



# International Trade Report

January 19, 2004

## World Trade Highlights in Fresh Vegetables

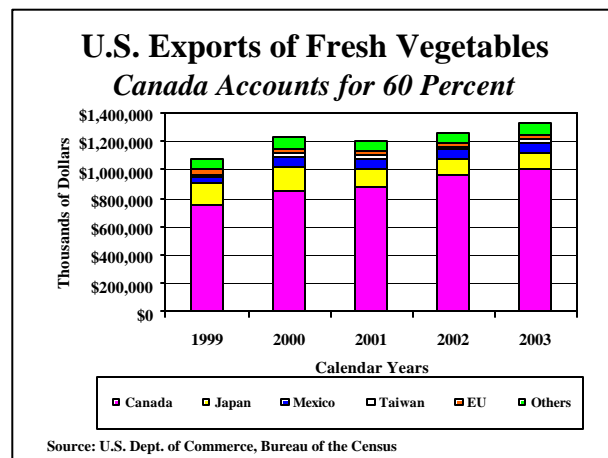
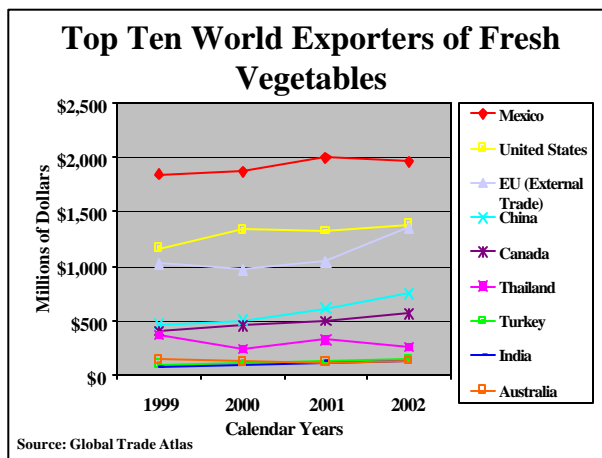
### Summary

World trade of fresh vegetables has been increasing over the last several years, and the United States has had a major role as both an importer and exporter. The United States is the 2<sup>nd</sup> largest vegetable exporter and the world's largest importer.

### Fresh Vegetable Trade

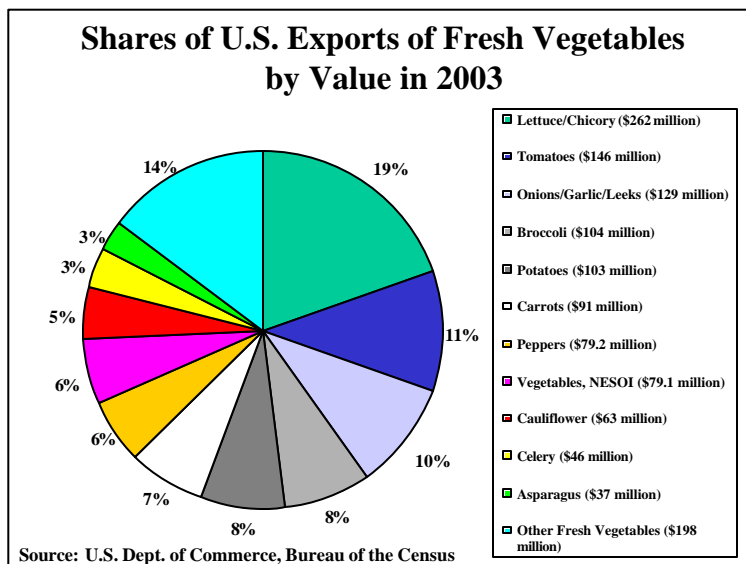
In 2002, world exports of fresh vegetables reached \$7.5 billion, up 11 percent from 2001 and up 19 percent from 1999, according to Global Trade Atlas statistics. The world's leading exporters of fresh vegetables in 2002 included Mexico (\$2 billion), the United States (\$1.38 billion), the European Union (EU) (\$1.35 billion), China (\$742 million), and Canada (\$553 million).\*

The United States is the world's 2<sup>nd</sup> largest vegetable exporter, according to Global Trade Atlas statistics. Despite its importance as a major supplier of vegetables to the



world, the United States currently has a trade deficit in vegetables. In 2002, U.S. vegetable imports were \$2.4 billion, while exports were \$1.25 billion. Fresh vegetable trade deficits also occurred from 1989-1991 and 1993-2002. Furthermore, the vegetable deficits increased over this period. In 1999, the deficit was \$85 million and it rose to \$1.3 billion in 2002. Reasons include rising world supplies and the downward pressure on prices, consumers shifting toward new items, which are increasingly available through imports, consumer demand for fresh vegetables during the U.S. off-season, and improved market access for foreign suppliers due to various trade agreements.

Overall, U.S. fresh vegetable exports have increased steadily over the past 4 years, with mixed results to major markets. In 2003, exports rose 6 percent to \$1.32 billion from 2002 and rose 22 percent from 1999-2002. U.S. fresh vegetable exports increased to Canada, decreased to Japan, rose to Mexico, and declined to Canada over this period. Canada's share of U.S. vegetable exports has been increasing, despite the high U.S. dollar during the last 4 years. In fact, Canada consumed over half of U.S. vegetable exports in 1999, and its share increased to 60 percent in 2002.



The top 5 fresh vegetable import markets in the world include the United States, EU, Canada, Japan, and China. It is noteworthy that these countries are also the world's leading fresh vegetable exporters, except for Japan.

Analysis of world vegetable import shares and net trade positions from 1999-2002 suggests that the EU vegetable market is tightening while the U.S. market is opening. The EU share has decreased from 21 percent to 18 percent over this period. In contrast, the U.S. import share has increased from 29 percent to 31 percent, as the U.S. market has become more open. The EU net import deficit has shrunk from \$45 million to \$9 million over this same period, while the U.S. net import deficit has grown from \$85 million to \$1.2 billion.

Additional analysis suggests that the EU is a difficult, but lucrative, market to penetrate, and Canada continues to be a strong import market for vegetables. At the same time, the U.S. vegetable industry should continue to develop new markets beyond the EU and Canada.

Japan is also a key market for U.S. vegetables. In 2002, Japan was the world's 4<sup>th</sup> largest vegetable importer at \$801 million. However, Japan's imports from all suppliers declined 15 percent from 1999-2002, due to its economic crisis and weak currency against the U.S. dollar in recent years. The United States currently supplies only about 20 percent of Japan's vegetable imports, while China now supplies 40 percent. However, the recent strengthening of the yen in 2003 and 2004 may increase demand for vegetables in Japan and lead to a rise in Japanese imports of U.S. vegetables.

China is both an important U.S. market and growing competitor. In 2003, China imported approximately \$146 million of vegetables from all suppliers, with beans as the top import category. Thailand supplied almost 80 percent of China's vegetable imports, while the United States supplied less than 1 percent. China exported almost \$913 million of vegetables to all suppliers in 2003, up 23 percent over 2002. The top categories were garlic, mushrooms, and onions/shallots, according to Global Trade Atlas statistics. Approximately 35 percent was exported to Japan and 4 percent to the United States. Analysts expect China's impressive growth to continue.

Given the intense competition from international suppliers, the struggle to maintain market share for vegetable exports will continue. The FAS Market Access Program (MAP) and other export programs should assist the U.S. industry with this challenge.

\*Global Trade Atlas statistics and U.S. Dept. of Commerce statistics may not match due to differing definitions of product groups.

*For more information, contact Shari Kosco at 202-720-2083 or [Shari.Kosco@fas.usda.gov](mailto:Shari.Kosco@fas.usda.gov).*