

July 2, 2020

**PUTTING FLORIDA'S
FARMERS FIRST:**

MEXICO'S AG-EXPORTS IMPACTS ON FLORIDA AGRICULTURE

FDACS Division of Marketing and Development
Bureau of Strategic Development



**Florida Department of Agriculture
and Consumer Services**

Commissioner Nicole "Nikki" Fried
[FDACS.gov/USMCAReport](https://fdacs.gov/USMCAReport)

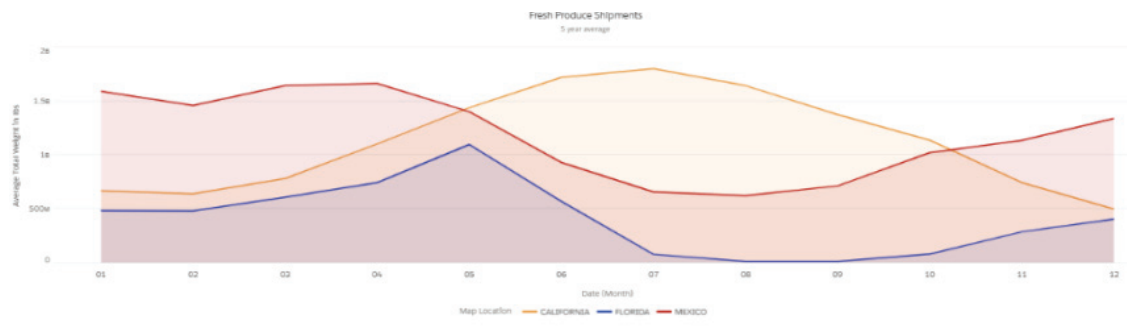
SINCE 2000, FLORIDA'S SHARE OF THE DOMESTIC U.S. MARKET HAS PLUMMETED BY 40% WHILE MEXICO'S HAS EXPANDED BY 217%

THE IMPACTS OF MEXICO'S AG EXPORTS ON FLORIDA AGRICULTURE: EXECUTIVE SUMMARY

Florida and Mexico produce a wide array of similar agricultural products during much of the year, when most domestic U.S. producers are dormant. This report examines the historical changes of Florida agricultural commodities that have been adversely impacted by Mexican fresh agricultural exports from 2000-

2019. The findings demonstrate that Florida producers continue to suffer a disproportionate economic injury because of the influx of foreign imports with lower prices that are supported by unfair government practices. Florida values of production for 2019 are included where available at the time of production.

The following is a top line, executive summary of the report's findings, for the complete data and range of information, [review the full report.](#)



Imports of specialty crops from Mexico (Chart Above-Red Line) occur heavily during Florida's season (Blue Line).

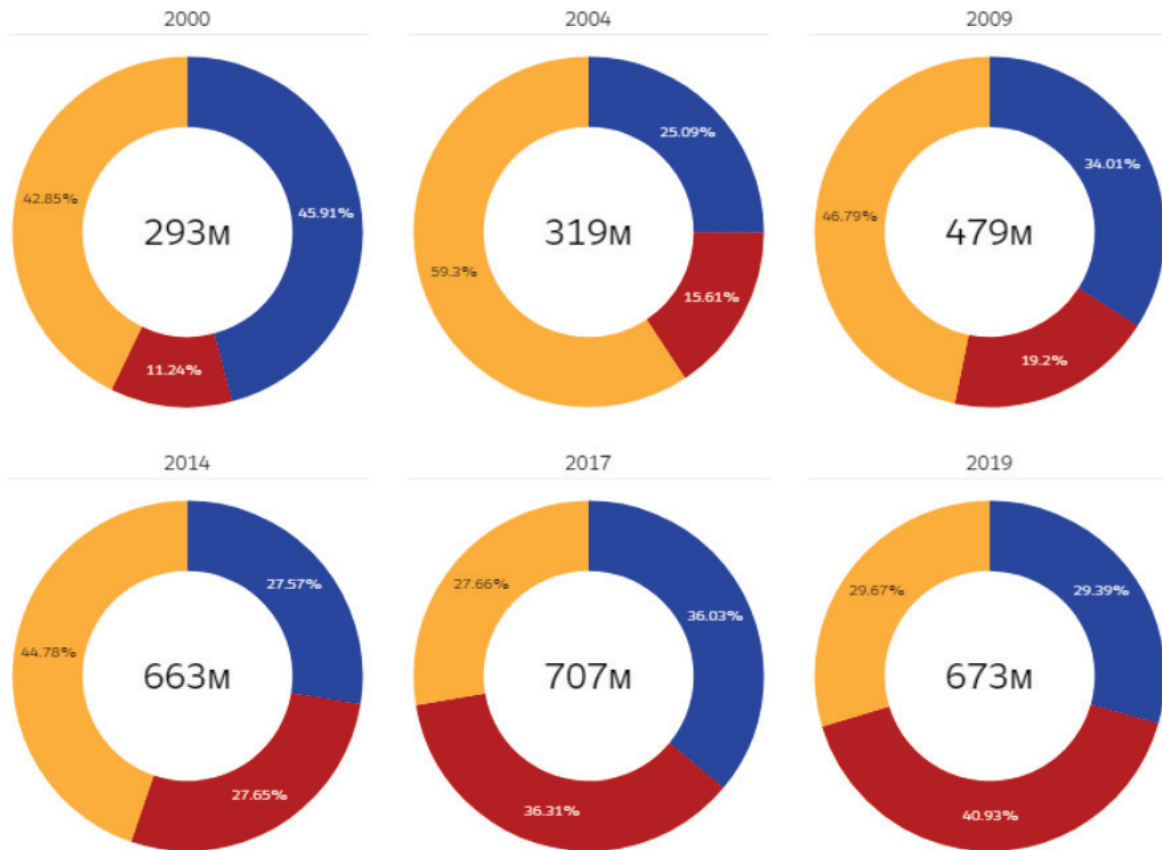
- 551% increase for specialty crop imports from Mexico between 2000-2019
- An \$11 billion gap currently exists between Mexican ag-exports and Florida's total ag value
- Florida agricultural producers lost sales estimated of 10-20% due to Mexico's ag-export expansion:
 - \$1.89-\$3.78 billion in total economic losses for Florida's economy
 - 18,590-37,180 lost jobs in Florida
 - \$103-\$205 million in lost indirect tax revenue for Florida's economy
- 62-123,000 acres could potentially be added to the existing 737,466 specialty crop acres in Florida if trade policies were more equitable, allowing our producers to compete and increasing demand for domestic product.
- 80-92%: The range of Florida farmers' domestic market share for many specialty crop commodities during November to April. Unfair competitive disadvantages during this period disproportionately affect Florida.
- Florida's market share decline in primary commodities:
 - Strawberries market share dropped from 45.9% to 29.4% (Nov-Mar; 2000 v 2019).
 - Bell Peppers market share dropped from 45.6% to 14.8% (Nov-Jun; 2000 v 2019)
 - Tomatoes (Rounds) market share dropped from 62.9% to 37.8% (Oct-Jun; 2000 v 2019)
- 24 Florida fresh specialty crop commodities examined from 2000-2019:
 - 83% (20 of 24) of Florida commodities experienced declines in market share
 - 54% (13 of 24) of Mexican commodities increased their market share by 100% or more
- Florida and Mexico's approximate U.S. domestic share of market (2000 to 2019):
 - Florida has seen a reduction of 40%
 - Mexico has seen an increase of 217%

COMPETITIVE ENVIRONMENT: ANALYTICS AND MARKET SHARE

The following examples utilize analytics to examine where the weight of Mexican competition falls as it relates to Florida production in commodity areas focused on in this study; strawberries, bell peppers and fresh tomatoes. Additionally, researchers explored the changes occurring over the last two decades as they relate to market share positions between Florida and Mexico, and any notable differentials in the last three years.

STRAWBERRIES MARKET SHARE
 ["January","February","March","November","December"]

● FLORIDA ● MEXICO ● OTHERS



-35.98%

Loss of Florida Market Share between 2000 and 2019; down 1.89% average per year for 19 years

-18.43%

Loss of Florida Market Share between 2017 and 2019; down 6.14% average per year for past 3 years.

+264%

Mexico's increase in Market Share in the U.S. between 2000 and 2019

+130%

Change in total U.S. supply between 2000 and 2019 is 380 million pounds

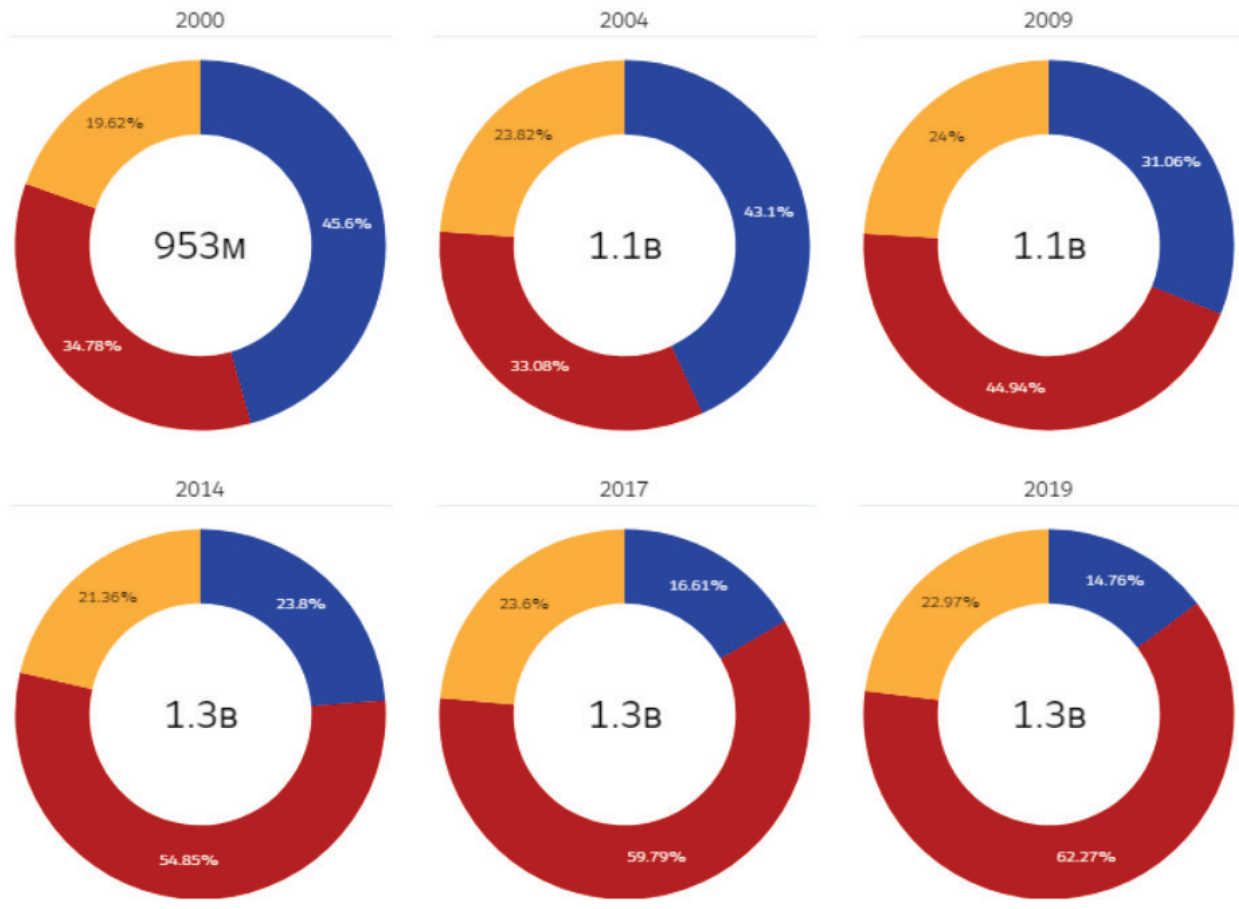
Noteworthy:

2017-19; Average Florida loss of market share accelerated 325% faster than our 19-year average

PEPPERS, BELL TYPE MARKET SHARE

["January","February","March","April","May","June","November","December"]

FLORIDA MEXICO OTHERS



-67.6%

Loss of Florida Market Share between 2000 and 2019; down 3.56% average per year over 19 years

-11.1%

Loss of Florida Market Share between 2017 and 2019; down 3.7% average per year over last 3 years

+179%

Mexico's increase in Market Share in the U.S. between 2000 and 2019

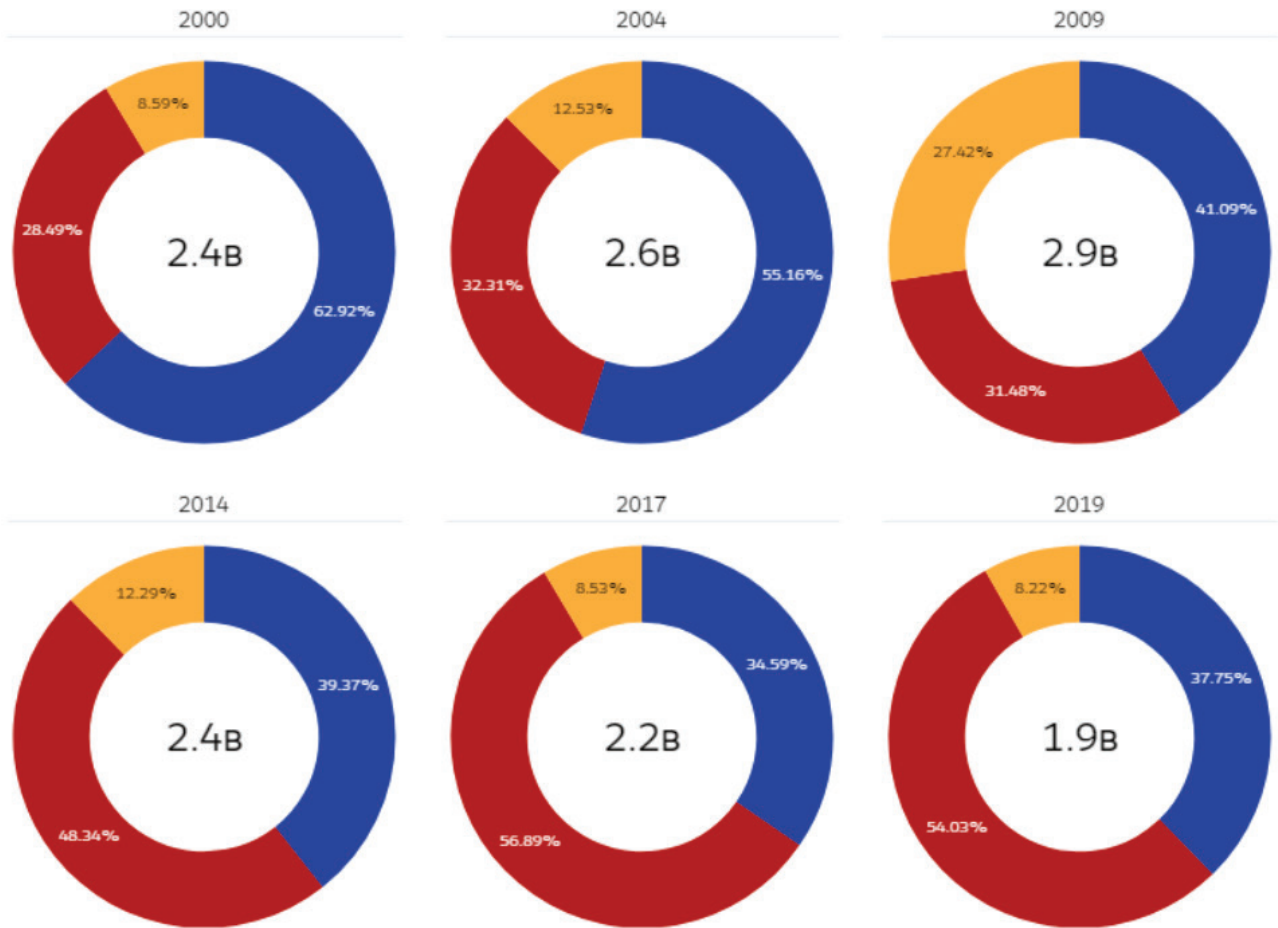
+36.4%

Change in total U.S. supply between 2000 and 2019 is 347 million pounds

TOMATOES MARKET SHARE

["January", "February", "March", "April", "May", "June", "November", "December"]

● FLORIDA ● MEXICO ● OTHERS



-40.0%

Loss of Florida Market Share between 2000 and 2019; down 2.1% average per year over 19 years

+189%

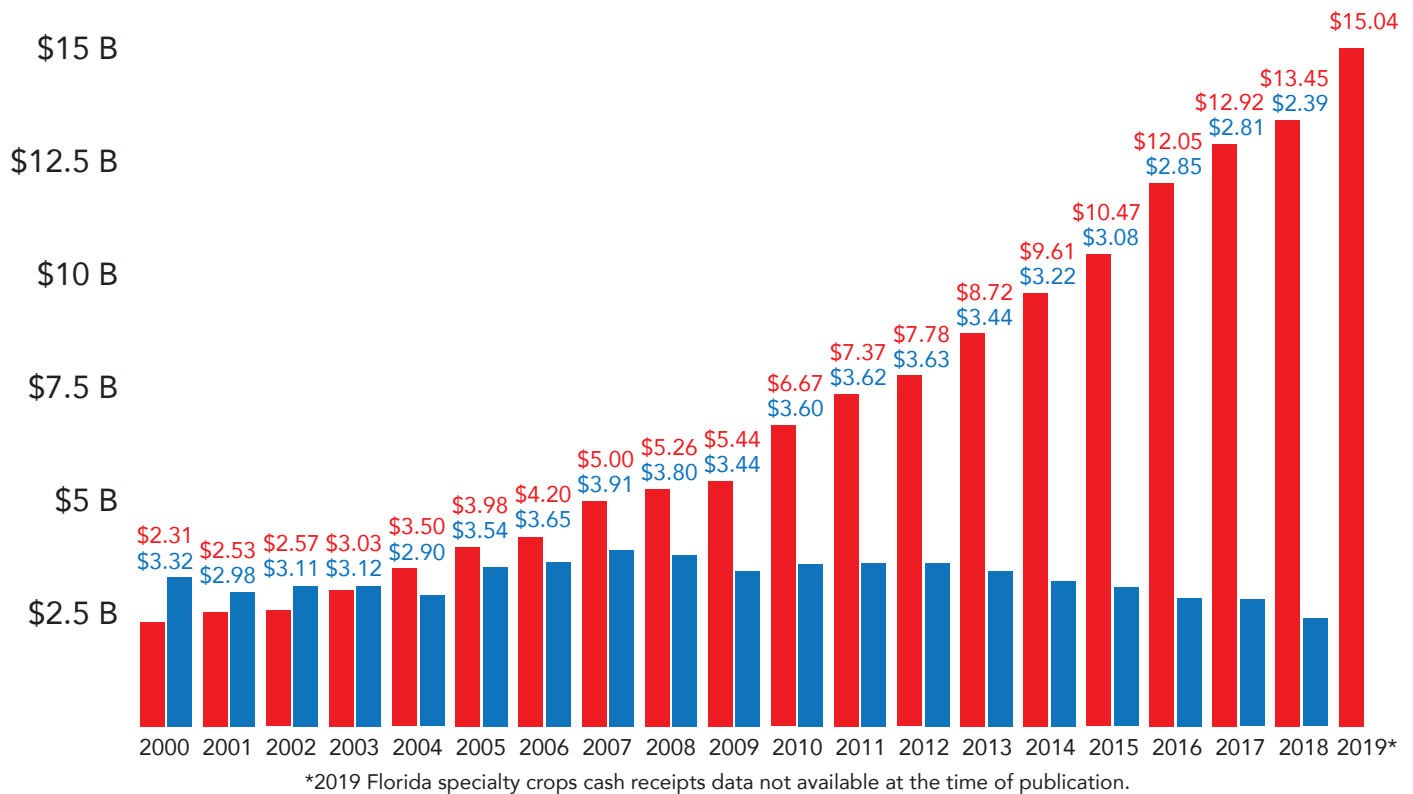
Mexico's increase in Market Share in the U.S. between 2000 and 2019

-20.8%

Change in total U.S. supply between 2000 and 2019 is down 500 million pounds

MEXICO'S AGRICULTURAL EXPORT EXPANSION TO THE U.S.

Specialty Crop Imports from Mexico and Florida Specialty Crop Cash Receipts
2000-2019 (Billions of Dollars)



1999: Five years after the signing of NAFTA, Florida specialty crop production value was 44% higher than the value of specialty crop imports from Mexico.

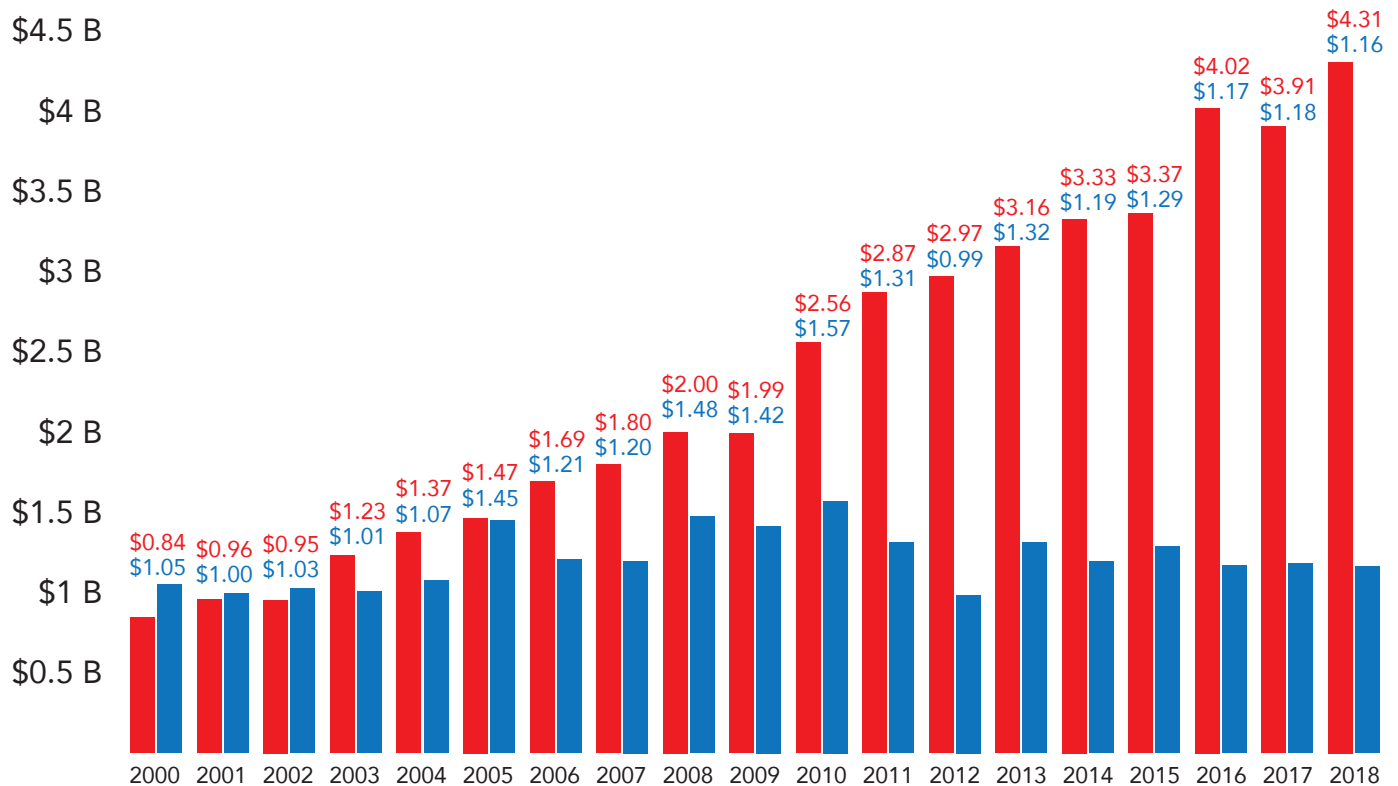
2004: Five years later, the value of imported specialty crops from Mexico was 21% higher than the value of production for Florida specialty crops.

2014: A decade later, the value of specialty crop imports from Mexico was 198% higher than the value of production for Florida specialty crops.

551% Increase in value of Mexican ag imports from 2000-2019 (\$2.3 to \$15.04 Billion); 31% average growth per year.

4.1 – 11.8% The value of imports from Mexico grew 4.1% from 2017-2018, and 11.8% from 2018-2019 (2019 total of \$15.04 billion).

Value of Imports from Mexico and Value of Production in Florida (\$ Billions) Strawberries, Peppers, Tomatoes, Watermelon, Sweet Corn, Blueberries 2000-2018



2000: Six years after the signing of NAFTA, Florida's value of production for the selected commodities was 25% higher than the value of products imported from Mexico.

2003: Three years later, the value of imports from Mexico was 22% higher than the Florida value of production for the selected commodities.

2011: The value of imports from Mexico was more than double the Florida value of production for the selected commodities in 2011.

2000-2018: 413% increase in the value of imports from Mexico for selected commodities (\$840 million to \$4.31 billion, average of 24% per year).

2017-2018: Value of selected commodities imported from Mexico grew by 10% between 2017 and 2018.

\$3.15 billion: Gap between value of selected commodities imported from Mexico and Florida value of production for the same commodities in 2018.

FLORIDA'S ESTIMATED AGRICULTURAL SECTOR EMPLOYMENT LOSSES

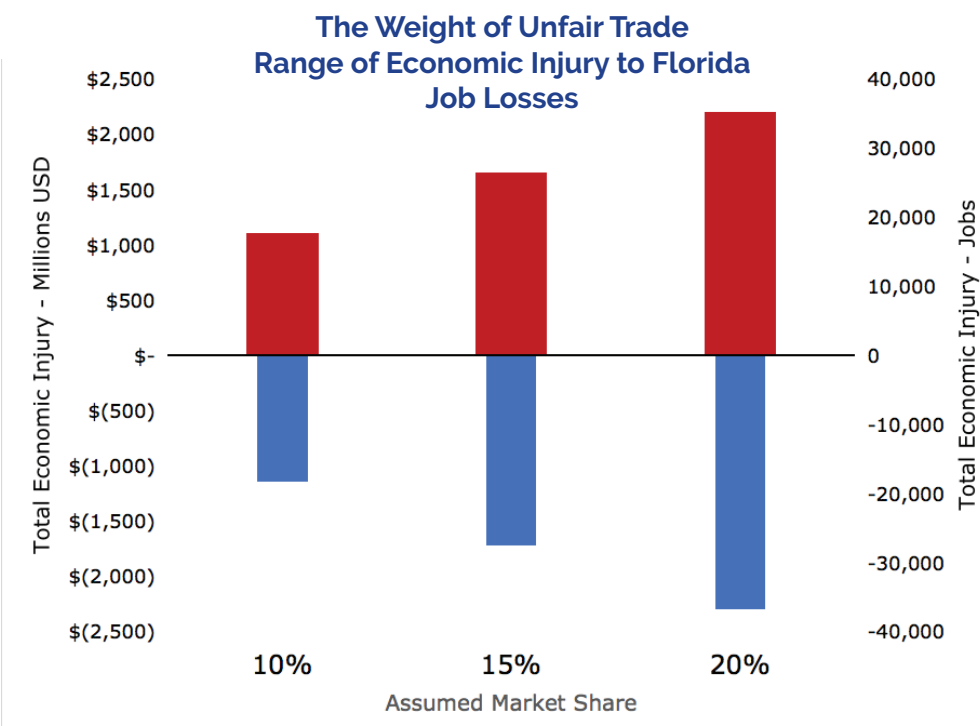
A substantial portion of Florida and Mexico's ag-production and exports is categorized as specialty crops; berries, fruits, vegetables, citrus, and other products. Conservatively, a proportion, ranging from 10-20% of the \$11 billion gap between Florida specialty crop value and the value of specialty crop imports from Mexico could have been added to Florida specialty crop cash receipts. This amounts to a loss of agricultural cash receipts of between \$1.1 and \$2.2 billion annually to Florida.

10-20%: Conservative range of the percentage of annually sustained lost sales from the \$11 billion gap between Mexico's specialty crop exports to the U.S. and Florida's current specialty crop cash receipts.

\$1.1-2.2 Billion: Annual loss of Florida cash receipts to multiple agricultural sectors producing an assortment of specialty crops throughout the state.

18,000-37,000: Annual range of the total job losses in Florida ag based upon direct, indirect, and induced employment injuries from the loss of proportional estimates of unrealized agricultural sales.

\$1.89-3.78 Billion: Annual total economic effects injury to Florida's economy based upon direct, indirect, and induced impacts from the loss of unrealized agricultural sales.



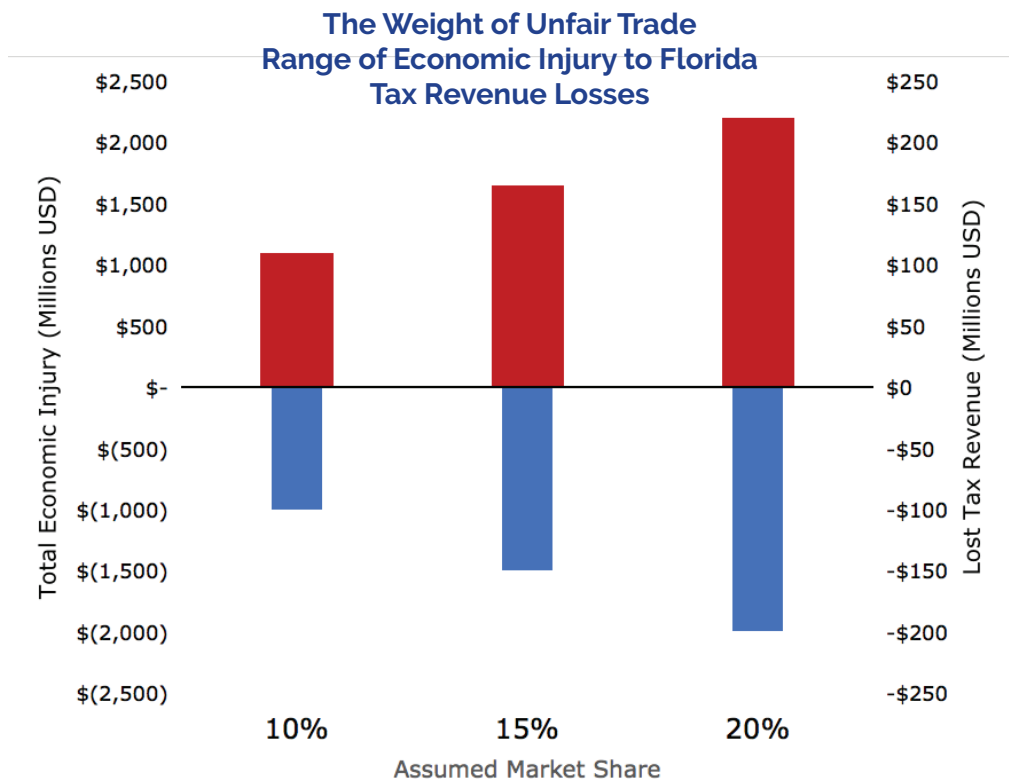
FLORIDA'S ESTIMATED LOST AGRICULTURAL SALES AND ASSOCIATED INDIRECT TAX REVENUE LOSSES

A secondary injury occurs to Florida's state, county, and local governments as millions of dollars are lost from the sales revenues in the form of unrealized indirect tax revenues. Most of these injuries will be focused in 20 or so of the state's 67 counties, however, literally every county has some amount of specialty crop production. This amounts to a loss of agricultural indirect tax revenue receipts of between \$233-\$475 million annually to Florida.

10-20%: Conservative range of the percentage of lost indirect sales revenues from the \$1.1- 2.2 billion which would have naturally evolved as part of the total annual Florida specialty crop cash receipts.

\$1.1-2.2 Billion: Annual loss of Florida cash receipts to multiple agricultural sectors which produce an assortment of specialty crops throughout the state.

\$100-199 Million: Annual range of the total indirect tax revenue losses in Florida ag based upon injuries from the loss of unrealized agricultural sales.



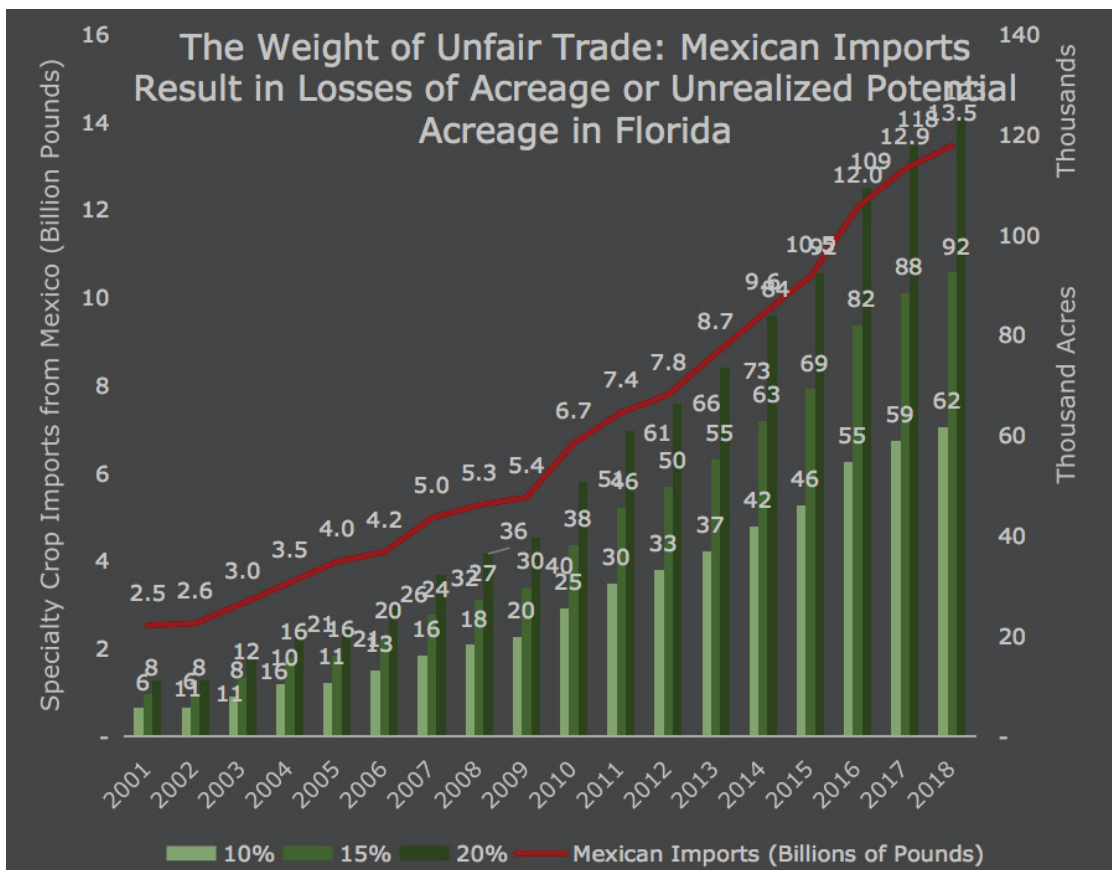
FLORIDA'S ESTIMATED LOST FARMING ACREAGE

A long term and potentially irreversible loss and injury occurs to Florida's state, county, and local governments over time as agricultural land that could have been retained, developed, or added to the existing agricultural sector is lost. These injuries occur from the artificial underutilization of farming acreage that Florida farmers would have naturally engaged in adding as specialty product demand increased. Of the 737,000 specialty crop acres throughout Florida between 62,000 and 123,000 extra acres would be required to meet the 10-20% demand.

10-20%: Conservative range of the percentage of lost indirect sales revenues from the \$1.1- 2.2 billion which would have naturally evolved as part of the total annual Florida specialty crop cash receipts.

\$1.1- 2.2 Billion: Annual loss of Florida cash receipts to multiple agricultural sectors which produce an assortment of specialty crops throughout the state.

62,000-123,000: Range of required Florida acreage needed to produce 10-20% of the difference in weight between specialty crop imports from Mexico and Florida specialty crop production.



ADDENDUM WITH UPDATED DATA: JANUARY-APRIL 2020

FARMERS SEE LOSSES MAGNIFIED DUE TO COVID-19: EXECUTIVE SUMMARY

The following is a top line, executive summary of the addendum's findings, for the complete data and range of information, review the [full report](#).

Incorporating advanced analytics into the Florida Department of Agriculture and Consumer Service's research investigation of Mexican specialty crop exports creates the means to examine specific data ranges, and in this study the focus was upon January – April 2020. Researchers examined the total U.S. fresh product supply, and any discernible Mexican market share position, deviations, and/or probable instances of unfair pricing. Researchers focused on Blueberries and Bell Peppers, two staple Florida agricultural commodities.

Whether coordinated or not, these aggressive pricing practices appear widespread and continued during a period of significant economic disruptions caused by COVID-19. Mexican producers continued to both restrict and negatively distort the competitive environment in which Florida specialty crop producers operate in as well as artificially deny access to markets when pricing by Mexican producers/suppliers appears to be lower than production and logistics costs.

Researchers concentrated on isolating the identifiable instances of harm to Florida, or which appear likely to suppress, reduce, stunt or otherwise impair Florida's sales, pricing, market share, revenues, production, growth and profitability. Researchers also focused on historical comparative positions and identified instances where Mexican product was reported by the USDA at prices from \$5.50-\$15.50 per 50lb. unit (case, box, carton, flat, etc.) and adjusted price range to reflect different unit pricing ranges.

Researchers did not conduct a review of how COVID-19 impacted overall U.S. market fresh product conditions, however, from numerous industry and professional reports there were substantial disruptions to logistical operations, erosion of shipping efficiencies and costs, which for this study, are assumed to have generally impacted shippers equally in the distribution of their respective fresh products.

All Shipments (Includes a review of the USDA Movement Report for 25+ fresh products in the U.S. market).

OVERALL

-11%

Total shipments are down 11% (496,000 vs. 557,000) in 2020 compared to the prior 5-year average and down 14% (496,000 vs. 577,000) when compared to total shipments last year.

Florida and Mexico are the largest contributors during this time and in the past 5 years account for approximately 92% of all shipments.

+16.9%

Mexico's overall increase in Market Share from 2019 to 2020. 29.7M Lbs. of additional fresh Mexican product occurred from Jan-Apr 2020 compared to the total from the same time frame last year (162,314 in 2020 vs. 161,571 in 2019).

-6.5%

Florida's overall decrease/suppression in production from 2019 (57.4K) to 2020 (53.7K).

2,695

"Probable Instances of Aggressive Pricing" in U.S. terminal market entries by Mexico, representing approximately 107.8 million pounds of product. About 18% of all Mexican domestic terminal market entries reported a minimum price per unit below \$5.50 in January – April 2020.

19.6%

Percent of the Total "Probable Instances of Aggressive Pricing" researchers identified which impacted the two specialty commodities examined amounting to 528-40,000lb. truckloads.

BLUEBERRIES

-13%

Total shipments are down 15% (4,362 vs. 5,028) in 2020 when compared to 2019.

Chile has historically been the largest supplier of blueberries prior to Florida's blueberry season and is shipping significantly less than normal.

+64.3%

Mexico's overall increase in Market Share from 2019 to 2020. This is an increase of 1. Million additional flats of blueberries from Mexico in 2020 compared to 2019. This increase alone surpasses Florida's total of 414 truckloads (or 1.4 million flats) in 2020.

Shipments from Mexico have been increasing by approximately 35% every year for the prior 5 years. The increase from 1,078 truckloads last year to 1,536 truckloads this year is an increase of almost 43%.

-22.6%

Florida's overall decrease/suppression in production from 2019 (535 truckloads) to 2020 (414 truckloads).

22

"Probable Instances of Aggressive Pricing" in U.S. terminal market entries of blueberries, by Mexico, representing approximately 73,326 flats. About 10% of all Mexican domestic terminal market entries reported a minimum price per unit below \$9.00 in January – April 2020. This price was reported in eastern terminal markets only, with no entries reported this low in western or central terminal markets which are closer to Mexico.

BELL PEPPERS

-5%

Total shipments overall are down 5% (18,727 vs. 19,577) in 2020 when compared to 2019.

Florida, the rest of the United States, and countries other than Mexico are shipping significantly less than normal. Mexico is the only producer with additional shipments from January – April of 2020.

+6.4%

Mexico's overall increase in Market Share from 2019 to 2020. This is an increase of 2.2 million additional cartons of bell peppers from Mexico in 2020 when compared to 2019.

-20.5%

Florida's overall decrease/suppression in 40,000-lb truckloads shipped between 2019 (3,497) to 2020 (2,780).

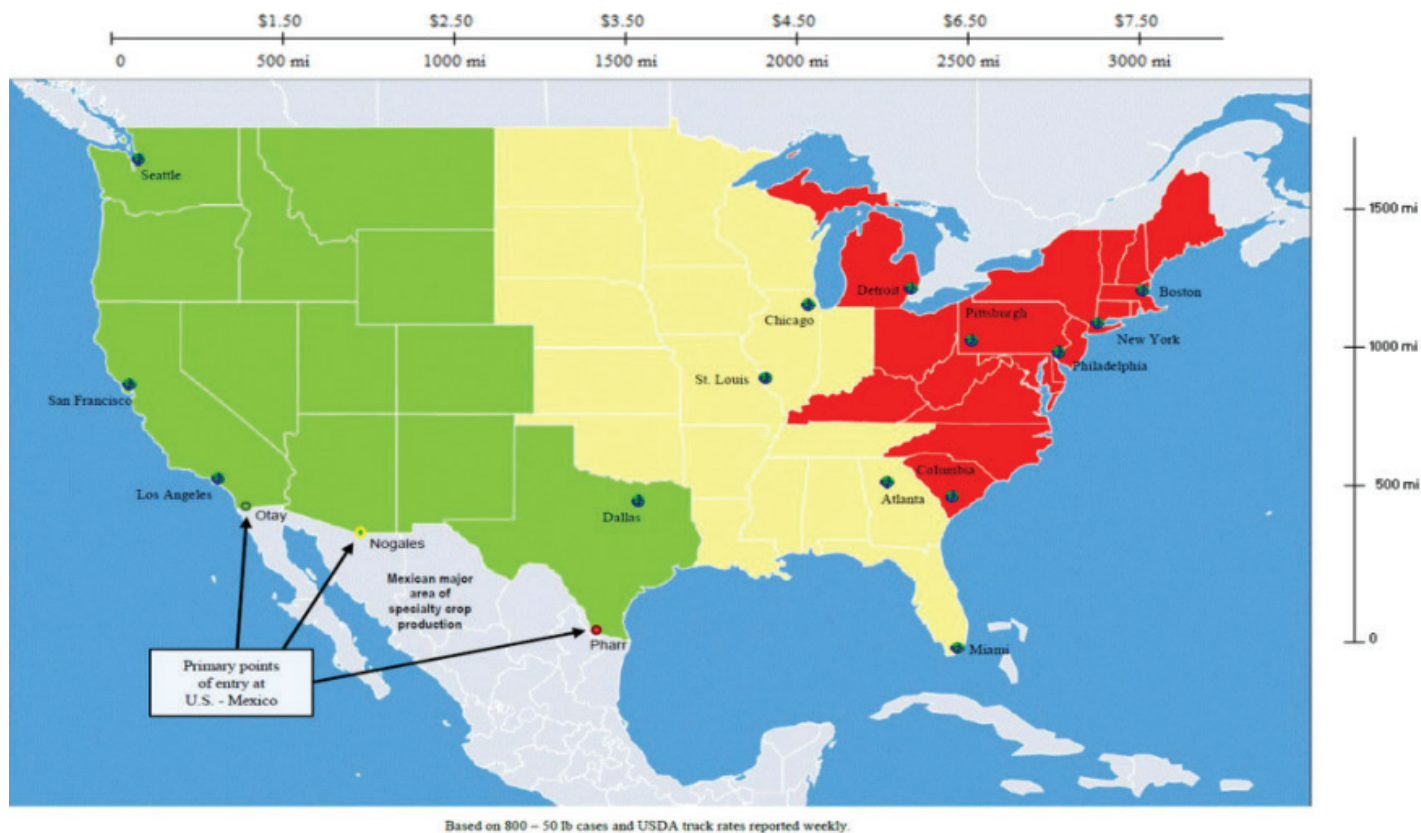
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"Probable Instances of Aggressive Pricing" in U.S. terminal market entries of bell peppers by Mexico, representing approximately 723,074 cartons. About 25% of all domestic terminal market entries reported a minimum price per unit below \$5.50 in January – April 2020. This price was reported in eastern terminal markets only, with no entries reported this low in western or central terminal markets which are closer to Mexico.

Observed

Researchers concentrated on developing a profile on two Florida commodities during this project, however, during the process several other Florida specialty products are showing signs of being impacted by similar "Probable Instances of Mexican Aggressive Pricing" during this most recent period examined. Additionally, as noted, these instances occurred during a period in the U.S. when significant inefficiencies adversely impacted shipping prices during COVID-19, a period that would tend to result in triggering increases in delivered product unit pricing. Florida's seasonal production concludes in June and early July of 2020 and researchers plan to continue investigating a wider spectrum of commodities.

METHODOLOGY AND INFORMATION: POINT OF ENTRY, TERMINAL MARKETS, AND GENERAL SHIPPING COSTS



- 14 U.S. Terminal Markets (Distribution Centers) where product from around the country and world is delivered for sale to operations ranging from independent grocery stores to restaurants. USDA measures these deliveries in 40,000pound truck units or 800 fifty-pound cases. Note: Major retail chains operate their own distribution centers that supply their stores and facilities with fresh product and their prices are not published.

Three of the major border crossings into the United States from Mexico; Otay Mesa, Nogales and Pharr, these are referred to often in reports as specialty product is identified and pricing is examined. Logistics - the cost of fuel, labor and trucks required to deliver product - is highly competitive, costly and meticulously managed. For example, a sweet corn shipment traveling through Otay Mesa, would be less likely to be shipped to the eastern U.S. from that point.

Otay Mesa is the westernmost crossing of the three and product entering at this point would more than likely be shipped up the west coast as far north as British Columbia.

Nogales is the central and busiest crossing for produce. Product entering at this point would more than likely be supplied to areas throughout the Midwestern U.S., as well as into the eastern U.S. and as far north as Canada.

Pharr and other crossings in Texas are the easternmost points of entry. Product entering through Texas would more than likely be supplied to Texas, the southeastern U.S., and eastern coastal states and as far north as Canada.

\$1-7

Logistics costs average about \$1.50 per 500 miles per unit shipped. Product shipped to U.S. Terminal Markets should rise accordingly. Researchers use analytics to identify Mexican specialty crop items in different Terminal Markets based on base prices published in more westerly locations. Additionally, instances where the USDA reported Mexican product unit prices under \$5.50-\$15.50, triggered an aggressive/unfair price designation.

DIRECTIVE AND GUIDELINES (NATIONAL TRADE POLICY AGENDA OBJECTIVES HIGHLIGHTS)

This report was conducted to examine the historical changes of Florida agricultural production that may have been adversely impacted by Mexican fresh ag-exports from 2000-2019 and to determine if any acts, policies or practices have burdened and/or restricted Florida commerce.

In addition, the study sought to determine if there are signs of any reduced, stunted, or negatively impaired Florida sales, pricing, distorted pricing positions, hampered growth, profitability and/or market share losses since the North American Free Trade Agreement (NAFTA) was implemented.

The report establishes baseline data positions as the United States-Mexico-Canada Free Trade Agreement (USMCA) is implemented for future analysis.

For the full range of findings please review the report and the addendum with updated data (January-April 2020) in full.

Download the full report and addendum [here](#).

DATA SOURCES UTILIZED

USDA AMS Market News; Movement and Shipping Point Data sets

FDACS Division of Marketing Analytics

FDACS Historical Research and Supplementals

USMCA

U.S. Census Bureau; USATRADE Database

U.S.D.A. NASS/FASS

USDA ERS

Google Maps