



International Agricultural Trade Report

September 10, 2002

U.S./Mexico Fresh Fruit and Vegetable Trade

Summary

Mexico is the top supplier of horticultural products to the United States and the leading provider of fresh fruits and vegetables. Since the implementation of NAFTA, two-way trade between the United States and Mexico in fresh fruits and vegetables has increased substantially. According to U.S. Census Bureau data, from calendar years 1994 through 2001, U.S. imports of fresh fruits and vegetables from Mexico increased from \$1.2 billion to \$2.3 billion. Meanwhile, exports of fresh produce from the United States to Mexico expanded from nearly \$210 million to \$310 million over the same period. While Mexico has maintained a trade surplus in fresh fruits and vegetables with the United States for many years, this surplus (or U.S. deficit) has expanded significantly in the past decade.

Trade Imbalance Grows

In 2001, the value of U.S. fresh fruit and vegetable sales to Mexico reached more than \$300 million. U.S. imports of fresh horticultural products from Mexico in that same year were valued at \$2.3 billion. At nearly \$2 billion, the 2001 U.S. trade deficit with Mexico was more than three times the shortfall registered 20 years ago. Moreover, the U.S. trade deficit in 2001 was double the amount registered in 1993, the year prior to NAFTA implementation. Key fresh produce items imported by the United States from Mexico include tomatoes, peppers, squash, onions, cucumbers, mangos, melons, and grapes.

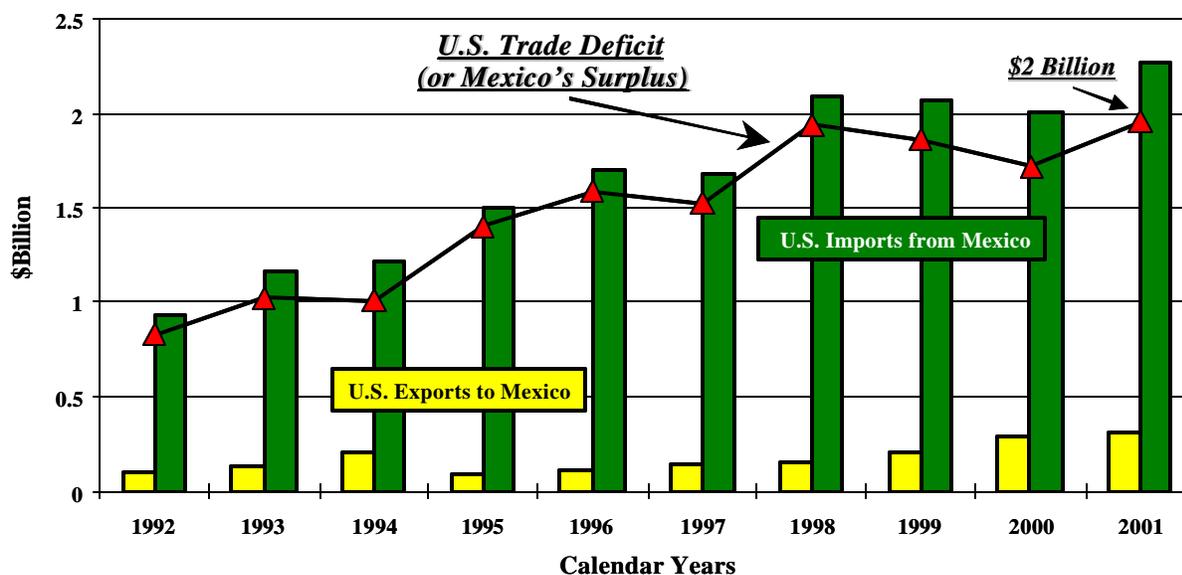
A stronger U.S. dollar vis-à-vis the Mexican peso and increased consumption of fresh produce by U.S. consumers have been partially responsible for the increasing Mexican trade surplus. However, U.S. industry groups have cited a number of other factors as also contributing to the growing trade imbalance. These include: Mexico's phytosanitary-related policies, increased import documentation requirements, the closing of certain border crossing points, and charges of unfair trading practices. The expansion of the U.S. trade deficit, combined with Mexico's increasing prominence as a leading market for U.S. fresh produce exports, have made it critical that the United States promptly address and resolve disputes and disruptions in horticultural trade with this NAFTA partner.

Mexico: A Critically Important Market for U.S. Deciduous Fruits

Mexico is now the top market for U.S. exports of fresh deciduous fruit. Apples and pears are the top commodities in this category, accounting for 75 percent of the U.S. fruit export value to Mexico in 2001. Nearly 5 percent of the U.S. apple crop volume was exported to Mexico last year, compared to 2 percent in 1999. In addition, nearly half of all U.S. pear exports, representing 10 percent of total U.S. pear production, are now destined for the Mexico market.

Problems and disputes have plagued apple trade between the United States and Mexico for many years (e.g., onerous oversight inspection program, antidumping case). In August 2002, Mexico’s Secretariat of Economy (SE) announced its decision to cancel the U.S./Mexico apple dumping suspension agreement, agreed upon in 1998. With this action, SE resumed the antidumping investigation that started in 1997 on imports of U.S. Red and Golden delicious apples and established a provisional 46.58 percent antidumping duty rate. U.S. apple exports to Mexico were severely hampered by the implementation of the 101-percent antidumping duty imposed in September 1997. The duty was subsequently lifted in March 1998 following the suspension agreement. The reestablishment of the antidumping duty is expected to severely disrupt U.S. apple shipments to this vitally important market.

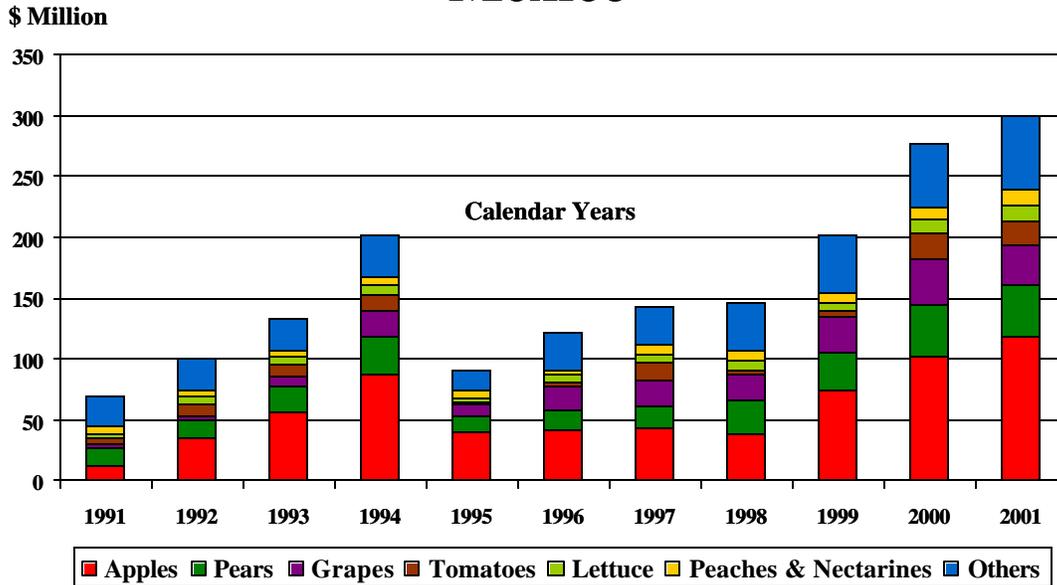
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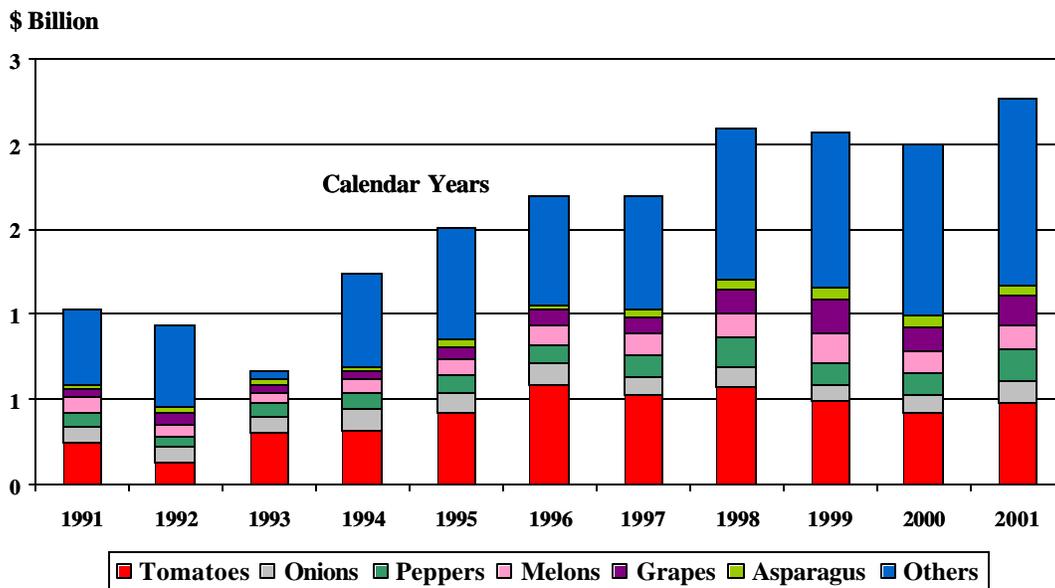
Source: U.S. Bureau of the Census

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U.S. Fresh Fruit & Vegetable Exports to Mexico



U.S. Fresh Fruit & Vegetable Imports from Mexico



Source: U.S. Department of Commerce, Bureau of the Census