

Increase in U.S. Imports of Fresh Produce from Mexico

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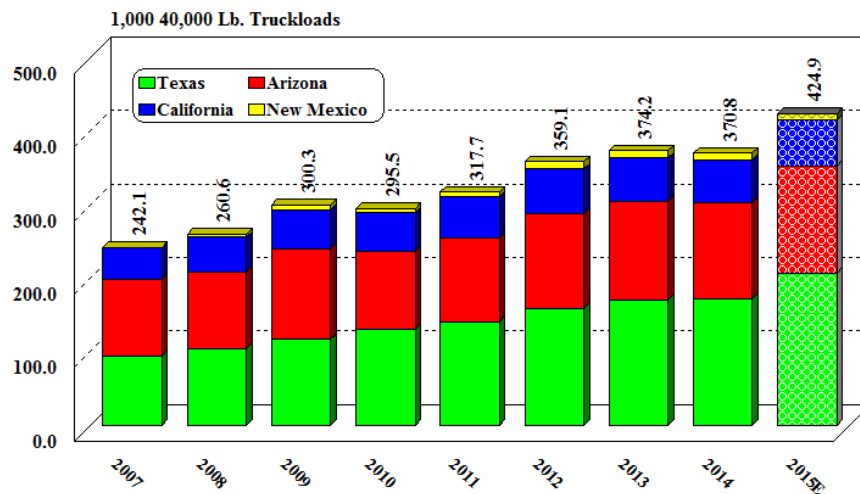
CNAS Issue Brief 2015-03

December 2015

Produce imports from Mexico are a major source of economic activity in the Lower Rio Grande Valley (LRGV) of Texas. In 2014, the United States imported \$9.6 billion of fresh and frozen produce, including fruits, vegetables and nuts from Mexico, with more than 98 percent entering the United States by land ports between Mexico and Texas, Arizona, New Mexico and California. When considering only fresh fruit and vegetables, which is over ninety percent of the total, imports totaled \$8.9 billion. These imports were shipped in the equivalent of 370,780 forty-thousand pound truckloads.

Over the past decade, Texas land ports have experienced a large increase of produce imports from Mexico, 71 percent from 2007-2014 (Figure 1). About 47 percent of U.S. fresh fruit and vegetable imports worth \$4.2 billion entered through Texas land ports, which arrived in 172,648 truckloads. Arizona is second with 35 percent followed by California and New Mexico with 16 and 2 percent, respectively. In 2010, Texas surpassed Arizona as the largest state of entry for Mexican fresh produce. Moreover, if current trends continue, the Pharr Bridge in South Texas could become the single largest U.S. port of entry for imports of Mexican fresh produce.

Figure 1. U.S. Imports of Fresh Produce from Mexico by Truck, 2007-2015E



Source: Agricultural Marketing Service, USDA and Department of Agricultural Economics, Texas A&M University System
2015 E estimate Based on January-November Actuals

Table 1 shows monthly imports of fresh fruit and vegetables from Mexico by truck by main ports of entry from January 2014 to November 2015. The major LRGV ports for fresh fruits and vegetables imports are Pharr, Rio Grande City and Progreso. The “YTD Change” is the year-to-date change between 2014 and 2015 (January to November). Thus, the number of truckloads crossing through Pharr has increased by 35.7 percent, while Rio Grande City and Progreso decreased by 14.0 percent and 20.5 percent, respectively. The LRGV as a whole, which also includes Brownsville and Los Indios, has increased by 21.2 percent. Laredo has also experienced

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a significant increase, 24.3 percent, while Nogales and Otay Mesa saw smaller increases, 13.1 percent and 2.8 percent, respectively.

Comparing the two largest single ports of entry for fresh produce from Mexico, Nogales, Arizona and Pharr, we can see the difference in number of shipments continues to decline. In 2014 the difference between Nogales and Pharr averaged of 2,137 truckloads per month, or 10,240 and 8,103 truckloads per month, respectively. However, the difference in 2015 is dropped to an average of 583 truckloads per month, 11,576 for Nogales and 10,993 for Pharr. If this trend continues, Pharr will soon surpass Nogales.

One major reason for the increase in fresh produce imports through Texas is the improvement of Mexican Federal Highway 40 between Mazatlan and Reynosa, particularly the Mazatlan to Durango portion with the construction of the Baluarte bridge and 114 additional bridges and 61 tunnels in that portion of the highway. The new portion of the highway covers more than 140 miles and replaced the existing “Devil’s Backbone” road built in 1940s. These infrastructure improvements could reduce transportation time by six or more hours between Mazatlan and the LRGV and shave \$500 to \$1,500 off of truck transportation costs per load.

Table 1. Imports of FF&V from Mexico by Truck by Selected Ports, January 2014 - November 2015 (40,000 Lb. Units)

	LRGV	Pharr	Rio Grande City	Progreso	Laredo	Nogales	Otay Mesa
Jan-14	11,947	9,452	907	1,575	3,776	17,709	3,526
Feb-14	10,630	7,609	1,010	1,957	3,321	15,702	3,178
Mar-14	14,331	8,990	1,395	3,889	3,631	18,526	4,087
Apr-14	14,334	8,505	1,582	4,136	3,283	21,861	4,218
May-14	11,505	7,301	1,652	2,455	2,594	15,478	4,141
Jun-14	10,207	7,870	1,060	950	2,393	4,258	4,402
Jul-14	9,739	7,530	939	916	1,728	750	4,158
Aug-14	8,629	6,739	848	728	1,900	491	3,936
Sep-14	9,564	7,597	1,008	947	2,791	1,358	3,761
Oct-14	11,533	9,271	1,171	1,081	3,923	6,752	3,749
Nov-14	10,296	8,264	909	1,112	4,171	9,757	3,391
Dec-14	10,157	8,212	639	1,297	4,010	13,392	3,491
Jan-15	14,196	11,203	767	2,202	4,469	17,612	3,219
Feb-15	13,428	10,423	881	2,082	3,780	15,804	3,155
Mar-15	16,053	12,026	930	3,056	4,310	17,159	4,025
Apr-15	15,280	11,856	1,182	2,200	4,070	22,613	4,240
May-15	15,532	12,437	1,172	1,857	3,749	22,444	4,765
Jun-15	13,133	11,111	1,045	785	3,059	10,107	4,880
Jul-15	12,924	10,942	967	676	3,093	1,936	5,023
Aug-15	10,655	8,938	811	622	2,962	1,297	4,159
Sep-15	11,849	9,919	978	686	3,436	1,532	3,665
Oct-15	12,923	11,055	1,126	668	3,850	6,132	3,925
Nov-15	12,754	11,015	869	858	4,864	10,706	2,681
YTD Change	21.2%	35.7%	-14.0%	-20.5%	24.3%	13.1%	2.8%
YTD AVG 2014	11,156	8,103	1,134	1,795	3,046	10,240	3,868
YTD AVG 2015	13,521	10,993	975	1,426	3,786	11,576	3,976

Source: Agricultural Marketing Service, USDA

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