Fruit and Vegetables Outlook

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Outline

• Overview of US ag trade
• US-Mexico ag trade
• Fruit and Vegetables Outlook
• Factors driving import growth & structural changes
• Concluding remarks
US ag import and export: origins and destinations

2020 top 5 import origins

- Mexico: 23%
- Half of Mexican imports are fruit and vegetables
- Canada: 17%
- The rest of the world: 49%
- Ireland: 3%
- Italy: 4%
- France: 4%

Source: USDA FAS (2021)

2020 top 5 export destinations

- China: 18%
- Canada: 15%
- Mexico: 12%
- Korea, South: 5%
- Japan: 8%
- The rest of the world: 42%

Half of Mexican imports are fruit and vegetables
Top 5 U.S. fresh fruit and vegetable import origins

- Mexico: 54%
- Guatemala: 11%
- Canada: 8%
- Peru: 7%
- Chile: 6%
- The rest of the world: 14%

Source: USDA FAS (2021)
U.S. fresh fruit and vegetable trade with Mexico

Source: USDA FAS (2021)
Value of major fresh fruit imports from Mexico

Source: USDA FAS (2021)
Value of major fresh vegetable imports from Mexico

Source: USDA FAS (2021)
Florida vs Mexico: Strawberry

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Blueberry

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Watermelon

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Avocado

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Tomato

![Graph showing tomato production and imports from Mexico from 2000 to 2020.](image)

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Bell Pepper

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Cucumber

Source: USDA FAS (2021); USDA NASS (2021)
Florida vs Mexico: Squash

Source: USDA FAS (2021); USDA NASS (2021)
Factors driving import growth

- NAFTA
- Exchange rate
- Government support in Mexico
- Labor challenges
Exchange rate

Peso-USD Exchange Rate (1993-2020)

• Devaluation makes Mexican products more competitive

Source: OECD (2021)

Peso-USD Exchange Rate (2011-2020)

• Further dropped over 40% during 2011-2020
Mexican Protected Area and Subsidy

Protected Ag subsidy: > US$500 million (2001-2016)
Mexican Protected Area

Source: Agrifood and Fisheries Information Service, Mexico, 2020
## Acreage under protected structures in Mexico

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<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2012</th>
<th>2016</th>
<th>2019</th>
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<tbody>
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<td><strong>Pepper</strong></td>
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<td><strong>Strawberry</strong></td>
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<td><strong>Cucumber</strong></td>
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<td><strong>Eggplant</strong></td>
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<td><strong>Others</strong></td>
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<td>2884</td>
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<td>56199</td>
<td>95926</td>
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</tbody>
</table>

Source: Agrifood and Fisheries Information Service, Mexico (2020)
2019 average yield of major crops in Mexico

Source: Agrifood and Fisheries Information Service, Mexico (2020)
Challenges: Labor cost gaps with Mexico

Minimum wage (hourly rate in USD)

Gap widening

Source: US DOL (2021); CountryEconomy.com (2021)
Challenges: escalating labor cost

Historical and estimated hourly wage of Florida farm labor

Florida minimum wage will increase to $15 by 2026

Note: Estimated wage is based on 3-year moving average of % difference between FL average hourly wage and minimum wage
Source: US DOL (2021)
Concluding Remarks

• **Structural changes** in the US fresh produce market

• Industry trending down, and trend expected to continue

• **Policy changes** needed → Farm Bill funding priorities

• Technology: Mechanization/automation, the future of the industry
Thank You!