

The California Avocado Industry, Dissected



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Recently, the Hass Avocado Board commissioned the France-based Centre de Cooperation Internationale En Recherche Agronomique Pour Le Developpement (CIRAD) to take an in-depth look at the California avocado industry, following similar analyses of the avocado industries in Mexico and Peru. These studies are worth your attention if you expect to be producing avocados for the long haul.

The CIRAD team did an exceptional job of distilling the facts and capturing the essence of the California avocado industry, which it dubbed a pioneering and innovative origin in many fields, both technical and marketing. While it characterizes our production system and structure as mainly traditional, the report notes that oftentimes the technical level of an orchard is proportional to its size. Traditional practices more commonly relied upon by small growers (e.g. low density spacing, limited pruning, variable degrees of fertilization and older tree age) are juxtaposed with high-tech plantings, usually on larger holdings, where investment in cultural practices is greater. You'll find it interesting to consider where your own operation fits into the overall scheme of things.

Constraints to growth and development, however, are largely blind to grove size. Water cost, quality and

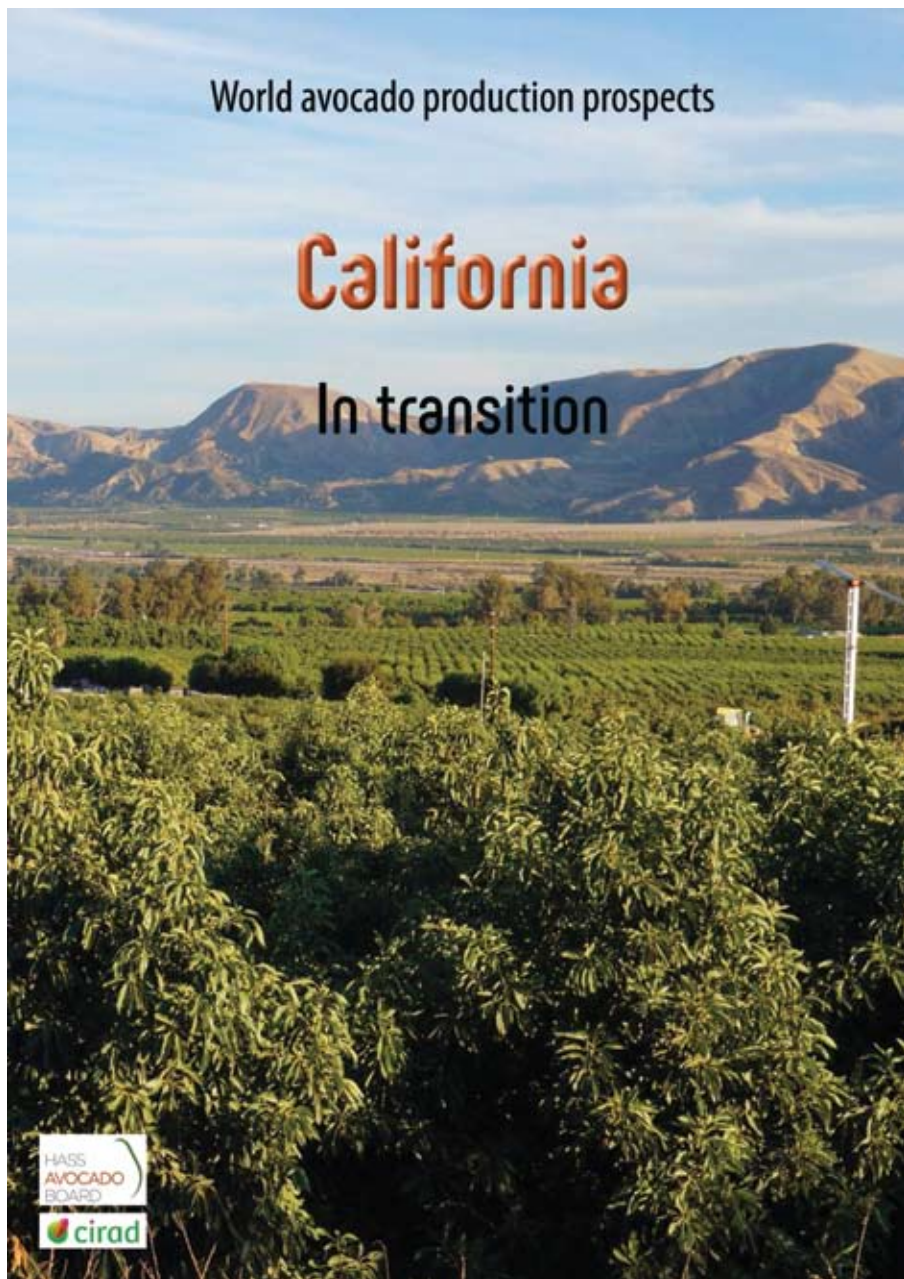
availability, and labor cost and availability drive production expenses in California that have set record levels for the avocado world, CIRAD finds. Although the effect of steadily increasing costs manifests itself, over time, in stagnant productivity and attrition of cultivated acres, offsetting factors vie to keep the industry strong. CIRAD identified the California avocado industry's major assets as: 1) local and regional markets where the California origin is rated more highly than its competitors and 2) favorable pedoclimatic conditions for growing. The team validated the Commission's long-running strategy of premium positioning in the marketplace by observing that *"thanks to the predominance of number 1 fruit, the proximity between production zones and consumption centers, and CAC's marketing strategy focused on freshness and local consumption, California stands out from its competitors due to its top-end positioning, resulting in a price premium (sometimes \$0.30 per pound on average) which is essential to cover the highest avocado production costs in the world."*

Toward the end of the CIRAD report, there is a section titled "Prospects." It examines the evolution trend of the California cultivation area (a significant downward trend in acreage is easing somewhat, with new plantings offsetting losses), the evolution of constraints

(water, labor and land availability all getting tougher), and the evolution of productivity, which CIRAD considers the hole card. When it comes to yields, there are big margins for improvement, according to the report. The report considers several scenarios that take varying degrees of rainfall into account before settling on a cautiously optimistic hypothesis. The hypothesis posits that productivity picks up over the next five years or so because of a modernization trend in medium to large orchards, rising to about 7,300 pounds per acre. More sobering is the prediction that some of the smallest, fragile operations in the industry will close down, in the face of increasingly tough profitability problems, particularly in the southern part of the growing region.

CIRAD's yield assumptions lead it to predict that by 2024, California avocado production will vary between 287 and 344 million pounds annually. They couch that notion by saying that certain factors in the medium and long-term could impact the numbers, notably structural changes in irrigation practices and the extension of planting to zones in California that are cooler but with better water supply and less expensive land.

CIRAD has undoubtedly done some fine work. Over the years, however, the California avocado industry



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has shown itself to be notoriously difficult to fathom. The trends are on point, the constraints loom large, the assumptions are reasonable, and yet the industry singularly outperforms those expecting mediocrity. CIRAD opens that door wider than some of their predecessors, allowing that things might go better than present factors indicate. Perhaps that's because there are two variables that are difficult to put a finger on: the intrepid nature and resiliency

of the California avocado grower and the passion and loyalty of the California avocado consumer. We're fond of numbers at the Commission, but we are big on faith, too, and we'd like to think that CIRAD didn't quite know how to take that into account.

The CIRAD reports on California, Mexico and Peru are available from the Hass Avocado Board and are recommended reading for every grower. 🥑