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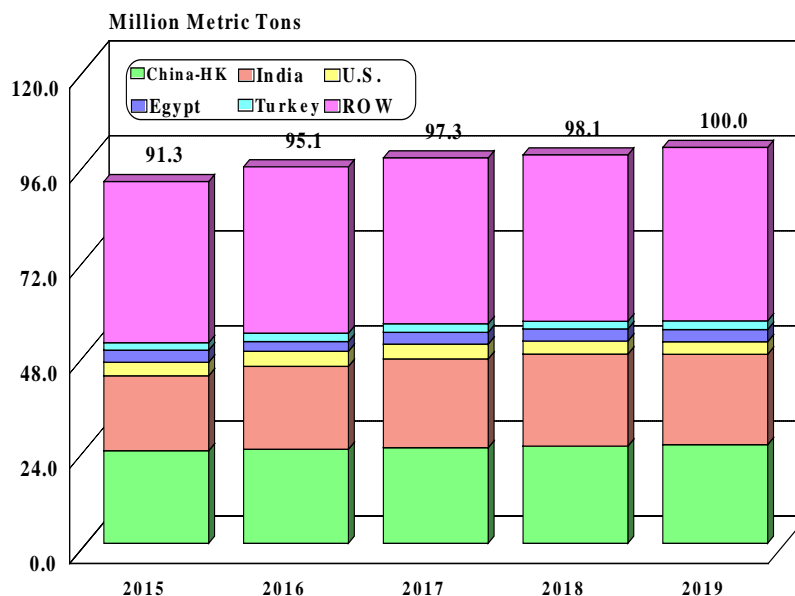
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GLOBAL MARKETS FOR TEXAS ONIONS¹

Total production of onions for the world during 2019 was just under 100 million metric tons (MMT). World production of onions was led by China-Hong Kong (HK), the source of 24.9 MMT of onions. Chinese onion production has grown about 400 thousand metric tons (TMT) per year since 2015. India is the second largest producer of onions in the world at 22.8 MMT of onions during 2019, falling 2 MMT behind China-HK. These two countries produce 46-49 percent of the world's onions. The United States, Egypt, and Turkey are the three next largest producers but are only a fraction of the size of the two leaders. Together, these three countries produced 8.54 MMT during 2019. The top five onion producing countries produced 55-58 percent of the world's onions since 2015.

Much of the onion production in China and India is not sold as fresh onions, but rather as dehydrated, frozen, or in powder form. This paper focuses on *fresh onions* whenever the term *onion* is used rather than green shallots or dehydrated onion product.

World Onion Production, 2015-2019



Source: FAO Stat, United Nations Food and Agricultural Organization

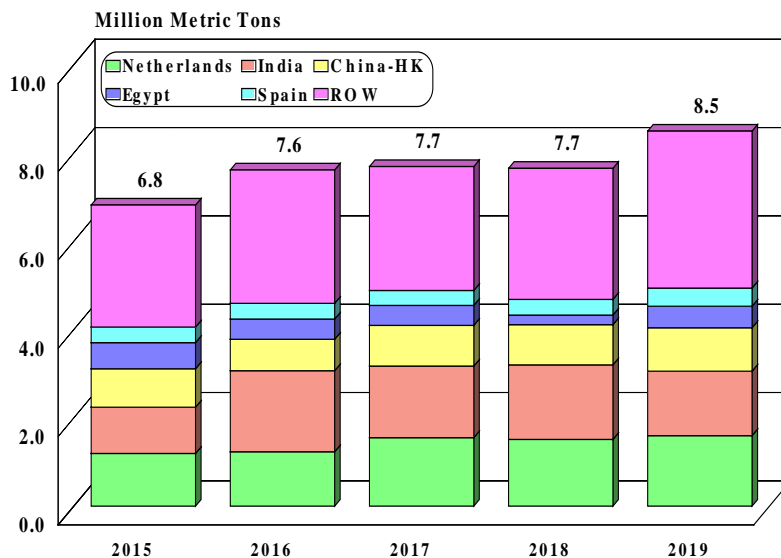
¹ *Global Markets for Texas Onions* is a report of the project Export Market Analysis for Selected Texas Commodities, funded by the Texas Department of Agriculture. For more information, please contact the Center for North American Studies, Department of Agricultural Economics, Texas A&M AgriLife Extension Service, College Station, TX, 77843-2124. 979-845-3070.

Global Exports of Onions

During 2019, 8.49 MMT of onions were exported. The largest exporter of onions was the Netherlands with 1.60 MMT of onion exports. Since 2015, exports of Dutch onions have grown by 400 TMT. India is also one of the largest exporters of onions. During 2019, 1.46 MMT of onions were exported by India. While India's export of onions are also up 400 TMT since 2015, exports increased 800 TMT in 2016, which propelled the country to be the leading onion exporter. In 2019 the Netherlands surpassed India. China-HK has also been growing slightly, totaling 984 TMT of onion exports, 124 TMT higher than 2015. Egyptian onion exports have been around 500 TMT since 2015 with 487 TMT of exports during 2019 following an off-year in 2018. Finally, Spain is a major exporter of onions and increased exports by 56 TMT during 2019 to 412 TMT.

During 2019, the 28 EU countries, including the United Kingdom, exported 2.5 MMT of onions. If reported as a bloc, the EU would have been the largest exporter of onions by over 1 MMT. Exports from the EU have increased by 44.4 TMT since 2015.

World Onion Exports, 2015-2019



Source: FAO Stat, United Nations Food and Agricultural Organization

Global Importers of Onions

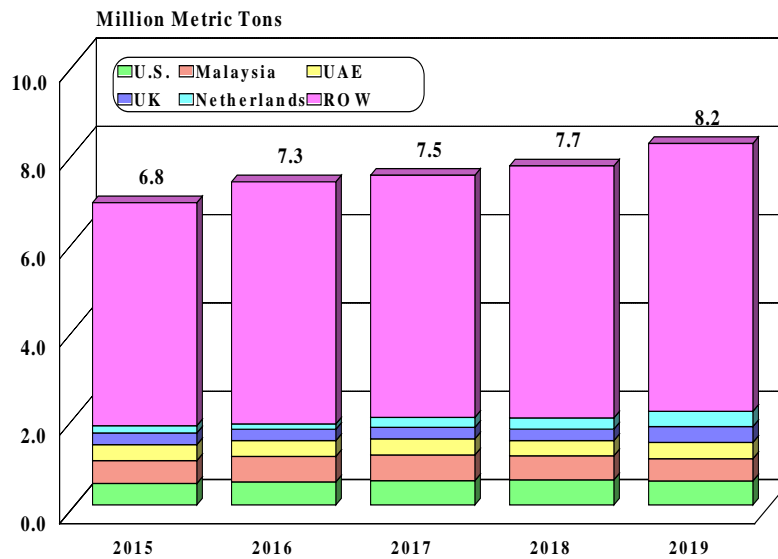
During 2019, 8.17 MMT of onions were imported. The largest importer of onions was the United States. During 2019, 543 TMT of onions were imported by the United States, slightly more than the average of 534 TMT since 2015. Malaysia has a similar level of onion imports as the United States, 505 TMT during 2019. Malaysia was the largest onion importer from 2015-2017. Malaysian onion imports fell nearly 40 TMT per year during 2018 and 2019. The United Arab Emirates has the third highest level of imports for 2019 with 368 TMT, just over the country's five-year average of 359 TMT. The United Kingdom and the Netherlands each have levels of

imports similar to the United Arab Emirates. The top five importing countries account for 25-27 percent of the total onion imports.

Similar to EU onion exports, if the imports for the bloc were aggregated and included the United Kingdom, the region would have imported 2.15 MMT of onions and been the largest importer of onions by far totaling 20-27 percent of the world’s imports of onions depending on the year. The EU bloc would have surpassed the United States by 1.61 MMT. Much of this is composed of trade amongst member countries.

It should be noted that a difference of around 300 TMT exists between world onion imports and exports that is assumed to be caused by reporting differences across countries.

World Onion Imports, 2015-2019

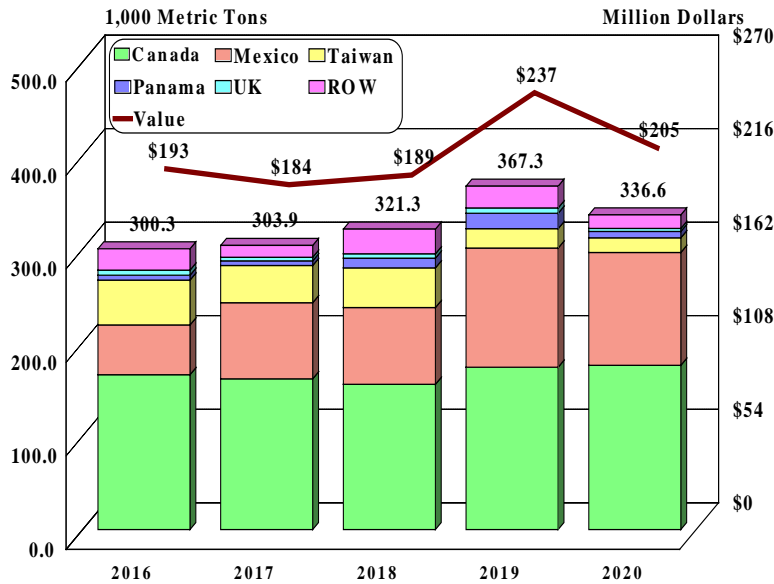


Source: FAO Stat, United Nations Food and Agricultural Organization

U.S. Onion Exports

Onion exports from the United States totaled 336.6 TMT with a value of \$205 million during 2020. This is down 31 TMT from the year before but still higher than the years preceding 2019. The largest market for U.S. onions is Canada; 176 TMT of U.S. onions were exported to Canada during 2020. Onion exports to Canada have grown slightly each year since 2017 and 47-56 percent of U.S. onion exports are destined for Canada. Mexico is also a large market for U.S. onions, purchasing 121 TMT of U.S. onions during 2020. This was slightly lower than the year before but more than double the volume of U.S. onion exports to Mexico during 2016. Taiwan is a market for U.S. onions but has been importing less every year. During 2020, 15.7 TMT of onions were exported to Taiwan, down 32.2 TMT from 2016. This decrease is mostly due to the increasing exports of onions to Canada and Mexico from the United States. Panama and the United Kingdom are also two large markets for U.S. onion exports, who together received 10 TMT of U.S. onion exports in 2020. These five markets make up 91-96 percent of U.S. onion exports.

U.S. Onion Exports, 2016-2020



Source: Global Ag Trading System, FA/USDA

During 2020, the United States produced 3.82 MMT. Onion production was led by California, where 967.6 TMT of onions were produced during 2020, 8 TMT less than the average production since 2015. Washington is the second largest producer of onions in the United States. During 2020, Washington grew 818.9 TMT of onions increasing from the year prior after four consecutive years of decreasing onion production for the state. The similar is true in Oregon, the third ranked U.S. onion producer, where after four years of production decreases the state saw onion production increase 49 TMT in 2020. Idaho also is a major onion producer that has nearly doubled onion production since 2015, growing from 292.6 TMT of production to 524.3 TMT in 2020. New Mexico and Texas are the fifth and sixth highest producers respectively.

United States Onion Production by U.S. State, TMT						
	2015	2016	2017	2018	2019	2020
California	999.0	950.3	1,069.7	937.3	928.2	967.6
Washington	736.2	1,138.1	1,006.8	878.9	727.9	818.9
Oregon	662.3	920.5	821.1	787.1	758.0	807.4
Idaho	292.6	598.6	460.4	379.8	524.3	524.3
New Mexico	165.8	179.7	245.3	212.8	202.9	211.0
Texas	45.2	137.9	151.9	167.6	153.2	188.9
Other	521.9	331.7	430.4	316.4	326.5	303.0
Total	3,423.1	4,256.8	4,185.6	3,680.0	3,620.9	3,821.1

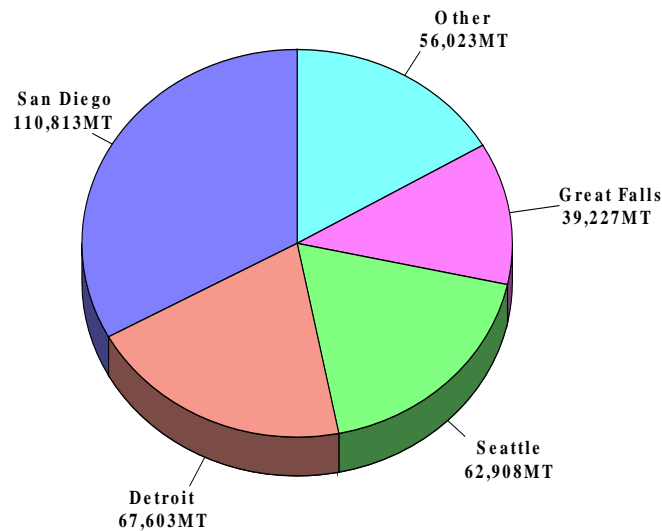
Source: National Agricultural Statistics Services, NASS/USDA

During 2020, 336,574 metric tons (MT) of onions were exported by the United States. Two port districts handled more than half of these onion exports. San Diego was the largest port district for U.S. onions. All 110.8 TMT of onions shipped through the San Diego port district were destined

for Mexico and accounted for just under a third of the total onion exports. The second major port district for onion exports is Detroit. 67.6 TMT of onions passed through Detroit to Canada. The same occurred with the 39.2 TMT of onions leaving the United States through the Great Falls port district. Seattle ranked as the third largest port district for onion exports during 2020. Of the nearly 63 TMT of onions to pass through Seattle, 47 TMT was sent to Canada and the rest were shipped to Taiwan, Panama, Japan, and multiple other smaller markets.

U.S. Onion Exports by Port District, 2020

Total Onion Exports: 336,574 Metric Tons



Source: U.S. Census Bureau from WiserTrade

Barriers to Trade and Tariffs

There are no tariffs in place for U.S. onions in Canada, Mexico, and Malaysia. Tariffs are levied on U.S. onions exported to Taiwan at a rate of 25 percent. Panama has a tariff-rate-quota in place, so exports under the quota amount are assessed no tariff and above the quota they are subject to a 72 percent tariff. For 2021, Panama’s quota for U.S. onions is set at 975 metric tons (MT) and is set to increase this limit each year by 2 percent indefinitely.

In addition to having no tariffs placed on U.S. onions, Canada and Malaysia have no restrictions on onion exports from the United States. A Phytosanitary Certificate (PC) is required by Mexico, Taiwan, and Panama though to prove that shipments are free from stem nematodes.

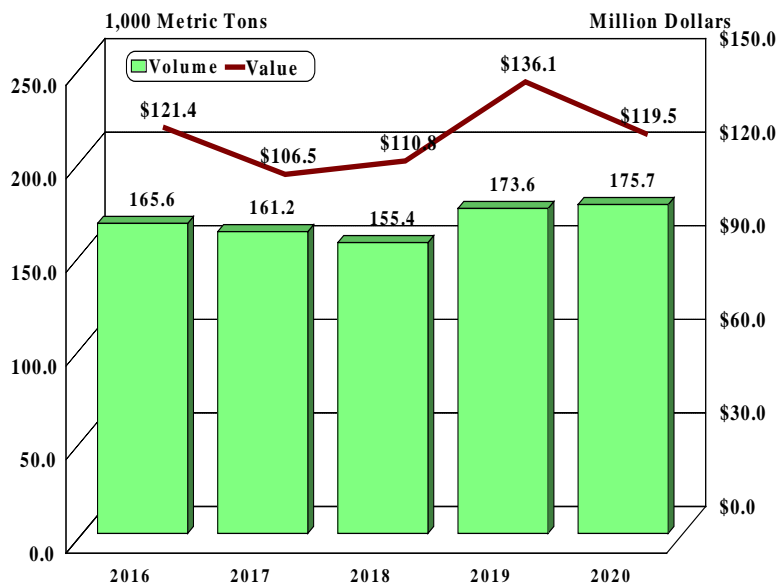
Panama also includes additional technical requirements for onion exports. Shipments of onions must be sold within 120 days of harvesting regardless if the product is refrigerated, if they are stored in 25-30 degrees Celsius (77-86 degrees Fahrenheit), this falls to within 75 days of harvest. Exporters planning to send onions to Panama should take into account these additional technical requirements.

A PC may be obtained by contacting the USDA Animal and Plant Health Inspection Service (APHIS). Contact information for the Texas APHIS is found at: https://www.aphis.usda.gov/aphis/ourfocus/planthealth/sa_export/sa_ecs/texas/.

U.S. Onion Exports to Canada

During 2020, U.S. onion exports to Canada totaled 175.7 TMT valued at \$119.5 million. This is similar to exports during 2019 though value was down, and over 10 TMT higher than the years preceding 2019. The United States is the primary exporter of onions to Canada with over two-thirds of onions imported by Canada coming from the United States. Canada also imports small quantities of onions from Mexico, Egypt, and Peru.

U.S. Onion Exports to Canada, 2016-2020

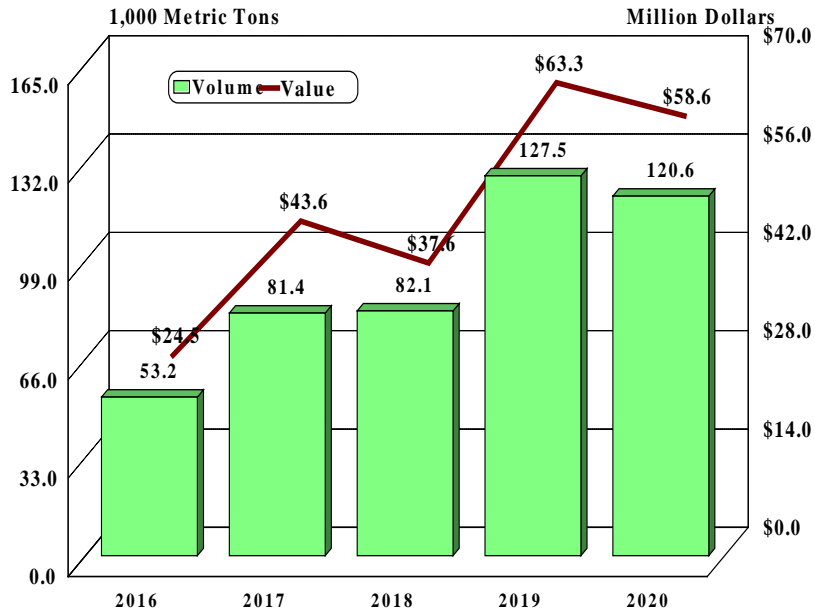


Source: Global Ag Trading System, FAS/USDA

U.S. Onion Exports to Mexico

During 2020, the United States exported 120.6 TMT of onions to Mexico valued at \$58.6 million. While these are both slightly lower than 2019, it was still more than double the volume of onion exports during 2016. A large increase in U.S. onion exports during 2019 was at least partially spurred by a campaign led by Oregon and Idaho to market U.S. onions more in both Mexico and Canada. The United States is also the sole export supplier of onions to Mexico.

U.S. Onion Exports to Mexico, 2016-2020



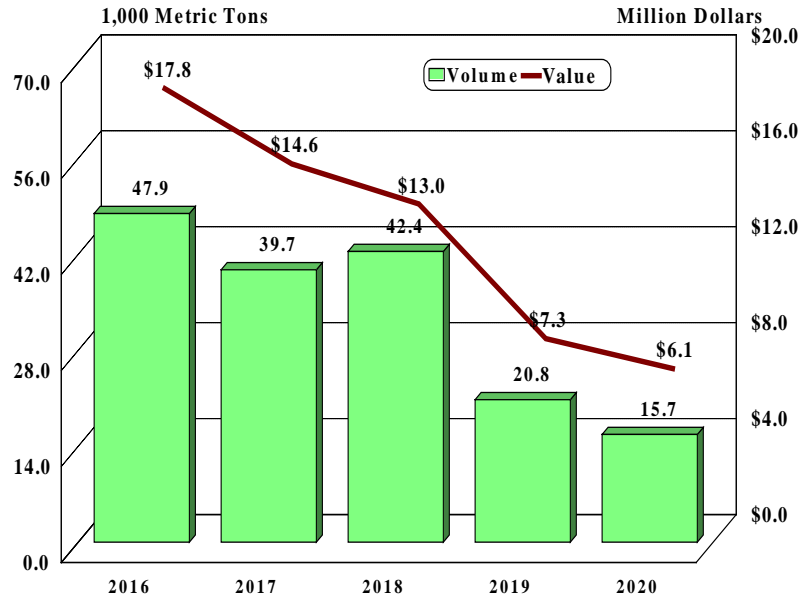
Source: Global Ag Trading System, FAS/USDA

U.S. Onion Exports to Taiwan

Onion exports from the United States to Taiwan sharply declined in 2019 and fell even more during 2020. During 2018, 42.4 TMT of onions were exported from the United States to Taiwan, but during 2020 only 15.7 TMT of onions worth \$6.1 million were exported. This decline in exports can partially be blamed on more frequent and stringent inspections of onions exported to Taiwan, leading to more shipments being rejected for 2019 and 2020. During 2021, onions were removed from the enhanced inspection list for Taiwan.

U.S. onion exports to Taiwan compete mainly against exports from South Korea. New Zealand also exports small amounts of onions to Taiwan.

U.S. Onion Exports to Taiwan, 2016-2020



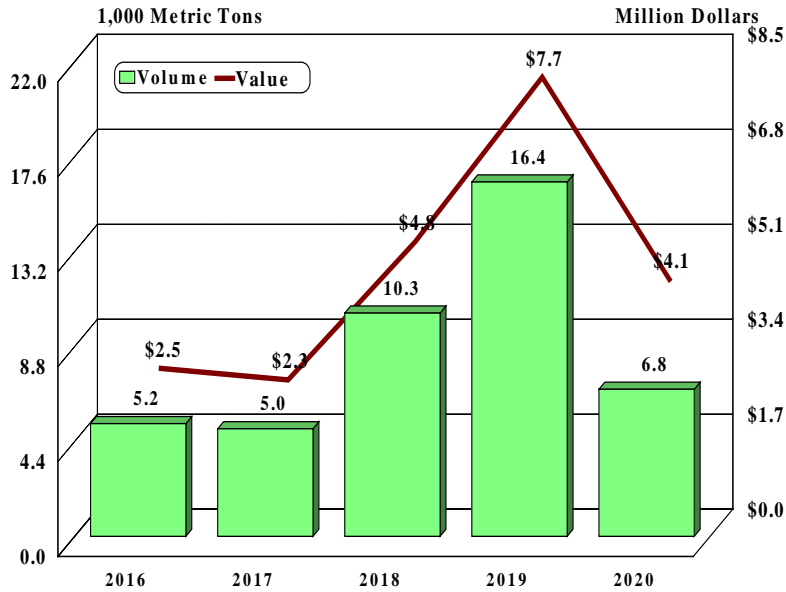
Source: Global Ag Trading System, FAS/USDA

U.S. Onion Exports to Panama

During 2020, Panama imported 6.8 TMT of U.S. onions valued at \$4.1 million. U.S. onion exports were 9.6 TMT less than the year before but similar to exports during 2016-2017. The increase in onion exports was due to decreasing planted acres and unusually poor weather in Panama. During 2019, only 1,100 acres of onions were planted, down from a high of 2,750 acres only a few years prior. This led to the country importing significantly more onions than during years prior.

Panama also receives onions from the Netherlands, Chile, and Peru. Exports of onions from the Netherlands has been similar to volume of U.S. onion exports. Exports from Chile and Peru to Panama are relatively small and are also similar in volume to each other.

U.S. Onion Exports to Panama, 2016-2020



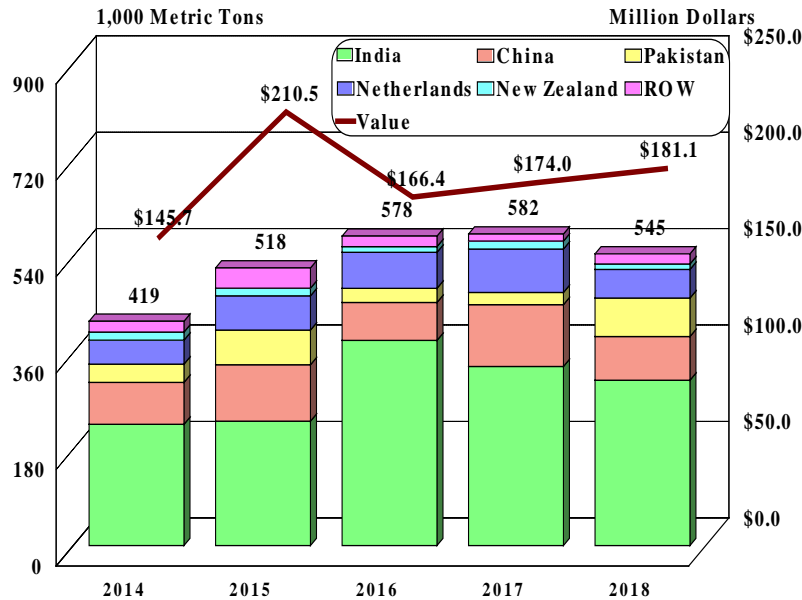
Source: Global Ag Trading System, FAS/USDA

The Malaysian Market for Onion Exports

During 2018, Malaysia imported 545 TMT of onions worth \$181.1 million. Indian onion exports accounted for 308.8 TMT of that and since 2014 has made up 44-58 percent of Malaysia’s onion imports. China follows as the next largest onion exporter to Malaysia with 81.5 TMT of onion exports during 2018. Pakistan exported 71.9 TMT of onions to Malaysia, up 49 TMT from the year before. The Netherlands has also been a major exporter of onions to Malaysia with 53.4 TMT exported in 2018. New Zealand has consistently exported 10-15 TMT of onions to Malaysia.

The United States is already exporting small quantities of onions to Malaysia, 158.3 MT during 2018. This market presence, albeit relatively low, could pave the way for growth in the future. Malaysia imposes no restrictions on imports from U.S. onions which is another benefit and could allow for the U.S. producers to be competitive in the market.

Malaysia Onion Imports, 2014-2018



Source: Global Ag Trading System, FAS/USDA

Conclusion

During 2019, the United States ranked as the sixth largest world exporter of onions and has consistently exported similar quantities of onions as the fourth and fifth largest onion exporters since 2015. Many countries also have similar levels of onion exports resulting in a highly competitive market in which growing exports is difficult, especially since the world's largest onion importer is the United States.

Onion imports by Canada and Mexico are almost entirely from the United States, and the two other largest markets for U.S. onion exports, Taiwan and Panama, are shared primarily with one other supplier. Becoming the primary exporter of onions to Taiwan and Panama would help U.S. exports grow to markets already familiar with U.S. onions. The challenge that arises to make this occur is that Taiwan already receives a large share of their onion imports from South Korea, which has far lower costs of transporting product to Taiwan, and high tariffs on over-quota onion exports to Panama.

There is opportunity for U.S. onion exports to grow to Malaysia where U.S. onions face no tariffs. In addition, Malaysia imports the second largest volume of onions in the world after the United States, so a small share of this market could be a larger increase than becoming the sole supplier to another small market. Similar to Taiwan, high transportation costs relative to competitors in the market could make it difficult for U.S. onions to compete with other countries exporting onions to Taiwan.

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