



Tropentag, September 17-19, 2018, Ghent

“Global food security and food safety:
The role of universities”

Risks and Opportunities of Transitioning to Export Crops. The Cases of Pineapple and Avocado in Colombia

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Abstract

Over the last few years, the fruit sector in the department of Valle del Cauca, Colombia, has witnessed major transformations. The increasing international demand and the government's interest in diversifying the country's export portfolio has led several middle and large-scale farmers, large agro processing industries and other investors at the national level to venture in and promote the cultivation of “super sweet” MD2 pineapple and Hass avocado across the region. Looking for increased incomes, numerous small-scale farmers in the department have joined the trend and adopted these varieties, while many others are currently facing the decision of either switching to these export varieties or continuing cultivating more traditional species demanded by local markets and agro processing industries.

Although the opportunities offered by the new varieties in the international markets are highly attractive, currently a low percentage of harvested produce complies with export requirements. This combined with the rapid expansion of overall cultivated areas (particularly for MD2 pineapple), has caused sudden increases in supply and reductions in local prices. Faced with growing uncertainty, strong market pressures and rapid sectorial changes, smallholders in particular lack instruments to properly assess the risks and future competitiveness of the different productive alternatives and make more informed decisions. In response to this problem, our study attempts to provide farmers, other value chain representatives and decision makers with key information needed to be able to assess the ex-ante cost-benefit relationship and risks implied with the adoption of export varieties (MD2 pineapple and Hass avocado) by employing a probabilistic cost-benefit analysis using Monte Carlo simulation. Additionally, through the analysis of semi-structured interviews we present the opportunities and challenges identified by various key stakeholder groups along the two value chains.

Keywords: Fruit value chains, Hass avocado, MD2 pineapple, probabilistic cost-benefit analysis.