The Pecan Industry in Chihuahua, Mexico: Challenges and Successes

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Acknowledgements

• **M.S. Víctor Esparza**
  
  NMSU alumnus & President of the Mexican Pecan System-Product Committee (COMENUEZ)
Today’s Talk

• **Pecan Industry’s Overview:**
  - National and Chihuahua State Levels

• **Topics:**
  - Production
  - International trade
  - Acreage
  - Market and marketing
  - Tendencies
  - Challenges and Successes
Main Pecan-Producing States in Mexico

Sonora
Chihuahua
Durango
Coahuila
NL

Source: SIAP-SAGARPA
Mexican Pecan Growers: How are they organized?

National Level

Consejo Mexicano
Productores de Nuez

COMENUEZ
Comité Mexicano del Sistema Producto Nuez

State Level

Regional Associations

Local Level
Mexico's Pecan Production (MT)

Source: SIAP-SAGARPA
# Production by State

<table>
<thead>
<tr>
<th>State</th>
<th>Production 2015 (MT)</th>
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</thead>
<tbody>
<tr>
<td>Chihuahua</td>
<td>79,934</td>
</tr>
<tr>
<td>Sonora</td>
<td>15,028</td>
</tr>
<tr>
<td>Coahuila</td>
<td>12,509</td>
</tr>
<tr>
<td>Durango</td>
<td>7,143</td>
</tr>
<tr>
<td>Nuevo León</td>
<td>3,354</td>
</tr>
<tr>
<td>Others</td>
<td>4,746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122,714</strong></td>
</tr>
</tbody>
</table>

Source: SIAP-SAGARPA
Pecan Hectares in Mexico

Year 2015

112,622 Has

Source: SIAP-SAGARPA
MX’s Production and Hectares

Year 2015

122,714 MT
112,622 Has

Source: SIAP-SAGARPA
New Plantings in Mexico

Avg. Increase per Year

4,267 Has

Estimated to be

5,000 – 7,000 Has

Source: SIAP-SAGARPA
International Trade Mexico-USA

Source: SIAVI

95,384 MT = 78% of Total Production

29,087 MT

Imports
Exports

Metric Tons

Exports from Mexico to USA

Total 2015
95,384 MT

78% of Mexico’s Production

Source: SIAVI and COMENUEZ
Mexican Exports to China

- **2007**: 326 MT
- **2008**: 620 MT
- **2009**: 6,932 MT
- **2010**: 1,391 MT
- **2011**: 3,316 MT
- **2012**: 3,141 MT
- **2013**: 3,337 MT
- **2014**: 4,092 MT
- **2015**: 5,579 MT

Total: 5,579 MT = 4.54% of Total Production
Mexico and China

► Sonora State: currently the biggest exporter to China (in-shell nuts).

► Smaller trade operations from other Mexican states. Chihuahua could be in the future a major player in exporting to China.

2016
China in Mexico:
• 28 Buyers representing 14 Companies
• Import Tax lowered: 25 to 10%

http://www.sagarpa.gob.mx/Delegaciones/districtofederal/boletines/Paginas/JAC0236-29.aspx
Pecan Apparent Consumption in Mexico

Avg. Apparent Consumption

53,216 MT

Source: SIAVI
Per Capita Consumption in Mexico (2014)

Source: COMENUEZ
Pecan Industry in Chihuahua
Pecan Production in Chihuahua

Source: SIAP-SAGARPA
Pecan-producing Regions

Year 2014

Metric Tons

Jiménez: 16,025
Camargo: 10,453
Allende: 4,603
Aldama: 4,338
Rosales: 4,188
Saucillo: 3,898
Meoqui: 3,718
Ahumada: 3,341
Chihuahua: 3,117
Delicias: 2,828
Galeana: 2,865
La Cruz: 2,397
López: 2,189

Source: COMENUEZ
Chihuahua could reach a production as high as 150,000 MT by 2025.

Source: COMENUEZ
Chih’s Pecan Hectares

Yr 2015
68,823 Has

AVG. Increase per Year
2,532 Has

estimated
3,000 – 5,000 Has

For 2016
estimated
70% production
30% development

Source: SIAP-SAGARPA
Price-per-Point in Chihuahua (2001 – 2016)

- Source: COMENUEZ and Pecan Growers
- Estimated Average Price
- Price Fluctuation 2016 - 2017: 4.20 – 5.65 USD
- Feb 17th's Price : $ 4.20, Pecans 54% Meat
Price per Kg in Chihuahua
(2001 – 2016)
Exchange Rate
(2001 – 2016)
Challenges and Successes
Success 1

► Mexican Pecan growers have developed good pecan management knowledge and skills through short courses, conferences, talks, publications, etc.
Success 2

- Good growers’ organizations.

National Level

State Level

Regional Level

Regional Associations
Success 3

► Plenty of orchard management information available: magazines, Facebook, webpages, etc.
Challenge 1

► Improving Pecan Growers-Government team work.
Challenge 2

- Need of accurate, reliable data of pecan industry.
Challenge 3

► New Markets: Asia and Europe.
Challenge 3

► Participating in Food & Trade Fairs.

TASTE THE FUTURE
COLOGNE 10.–14.10.2015

SIÁL
The world’s largest food innovation exhibition

Paris
16-20 OCTOBER 2016
Challenge 4

Consolidation of domestic market.

Current pecan prices represent the main factor to increasing consumption.
“In 2015, U.S. exports of goods and services to Mexico were $267.3 billion, down 1.4% from 2014, and imports from Mexico were $325.3 billion, up 0.7% from 2014. As a result, the trade deficit with Mexico increased to $57.9 billion.”

“In 2015, exports to Mexico accounted for 11.8% of total U.S. exports, and imports from Mexico accounted for 11.8% of total U.S. imports. Exports were led by capital goods (excluding automotive), which accounted for 31.2% of U.S. exports to Mexico, and imports were led by automotive vehicles, parts, and engines, which accounted for 32.7% of U.S. imports from Mexico.”

“Who owns the automotive companies?”
“Consumer Products and Autos Drive the U.S. Trade Deficit”

https://www.bea.gov/international/factsheet/factsheet.cfm?Area=213
U.S. International Trade in goods and services

Direct Investment of Multinational Enterprises in Mexico

In 2015, the U.S. direct investment position in Mexico (outward) was $92.8 billion, an increase of 3.5% from 2014. The direct investment position from Mexico in the United States (inward) was $16.6 billion, an increase of 0.2% from 2014.

![Graph showing direct investment trends]

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</tr>
</thead>
<tbody>
<tr>
<td>Outward</td>
<td>82,965</td>
<td>91,046</td>
<td>87,443</td>
<td>84,047</td>
<td>85,751</td>
<td>85,599</td>
<td>104,388</td>
<td>86,433</td>
<td>89,650</td>
<td>92,812</td>
</tr>
<tr>
<td>Inward</td>
<td>5,310</td>
<td>8,478</td>
<td>8,420</td>
<td>11,111</td>
<td>10,970</td>
<td>12,500</td>
<td>12,751</td>
<td>15,869</td>
<td>16,567</td>
<td>16,597</td>
</tr>
</tbody>
</table>

https://www.bea.gov/international/factsheet/factsheet.cfm?Area=213
U.S. International Trade in goods and services

Activities of Multinational Enterprises in Mexico

In 2014, Mexico-based majority-owned affiliates of U.S. MNEs employed 1.29 million people and sales were $253.4 billion. U.S.-based majority-owned affiliates of Mexican MNEs employed 77.8 thousand people in 2014, an increase of 3.7% from the previous year; sales were $32.8 billion, up 7.3%.

Mexican minimum wage 2017: $80 pesos per day or $4 dollars

https://www.bea.gov/international/factsheet/factsheet.cfm?Area=213
# U.S. Trade in goods with...

**(Millions of U.S. dollars)**

<table>
<thead>
<tr>
<th>Year 2016</th>
<th>Exports</th>
<th>Imports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>115,775.1</td>
<td>462,813.0</td>
<td>-347,037.9</td>
</tr>
<tr>
<td>Japan</td>
<td>63,264.3</td>
<td>132,201.8</td>
<td>-68,937.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>230,959.1</td>
<td>294,151.0</td>
<td>-63,191.9</td>
</tr>
</tbody>
</table>

China Deficit: 5.49 more times than Mexico

https://www.census.gov/foreign-trade/balance/index.html

Source:
Challenge 5

USA New Administration Policies: NAFTA?
Challenge 5

► USA New Administration Policies: NAFTA?

Avocado anxiety over Trump’s border tax

The White House has proposed a 20% “border tax” on Mexico as one of the ways to recoup the costs of building a US-Mexico border.
Challenge 5

► USA New Administration Policies: NAFTA?

Frena EU exportaciones de tomate; se quedan aquí

CNN Money

Mexico ready to retaliate by hurting American corn farmers

by Patrick Gillespie @CNNMoney

February 13, 2017, 12:08 PM ET
WPGA Conference 2017

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Thank you!

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