Portugal, as well as Peru and Chile.

In terms of Driscoll’s own Mexico business, Steta says the company is continuing to focus very strongly on diversifying its product portfolio by investing significant amounts in varietal improvements. In particular, he says the subsidiary is focusing resources on improving flavour.

In keeping with current consumer concerns, Steta says Driscoll’s Mexico is looking at ways in which it can reduce the use of plastic in its fields and packhouses. “Although it’s not going to be easy, we have a responsibility to search for alternatives to clamshells and a very firm commitment to find replacements that are environmentally friendly,” he says.

Market outlook

Aneberries’ president, Aldo Mares, is keen to emphasise the mutually-beneficial partnership between the US and Mexico, whose complimentary seasons offer year-round berries to consumers. However, he admits the new, still-to-be-ratified USMCA treaty is generating uncertainty for the Mexican berry sector, not least because of a clause extending berry genetics licences to 25 years from the current 18, which he argues could deter investment in the sector.

Amid such uncertainty, Mares is quick to recognise the need to diversify markets. “The participation of Europe in Mexico is very low, so there’s an opportunity there, but there are also opportunities in China, once we lower the tariffs, and the Middle East,” he says. “Asia and the Middle East count for something like 0.6 per cent of our exports, so it’s key that Mexico diversifies and increases our participation in those markets.”

In the case of China, Mares recognises that Mexico will struggle to compete with the likes of Chile – which benefits from a Free Trade Agreement with China – while existing tariffs are still in place, at around 15 per cent for blueberries and substantially more for raspberries and blackberries. “Although we managed to lower the tariff for blueberries, raspberries and blackberries have tariffs of 25 per cent and the importer pays an extra 10 per cent on top of that, so effectively we can’t compete,” he admits.

To further such overseas trade, Mares says increasing certification levels in Mexico will be a key determining factor. “In reality, of the berries we export around 20 per cent don’t carry international certification,” he says. “For us, this percentage of berries being exported without certification represents a risk, so it’s very important that all the fruit exported under the Aneberries umbrella is certified fruit.”

Greater regulation

Jalisco State, Mexico’s national leader in terms of agriculture, is also the top producer of strawberries and blueberries; a phenomenon which has been hugely beneficial in generating employment in the region, according to Alberto Esquer, Jalisco’s secretary of state from agriculture and rural development.

There are currently more than 8,000ha of berries in production in the central western region, and Esquer reveals that this figure will expand with plans to begin cultivation in northern, berry-free areas of the state.

However, although he recognises that this expansion is being driven by the profitability of the sector, Esquer argues that Mexico’s berry production should not take place to the detriment of its resources. “Yes, berries are very profitable to produce, but not at the cost of the environment, the water or the land,” he says. “We are going to present a new law to regulate and organise the sector, which will be the benefit of berry producers in Jalisco, outlining where they can cultivate berries and where they can’t produce them.”

Another great challenge, according to Esquer, is that Mexico’s berry sector learns not to be so dependent on the US market and look for opportunities in other areas of the world. “At the moment, 80 per cent of the production goes to the US and only 20 per cent to other countries, so we are looking for other markets and alternatives,” he adds.