

Globalization of the U.S. Avocado Market

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Introduction

- Review the changes in the U.S. avocado market due to the increase of global production

Topics of Discussion

- Past “The Early Days”
 - ◆ 1986-1997
 - ◆ Exotic Product
- Present “Days of Change”
 - ◆ 1998-2004
 - ◆ Transition Product
- Future “The Glory Days”
 - ◆ 2005-2008
 - ◆ Mainstream Product

The Early Days

- Prior to 1986, 100% of U.S. supply came from California and Florida
 - ◆ 1985-150,000 MT
 - ◆ 1985-\$115 Mill in Value
- 1986 saw the 1st commercial imports of Chilean avocados
 - ◆ 450 MT
- From 1986 to 1997 California held 70-90% production share

The Early Days Market Dynamics

- Consumption was primarily in the West and Southwest of the U.S. for the Hass variety. Florida greenskin varieties held the East and Northeast
- Value of production was relatively flat in the early 90's
 - ◆ 1994/95 - 140,000 MT
 - ◆ 1994/95 - \$227 Mill
- Seasonal crop, High off season pricing, Lack of excitement at buyer level

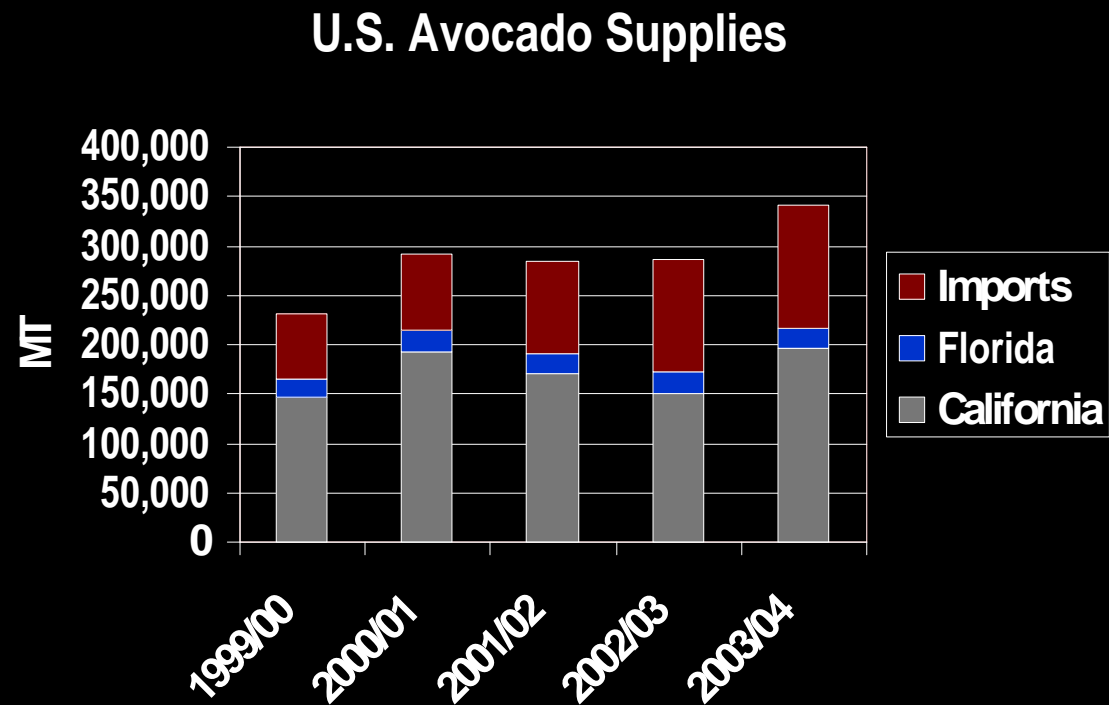
Days of Change 1997- 2000

- From 1997 to 2000 we saw rapid increases in imports. Why?
 1. New Suppliers
 - ★ New Zealand
 - ★ Mexico
 2. Increased Chilean Volume
 3. Increased Processed Volume
 4. Decreased California Volume
 5. Increased Hass Demand

Days of Change 2000-2004

- Record crops!
 - ◆ California- 200,000 MT
 - ◆ Chile-100,000 MT
 - ◆ Mexico- 900,000 MT
- 1999/00 to 2000/01 volume increase of 25%

Days of Change 2000-2004



Days of Change

Market Dynamics

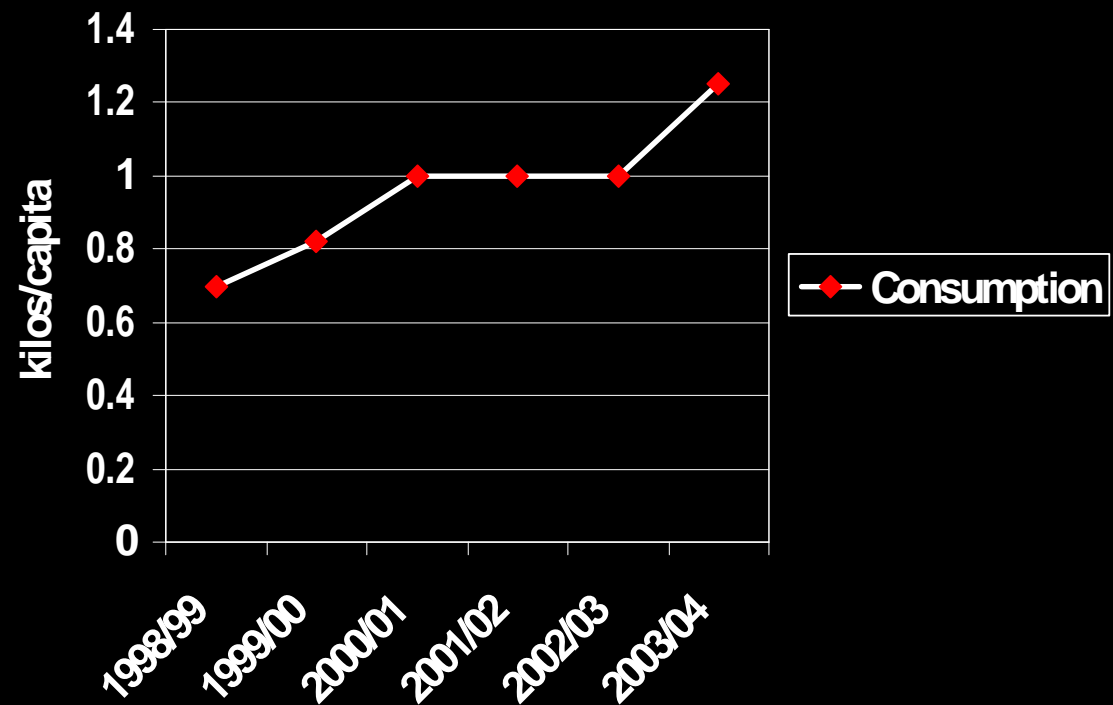
- Consumption of Hass is growing rapidly in the Eastern U.S., displacing Florida
- Value of production was increasing fast by the late 90's
 - ◆ 1999/00 - 146,000 MT
 - ◆ 1999/00 - \$340 Mill
- No longer a seasonal commodity, no high off season pricing

Days of Change

Market Dynamics

- “Ripe for Tonight”
- Retail Consolidation
- Discounters (Wal-Mart, Costco)
- Buyer/Consumer Confidence
- Food Safety
- Logistics

Days of Change 2000-2004



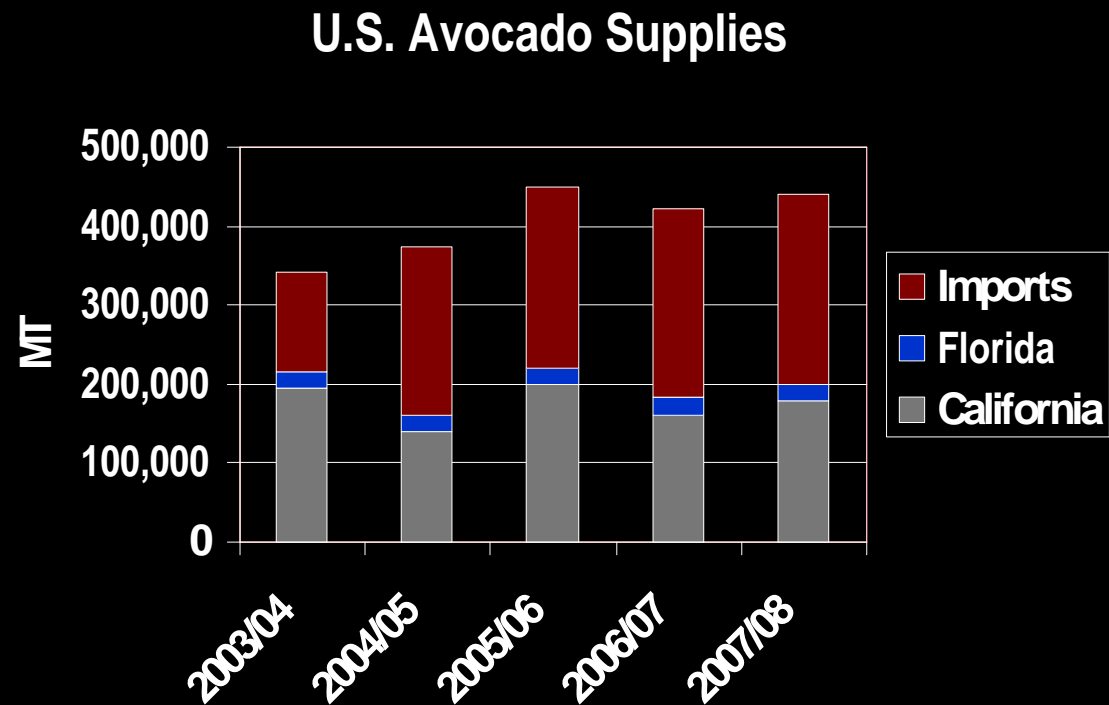
Days of Change 2000-2004 Global Per Capita Consumption

1.	Mexico	8.5 kg
2.	Israel	4.0 kg
3.	Chile	3.5 kg
4.	New Zealand	1.3 kg
5.	United States	1.3 kg
6.	South Africa	1.0 kg
7.	Spain	0.5 kg

The Glory Days

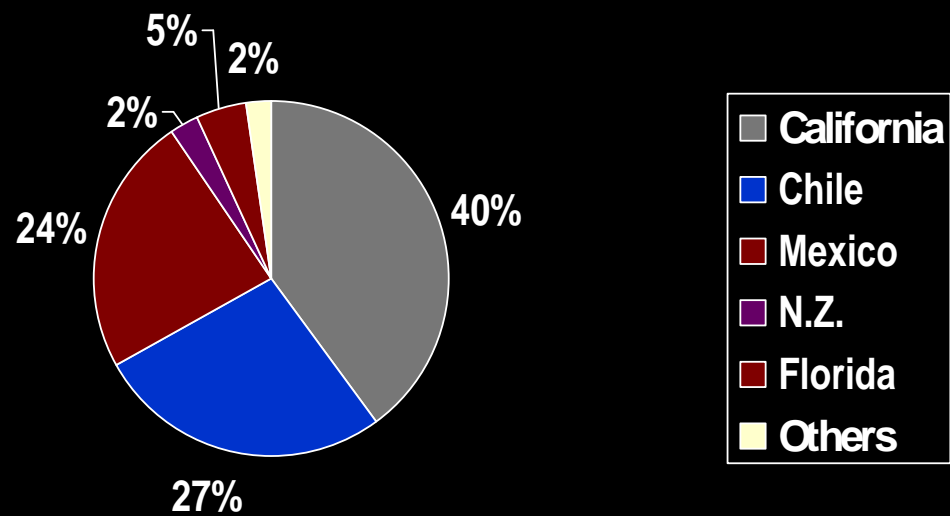
- Where are we going?
- Continued increase in global production

The Glory Days



The Glory Days

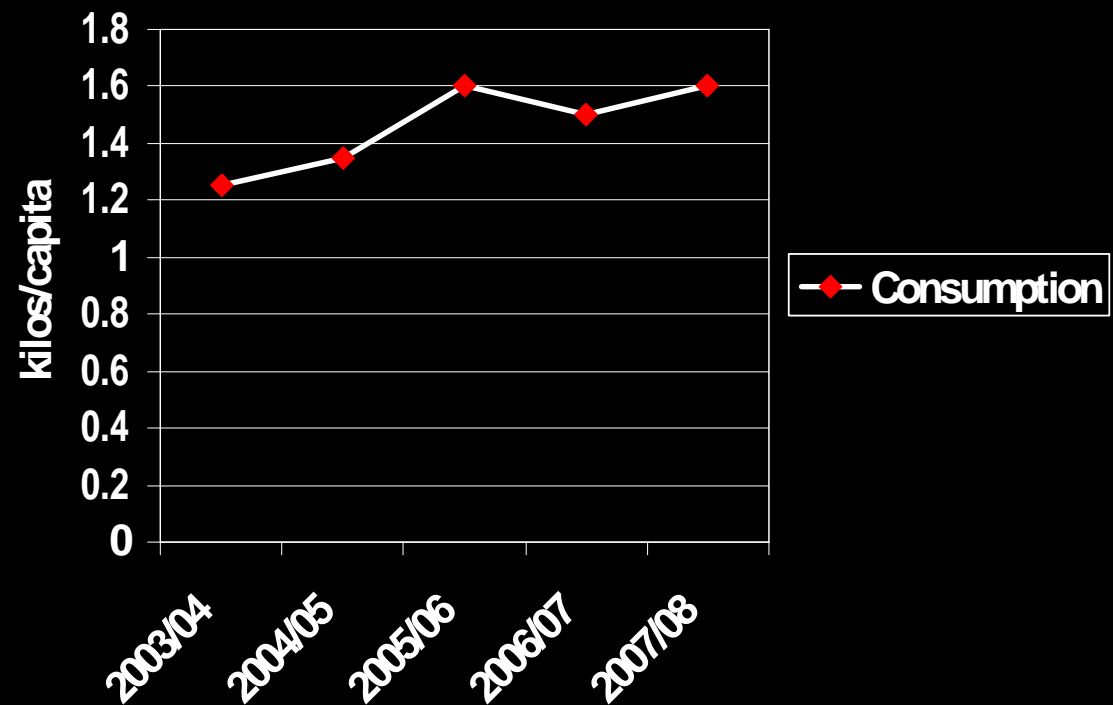
Imports 2005/06



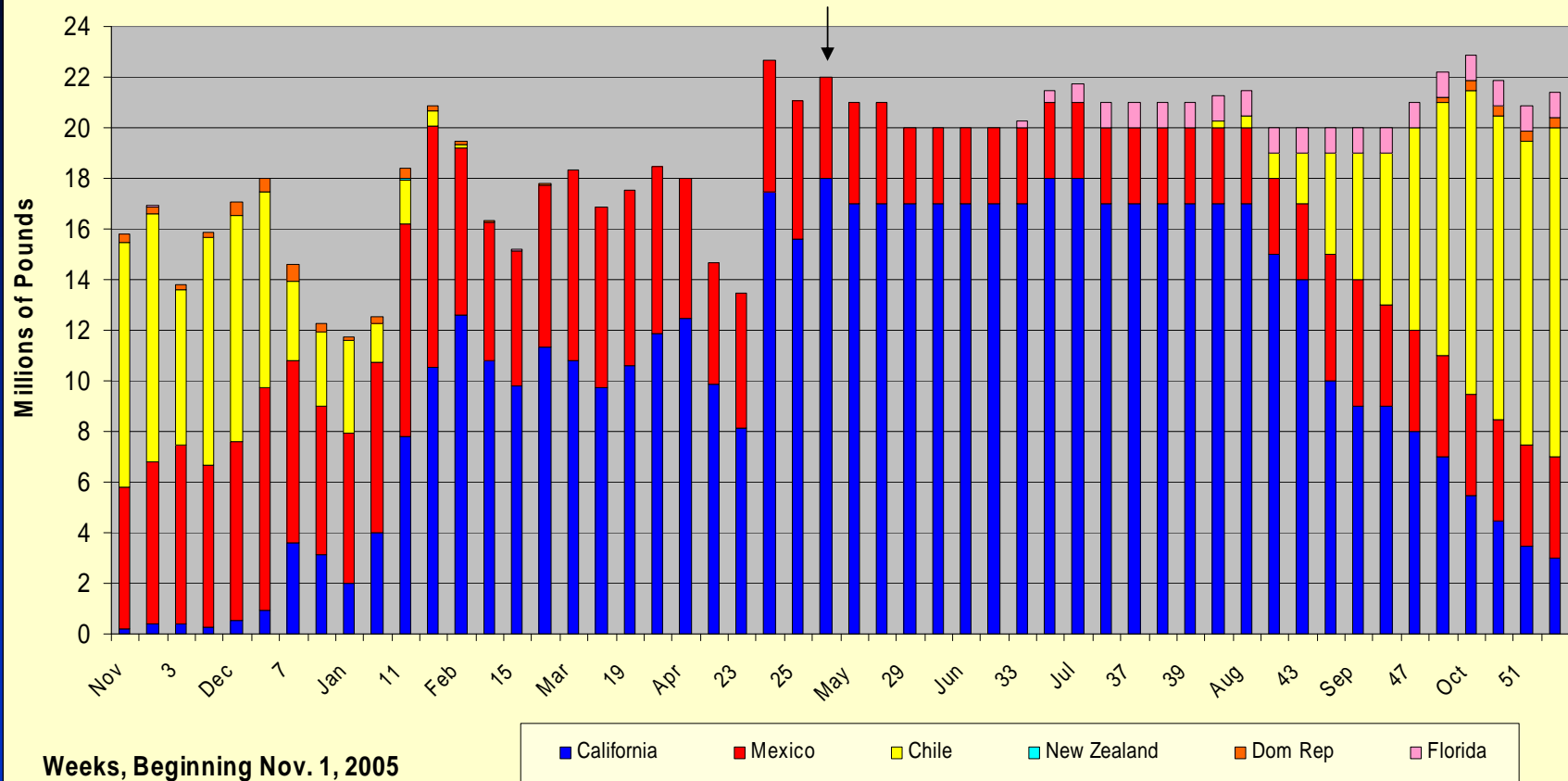
The Glory Days

- Where are we going?
- Continued increase in global production
- Increased consumption

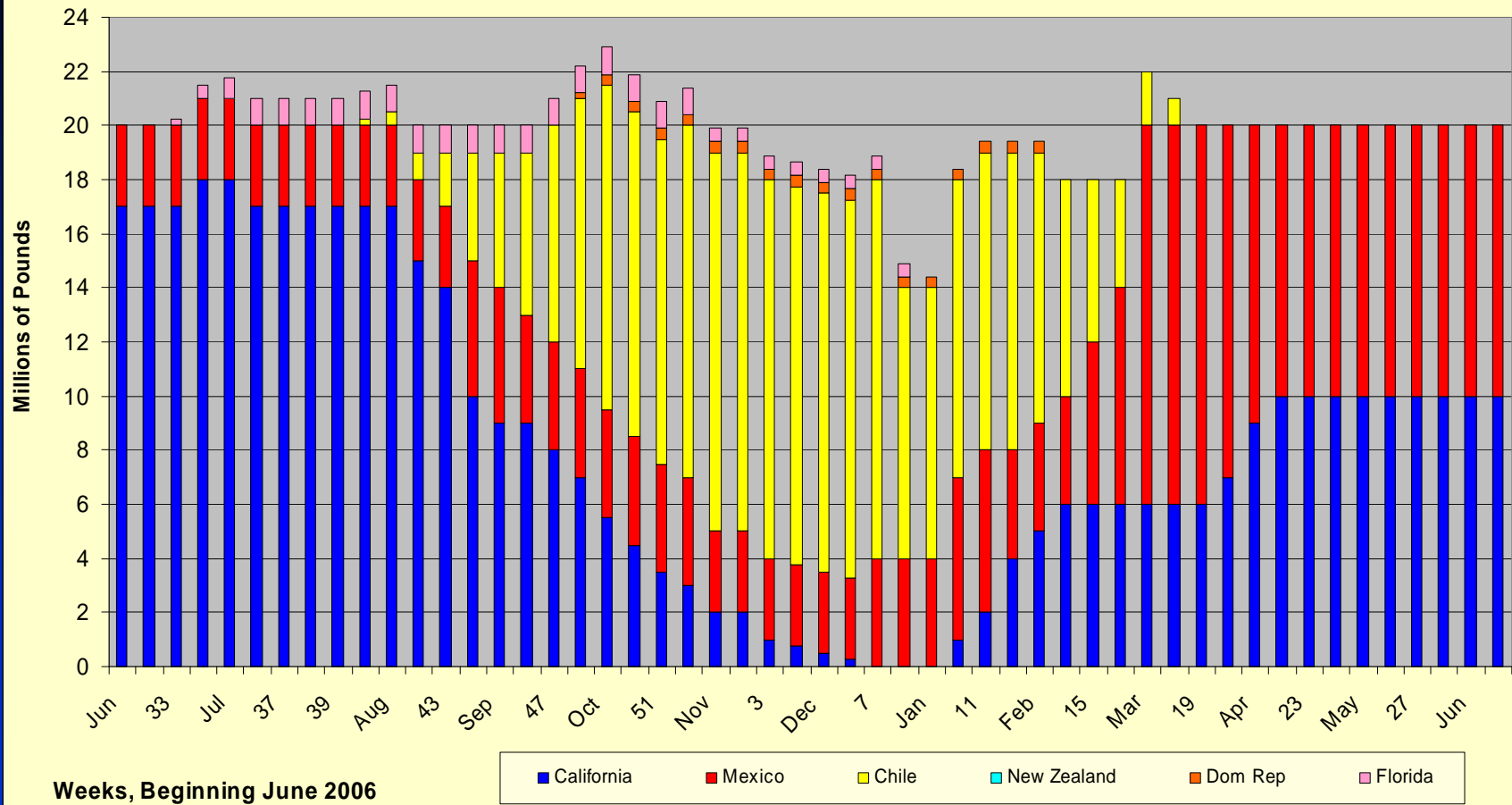
The Glory Days



Industry Harvest Projections for 2006



Chilean Season June 2006 to June 2007



Weeks, Beginning June 2006

California Mexico Chile New Zealand Dom Rep Florida

What's The Message?

- ATTACK!
- We Have The Greatest Commodity In The World.



THANK YOU!