Commission Working to Expand Trade Opportunities

By Ken Melban

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s support for the California avocado brand continues to gain momentum in the United States, the California Avocado Commission also is working to expand our consumer base internationally. Although the export of California avocados over the last few years is small — below 5 percent of the total crop volume — there is reason for pursuing new markets. The total U.S. avocado consumption now exceeds two billion pounds, and while there are no guarantees, all projections are for demand to increase an average of 10 percent over the next few years. While demand may be uncertain, what is almost certain are the increases in supply.

Of course there is room for California's premium fruit even as our percentage of total U.S. sales volume is shrinking. In fact, with our core market primarily in the western states, some would argue that as U.S. consumption increases, the majority of California fruit could be sold right here in California. In reality, though, not all U.S. avocado consumers are willing to pay the premium price necessary to sustain California growers. With the cost for offshore avocado production considerably less than in California, it is



Ken Melban and Ed McFadden meet with USDA Deputy Undersecretary Elvis Cordova

imperative the Commission explore all market options. The expression, "Don't put all your eggs in one basket," seems prudent. All options should be explored to ensure California growers are in the best position to receive premium returns, and some of those returns may be realized in offshore markets.

In order to strengthen the international market position for California avocados, I applied to serve on the United States Department of Agriculture's (USDA) Agricultural Technical Advisors Committee (ATAC) for Trade in Fruits and Vegetables. In June 2015, USDA Secretary Tom Vilsack and United States Trade Representative Michael Froman appointed me to the Committee. ATAC works to "ensure a private-sector voice in establishing U.S. agricultural trade policy objectives to reflect U.S. commercial and economic interests" and operates under the USDA's Foreign Agricultural Service. The position provides the Commission with an important seat at the trade discussion table and key contacts as we work through the bureaucracy necessary to navigate access into new international markets.

Recently, the Trans Pacific Partnership (TPP), a trade agreement among 12 Pacific Rim countries including the United States, was reached. Currently there is a 3 percent tariff on California avocados exported to Japan. During the last couple of years, the Commission has worked to ensure that a provision to eliminate the avocado tariff was included in the TPP. If signed and ratified by participating countries, the TPP will remove the tariff on California avocado.

Since 2005, the Commission has been working to gain access to China. Typically this involves identifying sanitary and phytosanitary concerns

and, if present, ensuring measures are taken to mitigate any legitimate concerns. The politics of China have led to significant delays. In the last couple of years the Commission has ramped up its efforts with the USDA's Animal and Plant Health Inspection Service (APHIS) to ensure they are doing everything possible to press China on the California avocado application. Commission representatives have held multiple meetings with APHIS and hosted a grove tour with the director general for China's Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), China's counterpart to APHIS.

In November, a bilateral trade meeting was held in China between APHIS and AQSIQ. The Commission developed a Chinese-language brochure for the AQSIQ delegation in order to provide examples of how avocado could be used by Chinese consumers and to demonstrate the nutritional



benefits.

According to APHIS, the brochure was a tremendous success and helped to maintain avocado as a priority. The next step is a technical visit to California avocado production areas and packing facilities for AQSIQ representatives. The Commission is working to secure a visit for spring 2016.

New Zealand also has expressed interest in California avocados and the Commission is working concurrently on a New Zealand application. While this wouldn't represent tremendous volume potential, it may provide a worthwhile alternative market.

Rest assured the Commission's focus and efforts on maintaining and improving the California avocado place in the U.S. market will continue. Hopefully, we can build on that success and take advantage of the California brand strength in the international marketplace.