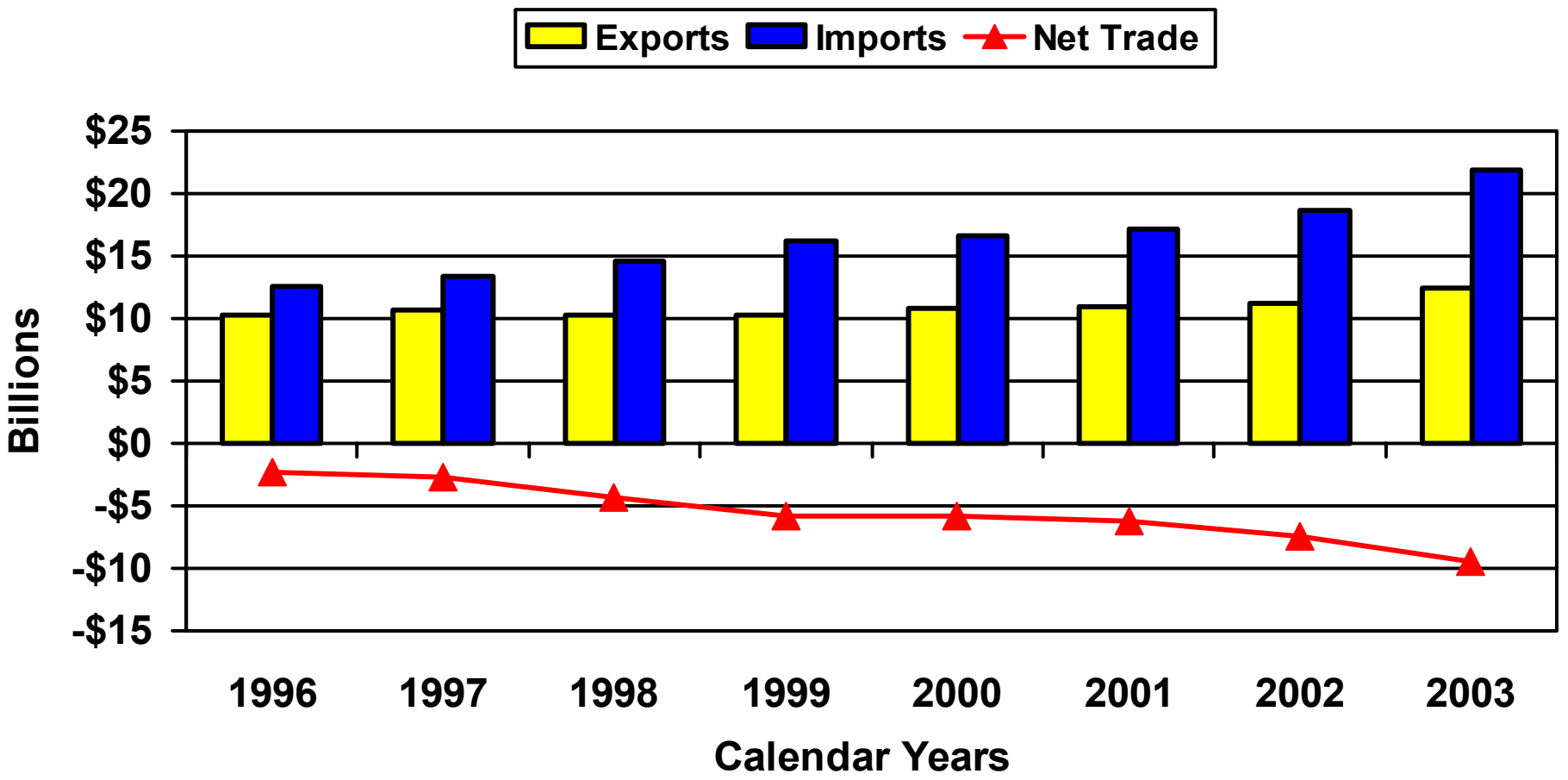


U.S. Horticultural Import Situation

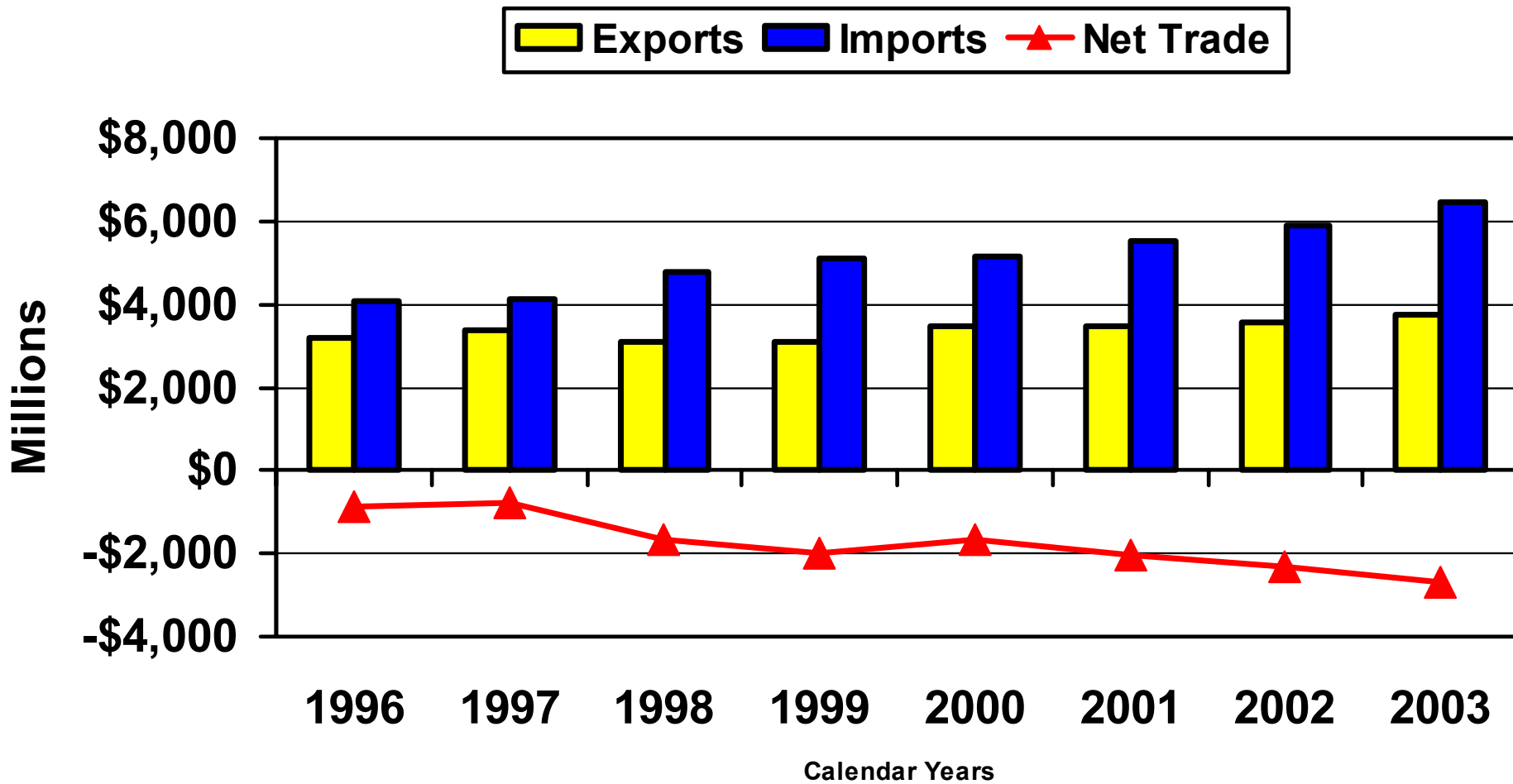
**USDA
Foreign Agricultural Service
Horticultural & Tropical Products Division
April 2004**

U.S. Overall Horticultural Trade



Source: Bureau of the Census, DOC
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

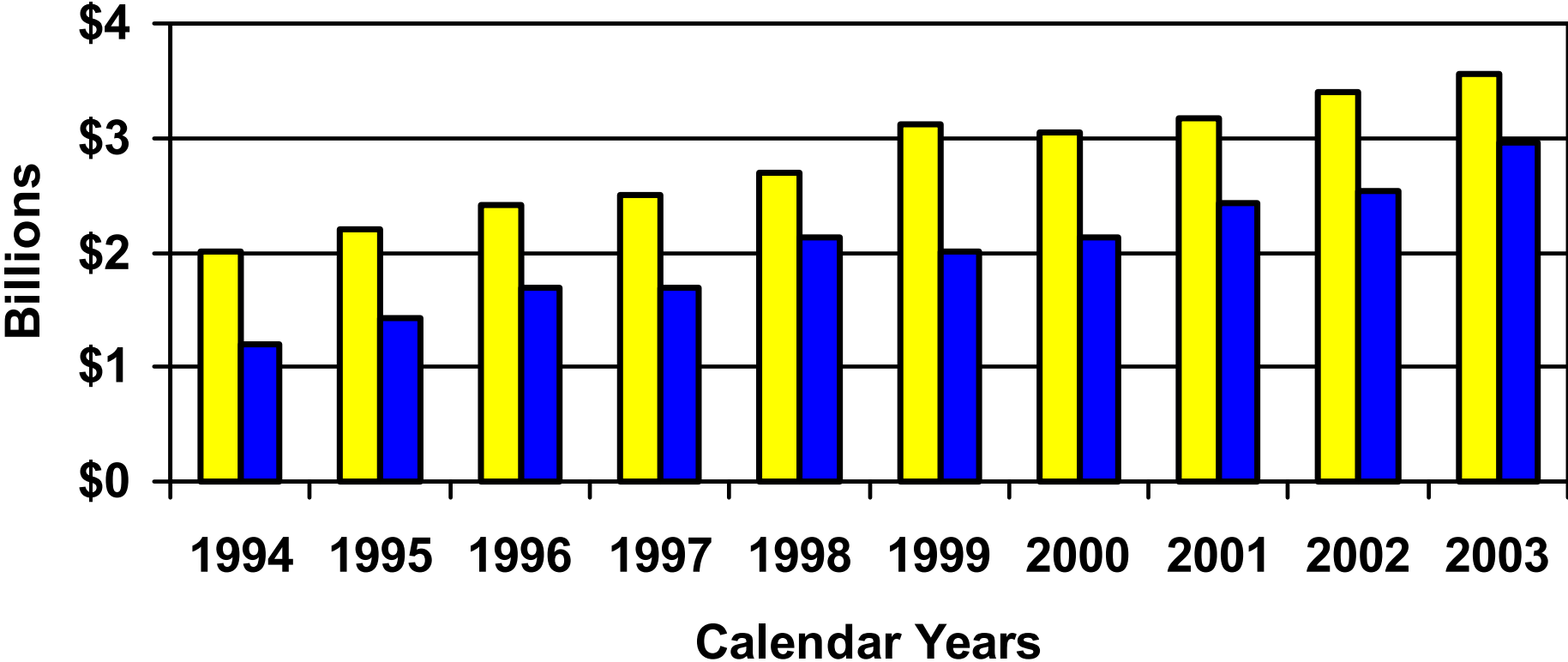
U.S. Trade in Fresh Fruits and Vegetables



Source: Bureau of the Census, DOC

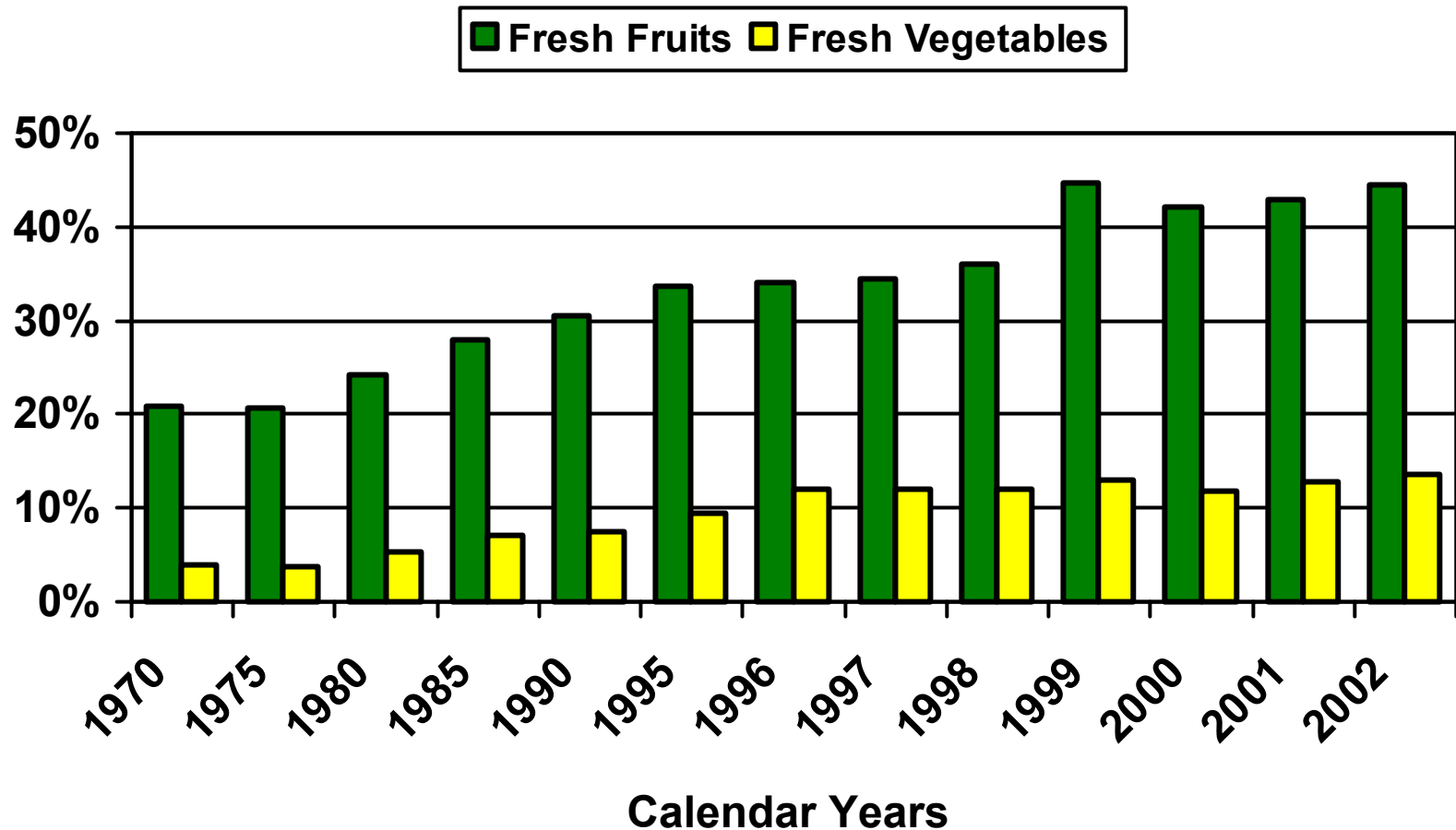
U.S. Imports of Fresh Fruits and Vegetables

■ Fresh Fruits ■ Fresh Vegetables



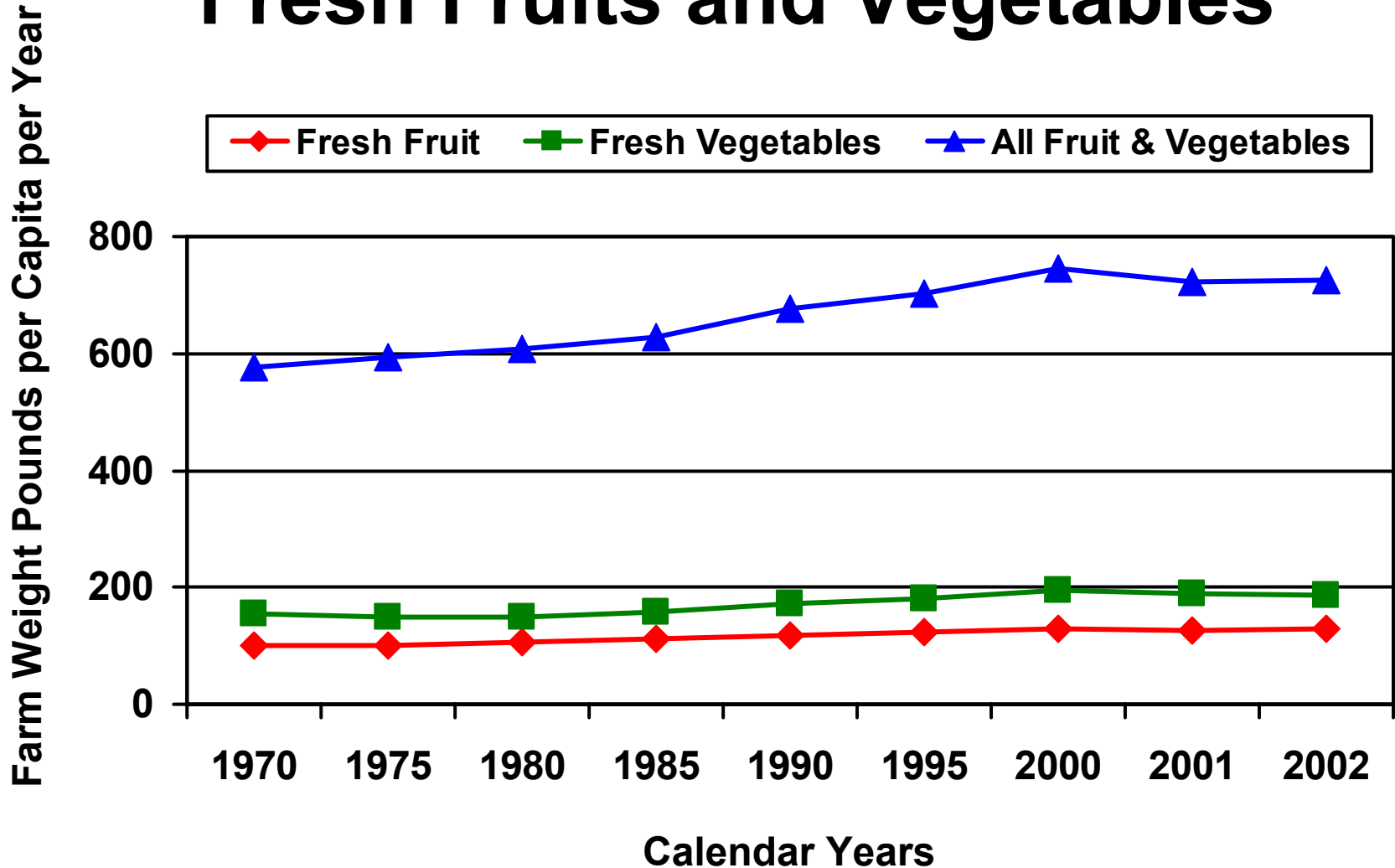
Source: Bureau of the Census, DOC

Import Share of U.S. Fruit and Vegetable Consumption



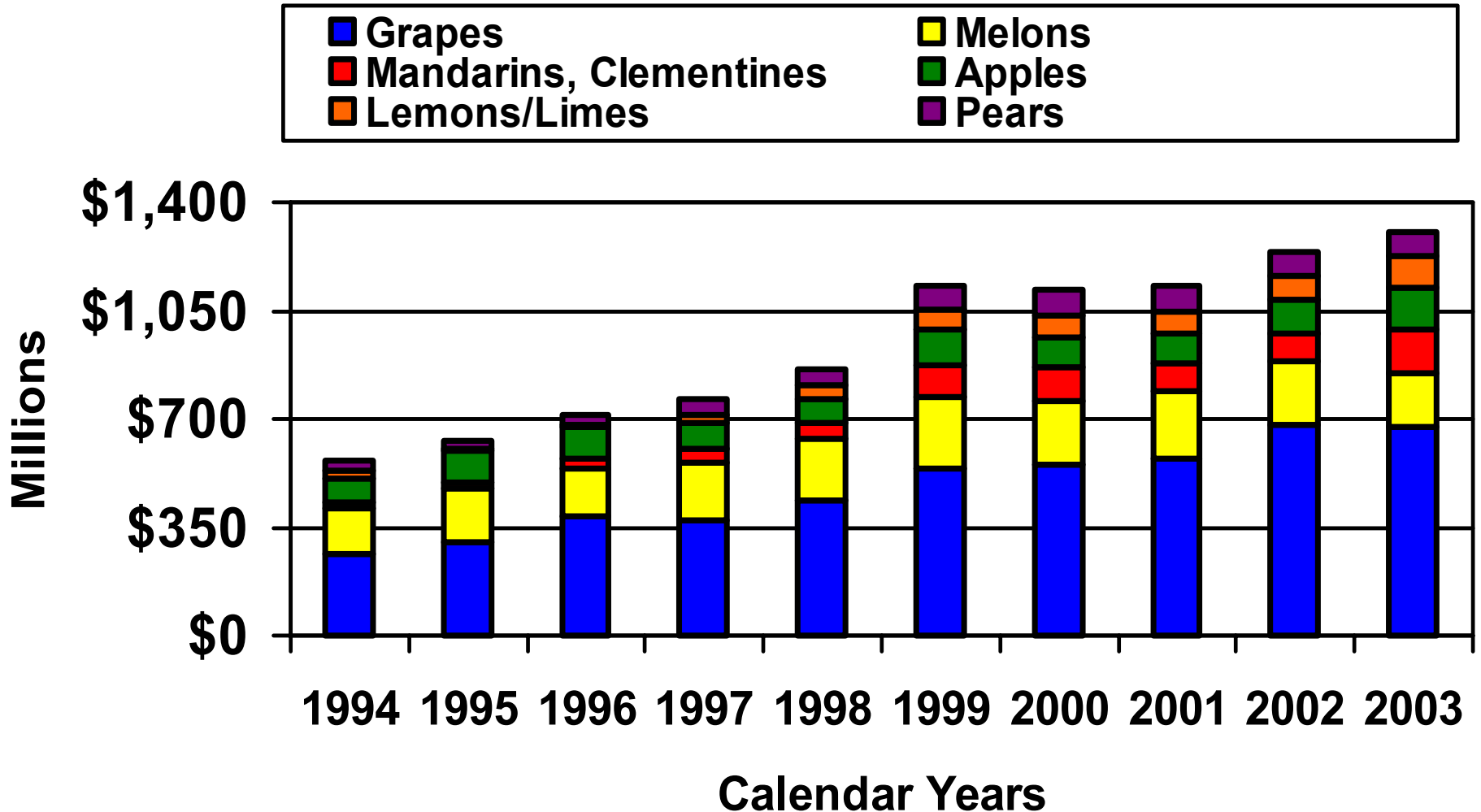
Source: Economic Research Service, USDA

U.S. Per Capita Consumption of Fresh Fruits and Vegetables



Source: Economic Research Service, USDA

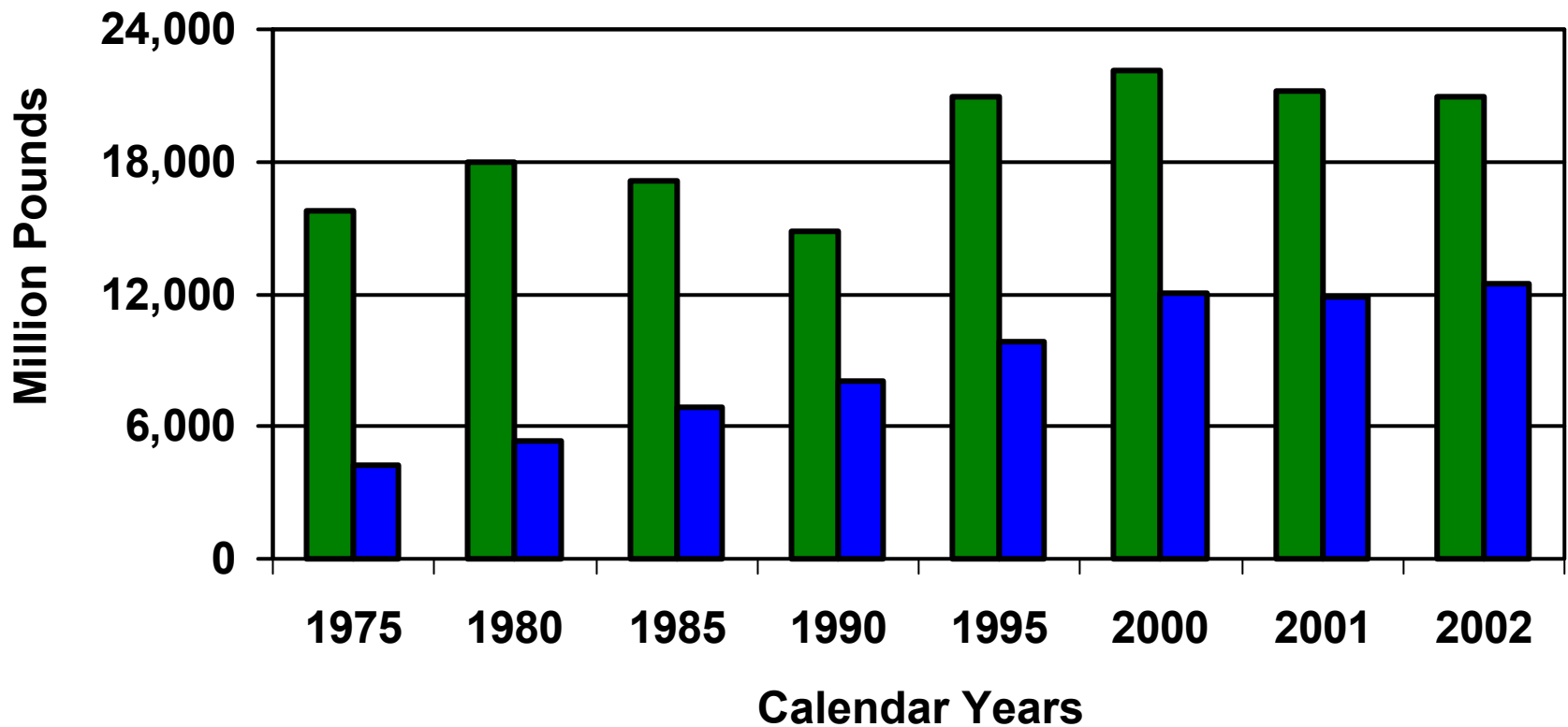
U.S. Imports of Selected Fresh Fruits



Source: Bureau of the Census, DOC

Import Share of U.S. Fresh Fruit Consumption

■ Domestic Fruit ■ Fruit Imports

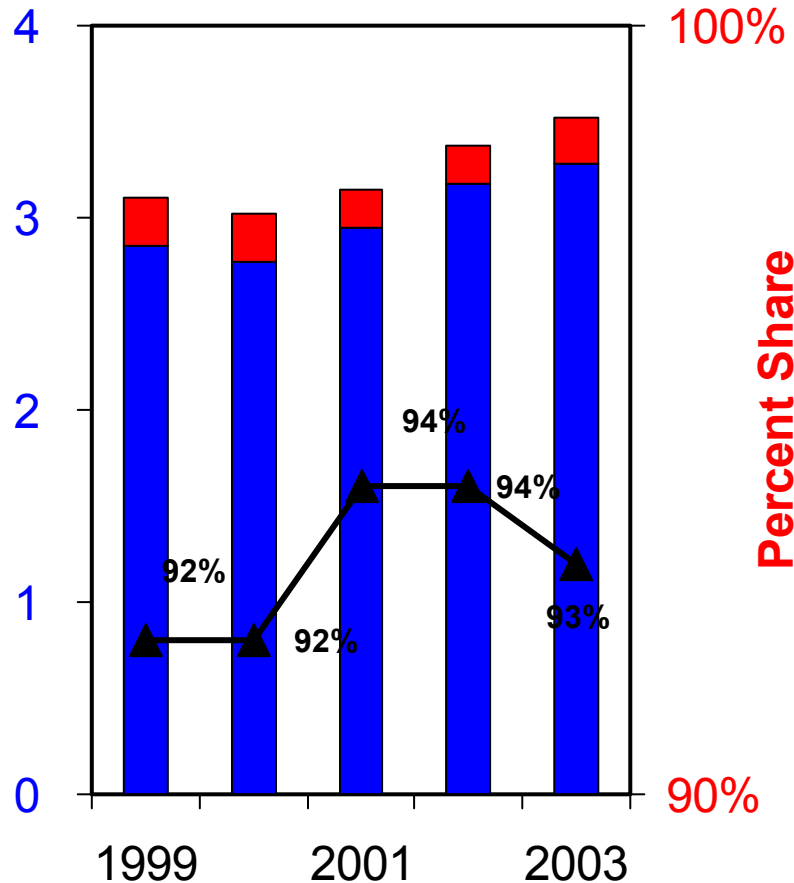


Source: Economic Research Service, USDA

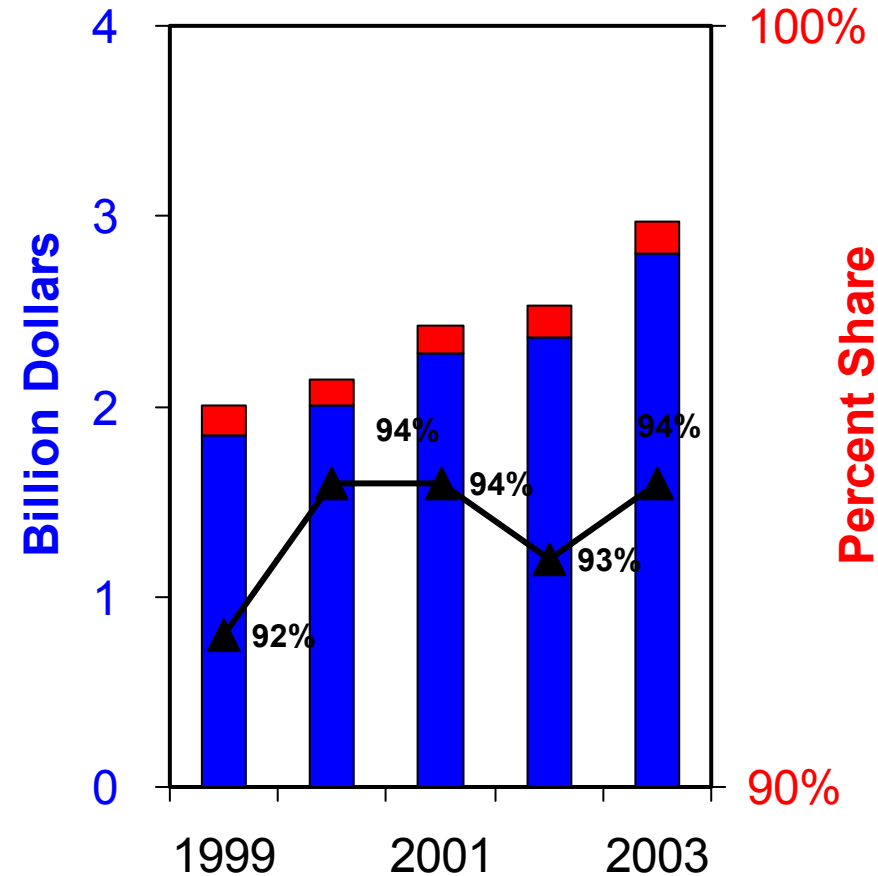
Note- Excludes melons.

Percent of Imports With Zero Duties or Special Treatment

Fresh Fruits



Fresh Vegetables

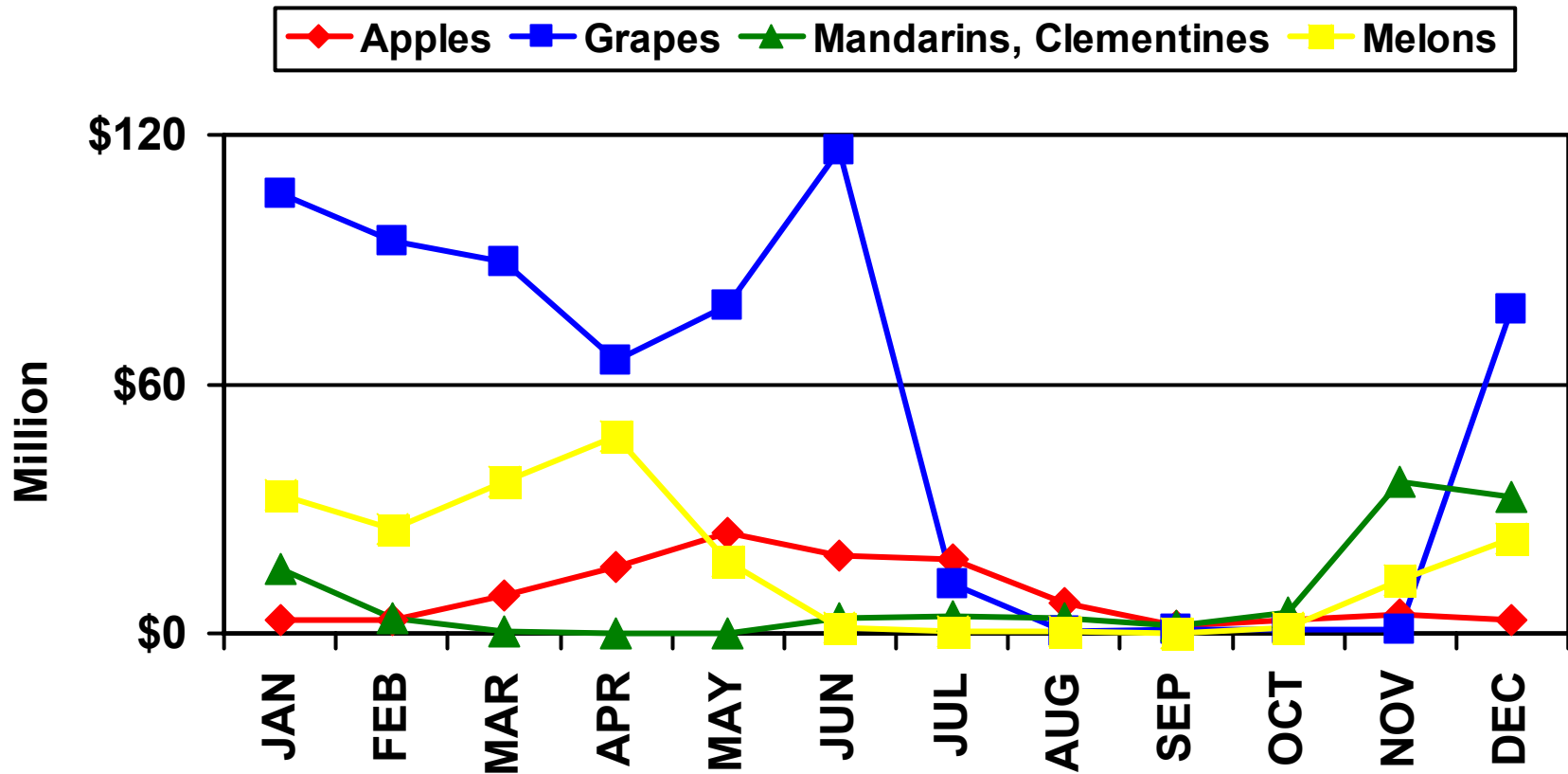


- Normal Tariff
- Special Tariff Treatment*
- ▲ Special Tariff % of Total

*Special Treatment = GSP, NAFTA, AGOA, CBI, ATPA, FTAs: Israel, Jordan, Singapore, Chile

Source: Bureau of the Census, DOC and TSUSA

U.S. Monthly Imports of Selected Fresh Fruits

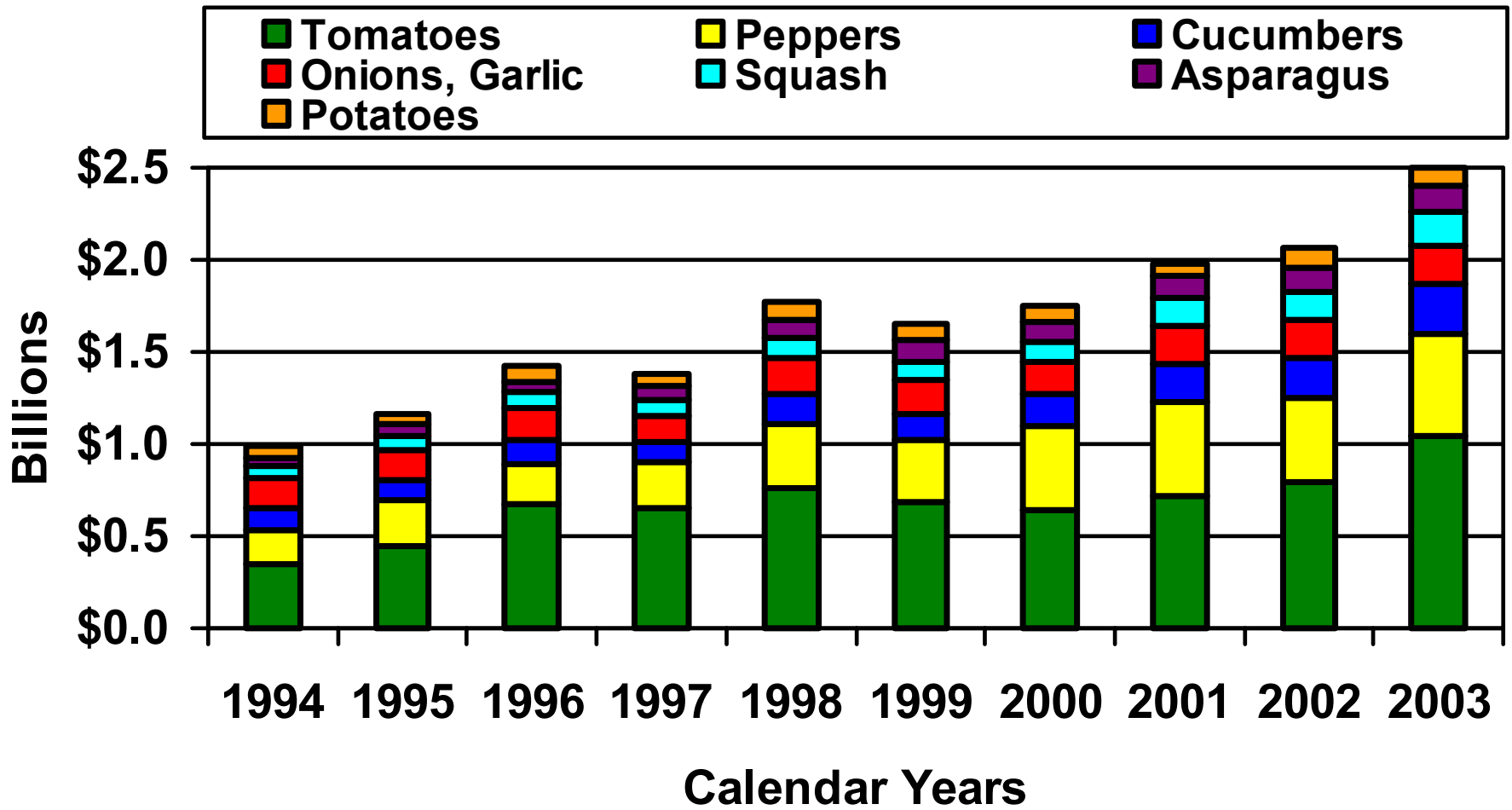


Source: Bureau of the Census, DOC
Note- Average monthly during 2001-2003.

Fruit Import Highlights

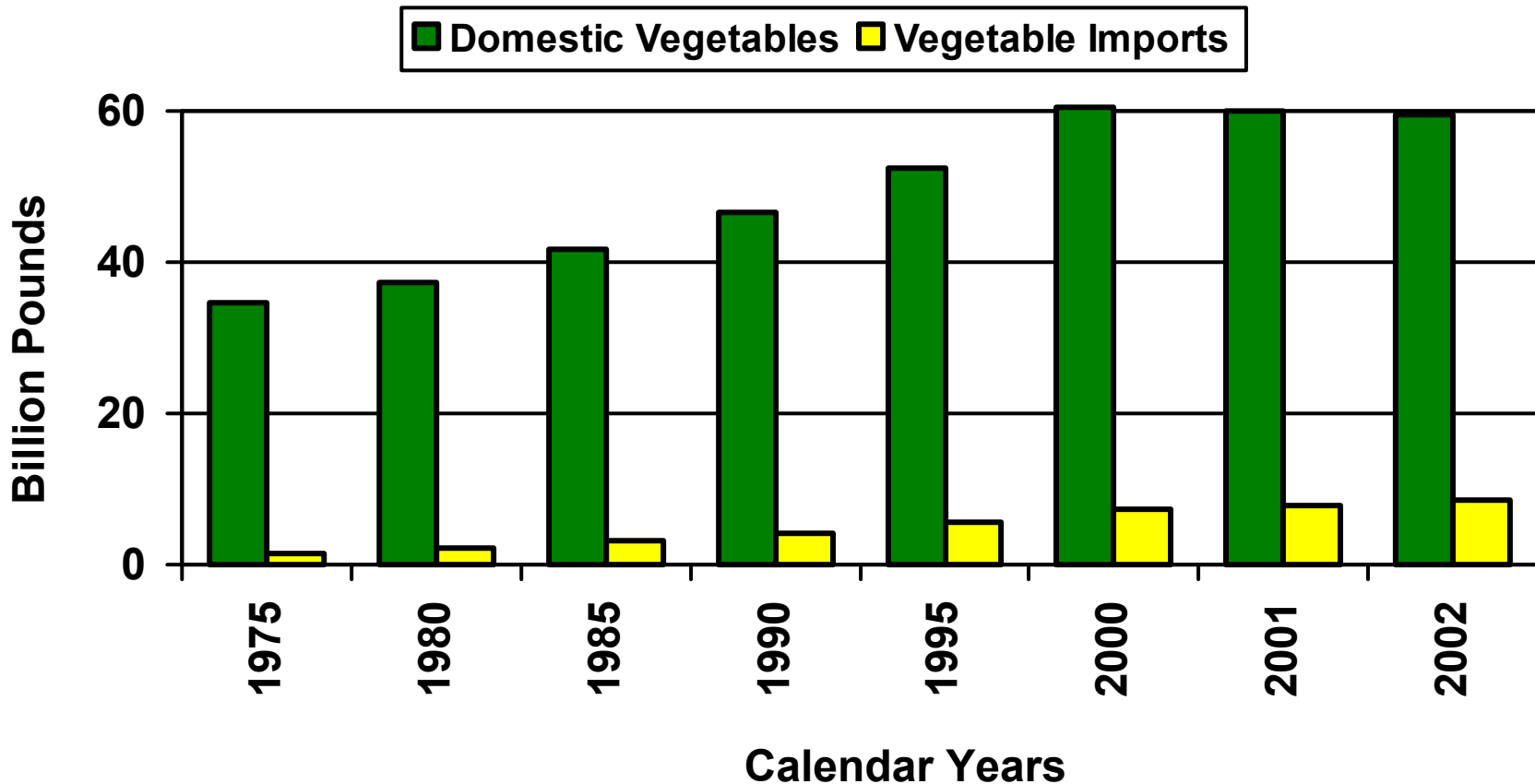
- **Fruit imports have grown considerably**, particularly grapes and melons. **Imports of these products follow a highly seasonal pattern**, peaking in the late fall through early spring and dropping to very low levels during June through October.
- **Latin America is the primary supplier of fresh and frozen fruit.**
- **Grapes: Imports rose 156 percent** during the 1994-2003 period. While most grape imports are during the U.S. off-season, there is substantial competition between imports and U.S. grapes during the U.S. marketing season. (Chile is the predominant supplier, followed by Mexico.)
- **Melons: Imports rose 90 percent** during the 1994-2003 period. Despite the seasonality of imports, there is substantial competition between imports and domestically produced melons during the U.S. marketing season. Growing consumption has outpaced growing production of melons. (Mexico is the predominant supplier, followed by Central American countries.)
- **Citrus: Imports of fresh mandarins and clementines rose from \$20 million in 1994 to \$140 million in 2003**, peaking during the months of Nov.-Jan. in competition with U.S. citrus. Spain is the predominant supplier, followed by Morocco and South Africa.

U.S. Imports of Selected Fresh Vegetables



Source: Bureau of the Census, DOC

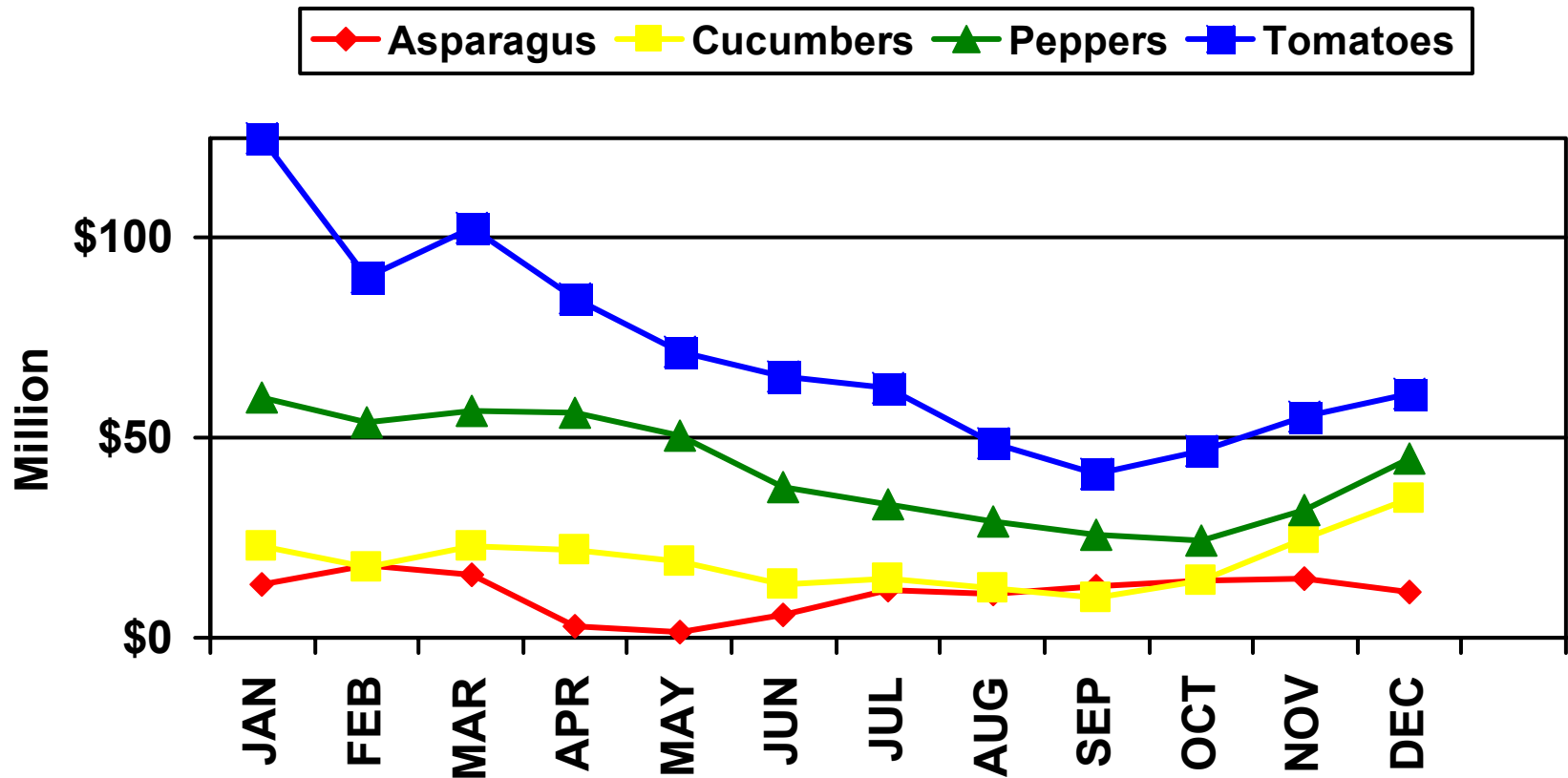
Import Share of U.S. Fresh Vegetable Consumption



Source: Economic Research Service, USDA

Note- Includes potatoes and melons.

U.S. Monthly Imports of Selected Fresh Vegetables



Source: Bureau of the Census, DOC
Note- Average monthly during 2001-2003.

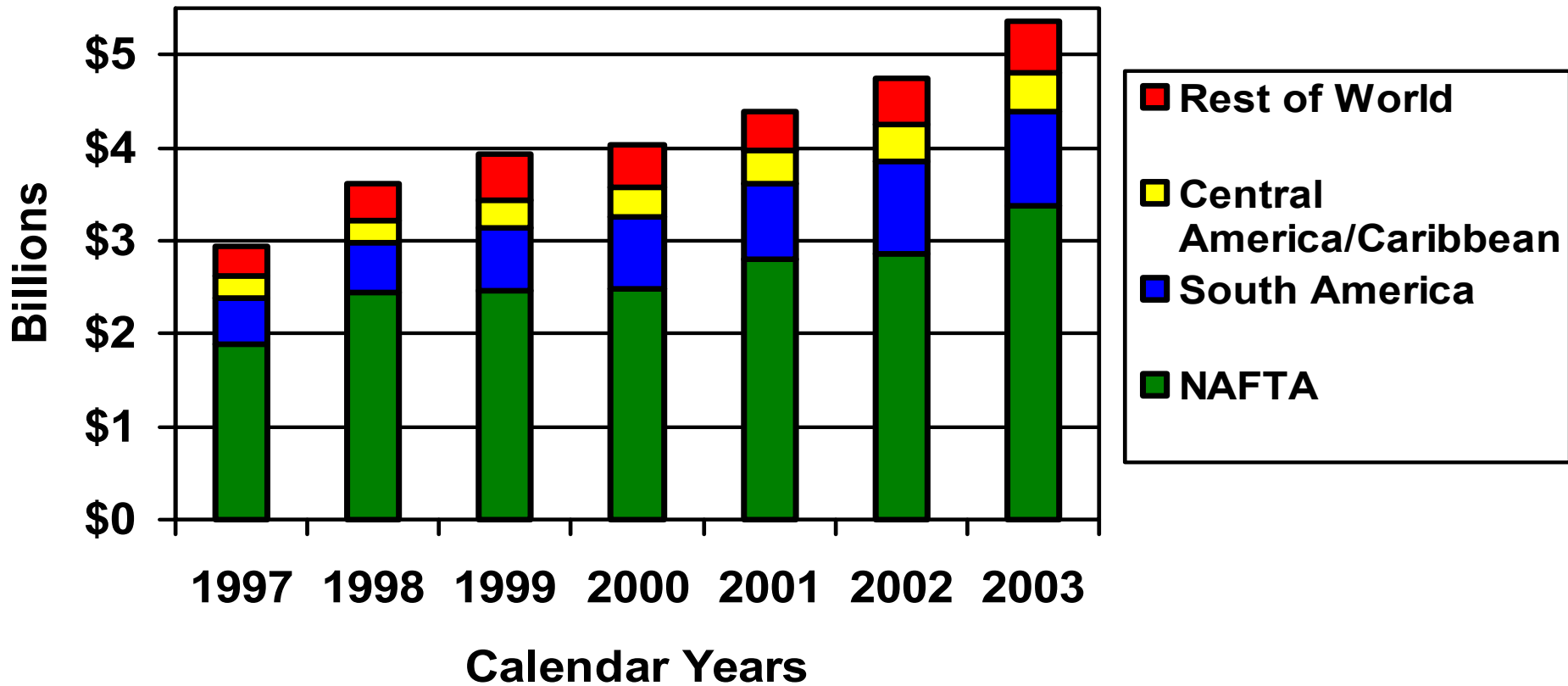
Fresh Vegetable Import Highlights

- **Imports of fresh vegetables have grown considerably in the past 10 years (1994-2003)**, particularly peppers (up 184 percent), cucumbers (up 146 percent), squash (up 173 percent), and asparagus (up 230 percent). **Imports are highly seasonal**, with two-thirds arriving between December and April, when U.S. production is limited. Most of these are warm season crops, including tomatoes, peppers, squash, and cucumbers.
- **Vegetable imports are dominated by Mexico**, with an average 69 percent share, followed by Canada, with a 15 percent share, and the Netherlands, with a 5 percent share.
- **Tomatoes: Imports rose from \$344 million in 1994 to over \$1 billion in 2003.** A high percentage of tomato imports compete head-to-head with U.S. product, leading to significant trade disputes. Mexico is by far the largest supplier, followed by Canada and the Netherlands.

Fresh Vegetable Import Highlights

- **Peppers:** Imports rose from \$193 million in 1994 to \$547 million in 2003, accounting for a growing share of domestic consumption. **Mexico is the predominant supplier**, followed by Canada and the Netherlands. Imports from Mexico have accounted for almost all of the phenomenal growth. Imports peak in the winter before the U.S. marketing season begins in July.
- **Squash:** Imports rose from \$65 million in 1995 to \$178 million 2003. **Mexico is the predominant supplier**, accounting for 97 percent of imports in 2003.
- **Asparagus:** Imports of fresh asparagus have grown from \$45 million in 1994 to \$149 million in 2003, as U.S. fresh consumption has grown from about 70,000 tons to close to 120,000 tons. While 95 percent of imports take place during the off-season, over the last five years, Peruvian asparagus is increasingly infringing on Washington's production season, especially in June, when Washington traditionally receives its highest prices for asparagus. Mexico and Peru are the predominant suppliers.

U.S. Fresh Fruit & Vegetable Imports from Western Hemisphere and Rest of World



Source: Bureau of the Census, DOC
Note: NAFTA includes Mexico and Canada.

U.S. Horticultural Imports Overview

- Over the period 1994-2003, **U.S. imports of horticultural products increased 121 percent** (from \$9.9 billion to \$21.9 billion). In contrast, U.S. exports of horticultural products over the same period expanded by 36 percent (rising from \$9.1 billion to \$12.3 billion).
- **Import penetration in the U.S. fruit and vegetable industry has increased significantly** in recent years. **Imports of fresh fruit rose** from 31 percent of fresh domestic consumption in 1990 **to 44 percent in 2002**. Excluding bananas and melons, imports of fresh fruit rose from 11.6 percent to 19 percent of fresh domestic consumption during the same period.
- Tropical fruit consumption has been rising significantly at the same time as domestic production has been falling. In this regard, Mexico supplies almost all of the mangos, papayas, and limes consumed in the United States. (Economic Research Service data)
- **Imports of fresh vegetables rose** from 7.5 percent of fresh domestic consumption in 1990 **to 13.5 percent in 2002**.
- Most imports of horticultural products (with some notable exceptions, such as EU wine and India cashews) are sourced from Western Hemisphere suppliers, most notably the NAFTA partners of Mexico and Canada.

Key Factors Behind The Rise In Imports

- **Relatively open U.S. import regime** (U.S. agricultural tariffs average 12 percent compared with the global average of 62 percent). More than 90 percent of fresh fruit and vegetable imports benefit from zero duties or special tariff treatment.
- The U.S. population grew from about 253 million in 1991 to 280 million in 2001.
- U.S. **GDP per capita** rose from \$24,000 in 1991 to about \$35,000 in 2001.
- Evolving consumer preferences, including, for example, increased demand for year-round availability of fresh fruits and vegetables. Total per capita use of fruits and vegetables rose 19 percent from 1982 to 1997 (ERS data on 129 products)
- Increased consumer awareness of the role that fruits and vegetables play in a healthy diet (e.g., 5-a-Day for Better Health).
- Supermarkets now carry over 400 produce items compared with 250 in the late 1980's.
- Increased consumption of wine for health and social reasons.

Key Factors Limiting Export Growth

- Many countries continue to maintain **restrictive market access policies**, primarily in the form of high tariffs.
- **Increased competition**, as many countries have raised levels of horticultural production by providing direct and indirect subsidies and other support.
- **Economic slowdown** in key consuming countries, such as Japan.

Benefits Of Further Trade Liberalization

- Despite the growing trade imbalance, the United States would benefit from lower trade barriers through new and expanded export opportunities for its growers, processors and exporters.
- A more open world trade regime would serve to increase world access to other key markets, lessening reliance by foreign suppliers on the U.S. market, which can be seen within the current global trading environment as essentially being "the only game in town."
- U.S. exports of horticultural products are destined primarily to countries outside of the FTAA. Negotiations to lower tariff barriers in these countries would create substantial growth opportunities for U.S. exports.