



Colombian Lime Industry Is Making Strong Marks in the US

WHITE PAPER, JAN 2022



01

The US Turns to Colombian Limes as Mexican Lime Exports Fall

About **95%** of limes in the **US** come from **Mexico**.

Mexican lime production is lower in the winter and early spring.

Shortage in supply in **California** and **Mexico** led **Colombia** to take over the **US** market.

02

Colombian Lime Prices Have Increased in the US and Domestic Markets

Wholesale prices for seedless limes from **Colombia** have increased by **+14.29%** YoY in the **US** market.

Tahiti limes settled higher in **Colombia** towards the fourth week of **October 2021**.

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Mexico is the leading supplier of lime to the US. However, in 2020, Mexican lime exports decreased 8% YoY globally and 3.75% YoY in significant destinations such as the US. The decrease was due to weather anomalies, including frosts, that negatively affected the lime harvest. Due to the decreased production in Mexico, the US turned to Colombia to meet its domestic needs. Colombian lime exports increased because of the ability to produce high-quality lime all year round. In addition, the supply shortages in California, one of the main lime producers in the US, and Mexico provided Colombia an opportunity to flourish in the US market. Prices of Colombian lime increased in both the domestic market and the US in 2021.

KEY TAKEAWAYS

Colombia has benefited from increased lime demand in the **US** market after **Mexico** reduced its exports to the **US**. Due to the favorable climate for year-round lime production and proximity with the **North American** and **European** markets, **Colombia** is a promising alternative lime exporter to the **US**.

- The decline in quantity and quality of **Mexican** lime in **2020** provided **Colombian** lime an opportunity to enter the market in the spring season.
- **Colombian** lime wholesale prices are more competitive compared to **Mexican** prices.



LOCAL NEWS

Overview global limes market

Overzicht wereldmarkt limes

Image courtesy of tridge.com

Overzicht wereldmarkt limes

Met de winter op het zuidelijk halfrond dalen de volumes aan limes. Samen met een hoge vraag op de markt naar limes zorgt dat voor sterke prijzen. Dat zorgt in sommige landen voor sterke prijsfluctuaties voor limes. In Mexico haalt men ondertussen al het fruit van de bomen om te starten met een nieuwe cyclus. Dat zorgt voor veel klasse 2 fruit en een beperkt aanbod klasse 1. Regenval in de belangrijkste productieregio Veracruz kan zorgen voor een gat in de markt van enkele dagen. Prijzen op de Noord-Amerikaanse markt zijn momenteel stabiel door de hoge vraag.

Image courtesy of agf.nl

During the winter in the Southern Hemisphere, the production volume of lime decreases.

This, together with high market demand for limes, ensures strong prices. In some countries, this causes strong price fluctuations for limes. In Mexico, all the fruit is being removed from the trees to start a new cycle. This results in a lot of class 2 fruit and a limited supply of class 1. Rainfall in the main production region of Veracruz can leave a gap in the market for several days.

Observing the current trade market can be the most challenging due to different factors.

Reading and analyzing trade data can give agriculture businesses a clearer understanding of what moves the market, and reveal general trends in world trade and their impact on specific markets and industries. To the extent that trade data could help producers see current market flows, it is also important for them to observe current prices to understand the counterparty's margin or benchmark price.

Therefore, developing and viewing trade and price data can help you to:

- Identify the share of export from the total domestic production.
- Identify potential growth and export destinations.
- Awareness of the trade flow to assess the performance and dynamics of a country's export market.
- Utilize our price data as a key market indicator to identify key trends in the industry.



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01. The US turns to Colombian limes as exports from Mexico fall

In 2020, the estimated total global production of lime amounted to 420 million metric tons, decreased -3% YoY but the value has since then increased in the last ten years, up from approximately 311 million metric tons of lime produced in 2010. The highest import demand for limes comes from the US, due in part to the large Hispanic population and the subsequent popularity of Mexican and Latin American foods with as much as 95% of limes available in the US coming from Mexico. Mexico has become the world's second-leading exporter of lemon and lime products defined under HS code 080550.

As shown in **Chart 1**, consumption of lemons and limes saw a significant increase, seeing global export value growth reach an all-time high of USD 3.9B in 2020. Spain ranks first with a total export value of USD 1B while Mexico managed to secure exports of USD 540.9M and South Africa was following behind with USD 400.6M. It is interesting to see how Mexican exports actually fell by almost -8% YoY when other export competitors actually showed a positive trend in 2020.

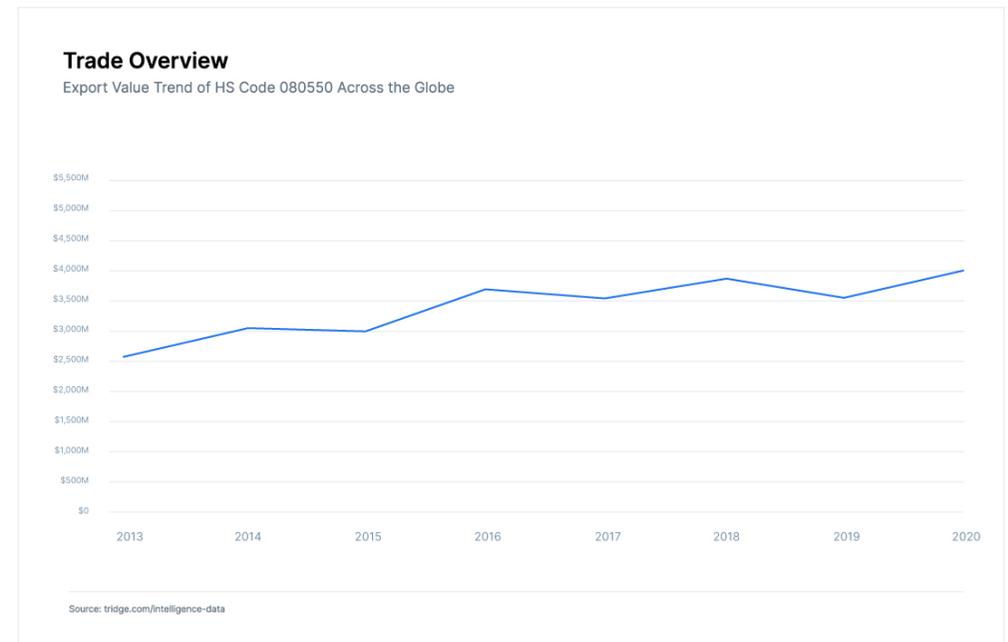


Chart 1. Export Value Trend of Lemon and Limes (Fresh or Dried) Across the Globe

Mexico accounts for 13% of the global lime production, with lime yield an average of 12,226 pounds per acre. Produced mainly in the regions of Colima, Guerrero, Michoacan, and Oaxaca (**Table 1**).

Overall, Mexican export values under HS Code 080550 for lemons and limes had shown a negative growth especially for major markets like the US (-3.75%). Mexican lime production is significantly lower in winter and early spring so this gap provides a strong opportunity for other exporters to enter the US market for the remainder of the season.

Rank	Trade Flow	Export Value	Share in Export	1-Year Growth in Export Value	3-Year Growth in Export Value	5-Year Growth in Export Value
1	Mexico to United States	\$511.54M	94.57%	-3.75%	+15.43%	+54.97%
2	Mexico to Netherlands	\$10.95M	2.02%	-33.05%	-44.55%	-18.72%
3	Mexico to United Kingdom	\$3.71M	≈ 0.69%	-21.82%	-49.26%	-47.49%
4	Mexico to Poland	\$3.20M	≈ 0.59%	+3%	+1.21%	+27.79%
5	Mexico to Norway	\$1.21M	≈ 0.22%	-6.51%	-32.26%	+37.47%
6	Mexico to Austria	\$1.41M	≈ 0.21%	+1.78%	+31.19%	-16.65%
7	Mexico to Ukraine	\$955.52M	≈ 0.18%	+12.77%	+149.94%	+176.82%
8	Mexico to Japan	\$923.29M	≈ 0.17%	-40.52%	-39.95%	-26.54%
9	Mexico to Czechia	\$833.79M	≈ 0.15%	+46.27%	-60.06%	-35.16%
10	Mexico to France	\$760.22M	≈ 0.14%	-57.93%	-63.4%	-62.11%

Table 1. Top Importers of Lemon and Limes (Fresh or Dried) from Mexico

On a closer look at **Chart 2**, US global imports display a slight decrease from last year with -5.44% YoY for Mexican lemons and limes then down -9.89% YoY for Chile.

However, to compensate for the reduced volumes of imports from Mexico, the US then turned to other exporters such as Colombia to fulfill its domestic needs.

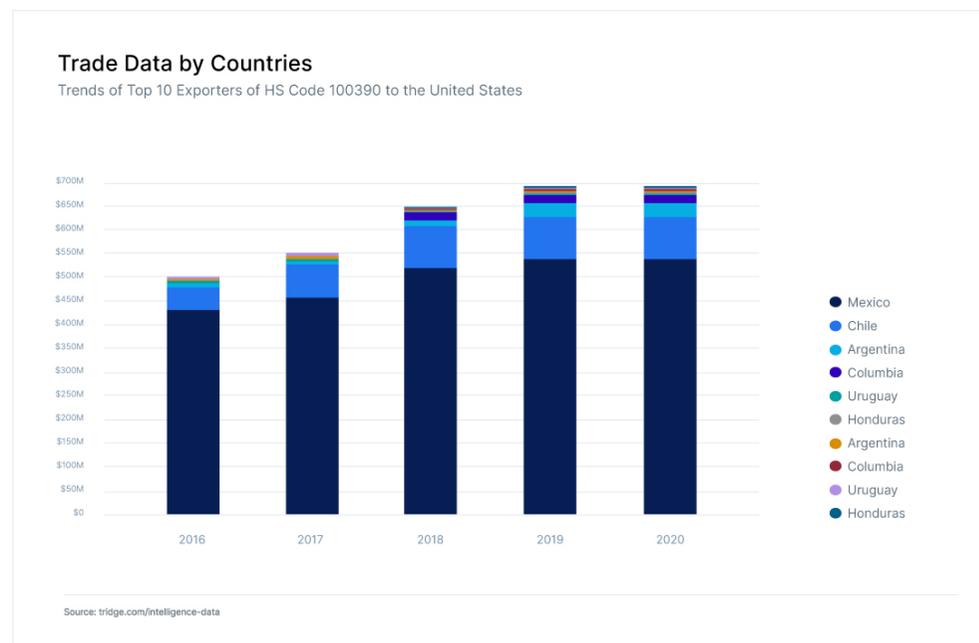


Chart 2. Top 10 Exporters of Lemon and Limes (Fresh or Dried) to the United States

Lime is grown year-round in Colombia and is known for its high quality. Columbia limes are considered to possess a fresher taste compared with Mexican limes, its main competitor. When Mexico starts to ship fewer limes in 2020, Colombia took advantage of this opportunity to penetrate the US market during the US spring season. Colombia's 2020 export figures for HS code 080550 for lemons and limes show export values of USD 10.7M.

This season's results have been quite favorable for Colombia. The campaign appears to be good since most fruit landings came without any issues considering the US criteria and a very demanding market. Different factors came into play such as volume shortages in California, some loading delays in Chile, and production cuts in Mexico caused by strong frost left more room for Colombian limes to establish their position firmly in the US market.

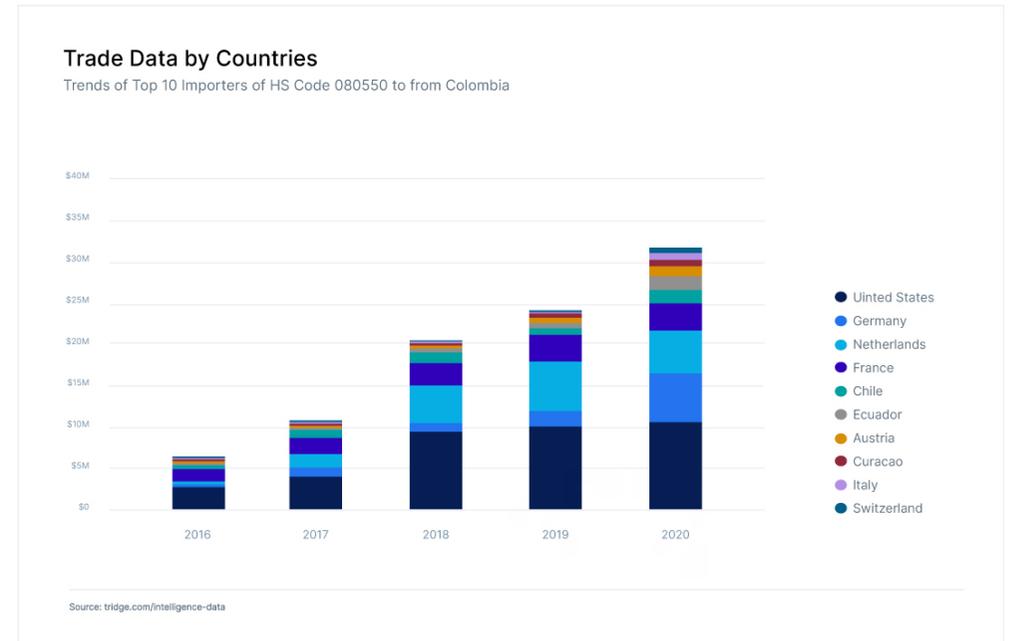


Chart 3. Top 10 Importers of Lemon and Limes (Fresh or Dried) from Colombia

02. Colombian lime prices have strengthened in the US and domestic markets

In Colombia, wholesale prices vary depending on the region of origin but the price flow displays the same trend. Tahiti limes are sold lower at USD 0.17 per kg in Bucaramanga, USD 0.28 per kg in Bogota, and USD 0.35 per kg in Medellin.

The wholesale price started to increase upon entering August but dropped towards September 2021. However, the price spiked and stood at a higher level in early October 2021. The price of Tahiti limes settled at USD 0.72 per kg (Bucaramanga), USD 0.76 per kg (Bogota), and USD 0.78 per kg (Medellin) in the fourth week of October 2021.

The recent wholesale prices for seedless limes of Colombian origin have increased by +14.29% YoY in the US market. The price started low at the beginning of the year priced only at around USD 1.03 per kg in the first week of January 2021 but started to display wider price gaps around February until May. The price peaked at USD 3.25 per kg by the third week of April 2021 but eventually plunged further to USD 1.21 per kg last May.

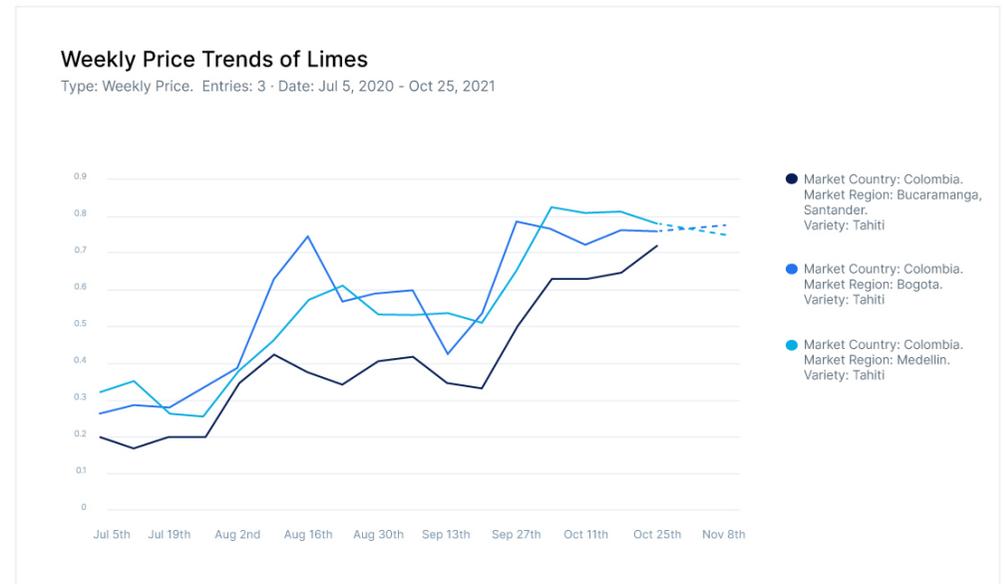


Chart 4: Lime Wholesale Prices in Colombia by Different Regions

The wholesale price rebounded to USD 1.54 per kg in August and maintained a steady trend towards year-end where the price settled at USD 1.19 per kg in the first week of December 2021 which was slightly higher compared to 2020 prices of the same week at USD 1.04 per kg.

The lime production sector suffered from rather low prices during the pandemic, but with the reopening of the foodservice, hotel, and catering industries, limes are experiencing some of the strongest demand so far. With its temperate climate, high rainfall, and proximity to the North American and European markets, In addition to ideal temperatures allowing for year-round production, something Mexico lacks. Colombia has great potential as one of the world’s fastest-growing limes exporters.

Colombia’s market access is superior to Mexico’s in terms of cost and delivery time. Containers departing from Cartagena can reach ports in New York in just 5 days, compared to Mexico which has close to 2 weeks for shipments using cargo trucks. One factor that makes Colombian logistics costs to be lower than Mexico. Meanwhile, Mexican lime growers face threats from lower quality and volume combined with weaker demand. Looking back at the prices of limes for November 2021. Prices have dropped significantly considering the possibility that heavy rains in lime-producing areas and frost have reduced the quantity and quality of

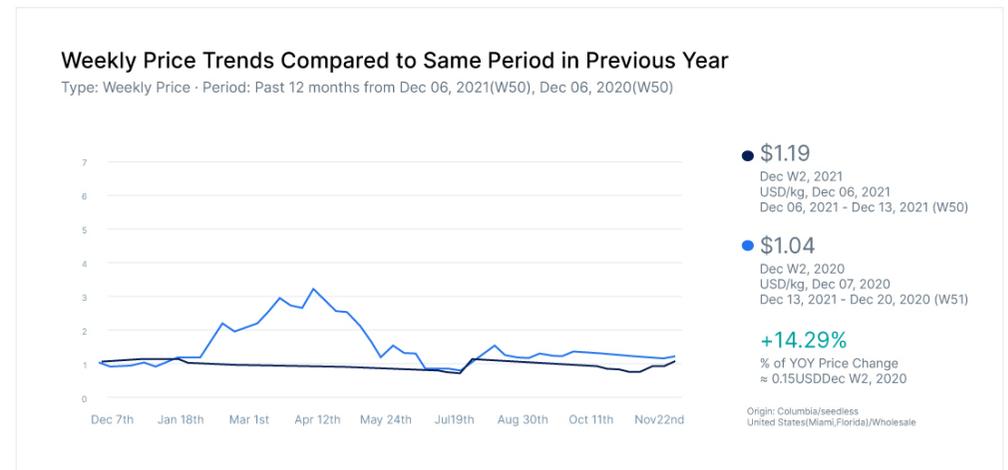


Chart 5: Lime (Seedless) Wholesale Prices in the US (Miami, Florida) Imported from Colombia

one of Mexico’s most popular fruits.

The wholesale price of fresh limes imported from Mexico has shown fluctuating prices in the US towards the second half of 2021. The price stood higher in the second week of August 2021 around USD 1.54 per kg (Miami), USD 1.72 per kg (Chicago), and USD 2.01 per kg (Philadelphia).

However, the price fell simultaneously in all states by early November but rebounded quickly in the fourth week of December 2021 and settled at USD 1.18 per kg (Miami), USD 1.49 per kg (Chicago), and USD 1.83 per kg (Philadelphia).

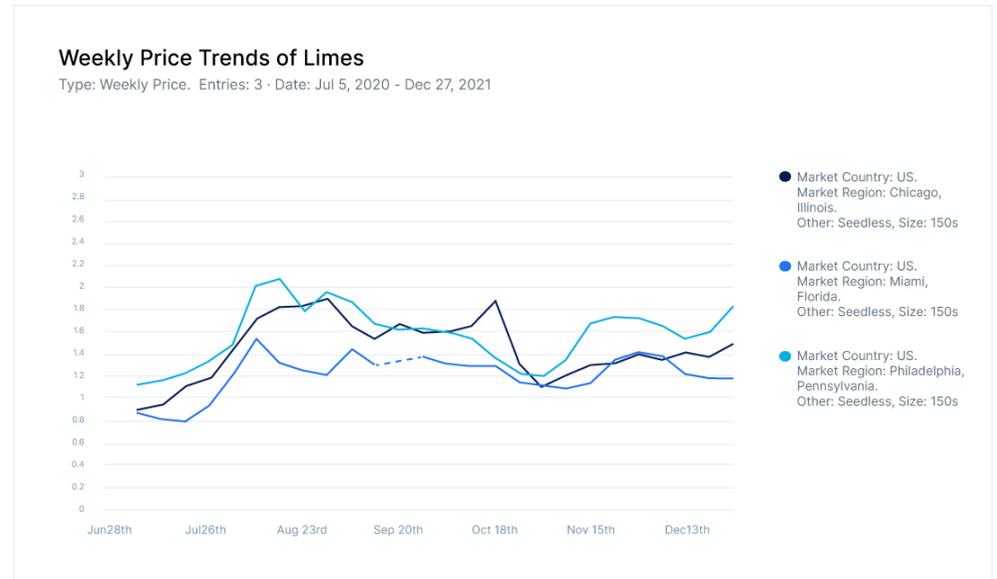


Chart 6: Lime Wholesale Prices in the US by Different Regions Imported from Mexico

Conclusion

Rising demand for limes in the US has pushed Colombian exports to stand firm throughout 2020. Although Mexico dominates the US, Colombian limes continue to increase their market share.

As Mexico had to face production cuts and compromised product quality, Colombian limes are fast emerging as an alternative not only due to their stable quantities and better quality but also advantageous logistics, enabling Colombia to be an exporter with a bright future ahead in the US market.

Thus, Colombian lime prices for 2021 are also getting more competitive considering the strong demand in the US towards the end of the year.

Colombian lime is fast-tracked to take
a major chunk off the US market

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