

Economic Impacts of U.S. Imports of Fresh Produce from Mexico by 2030

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Introduction

Produce imports from Mexico are a major source of economic activity in the Lower Rio Grande Valley of Texas and throughout the United States. Imports of produce and products from Mexico to the United States during 2022, including fresh, frozen, and processed fruits, vegetables, and nuts totaled \$18.7 billion. Just over 98 percent of these imports entered the United States by land ports between Mexico and Texas, New Mexico, Arizona, and California. When considering only fresh fruits and vegetables, which is nearly 89 percent of the total, imports totaled \$16.6 billion. These imports were shipped in 590,906 forty-thousand-pound truckloads. About 55 percent of U.S. fresh fruit and vegetable imports from Mexico entered through Texas land ports, arriving in 325,467 truckloads and worth \$11.6 billion. The most active single port for fresh produce import from Mexico in 2021 was Pharr, Texas with 197,253 truckloads followed by Nogales, Arizona with 144,027 truckloads. Laredo, Texas (75,409 truckloads) and Otay Mesa, California (73,580 truckloads) rounded out the top four.

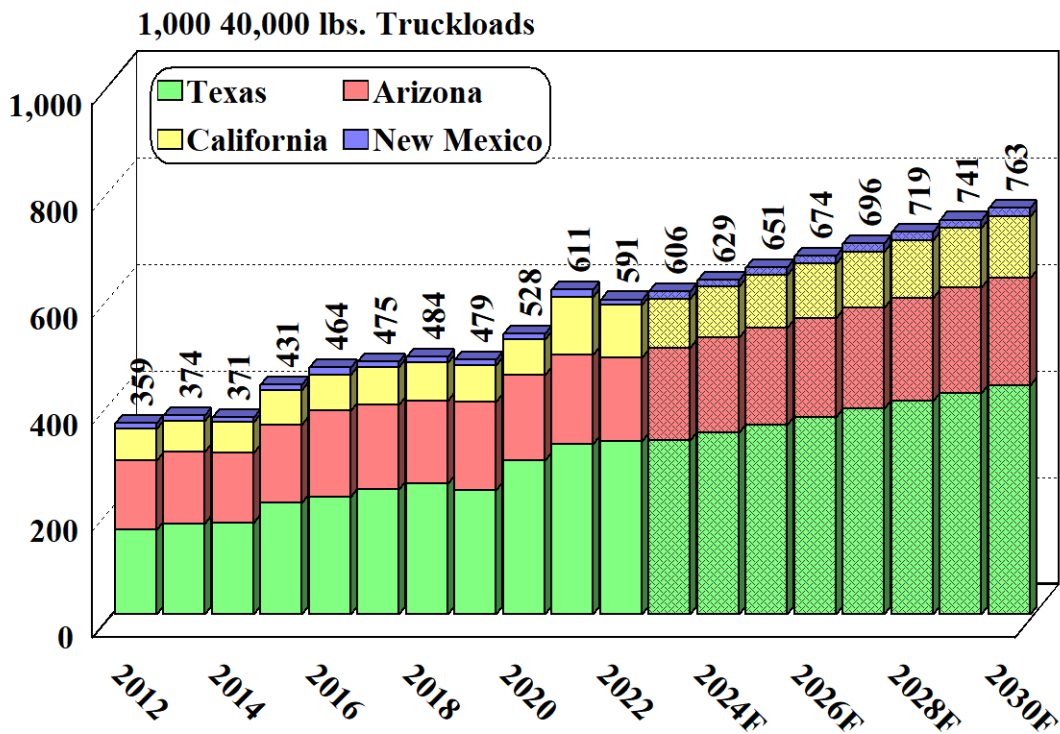
Baseline Projection

Over the next 7 years, produce imports from Mexico are expected to grow, much of this growth coming into the United States via Texas. In an effort to quantify how much U.S. produce imports from Mexico are expected to grow by 2030, a linear trend forecasting approach was used to estimate the volume and flow of imports based upon trends that were present from 2007-2022. Linear trend analysis was conducted to develop a baseline estimate. This is a conservative approach because no significant changes are considered; therefore, it represents a baseline for growth in imports from Mexico and assumes that the future will be reflective of the past. Further it is assumed that the mix of imports will remain relatively stable over the time period.

Based upon the assumptions above, it is estimated the U.S. fresh produce imports from Mexico via truck will increase to 763,416 truckloads by 2030, or 29.2 percent above 2022 levels (Figure 1). Most of this growth will occur through Texas ports with imports expected to grow by 32.4 percent to 430,772 truckloads. By 2030, Texas is estimated to account for 56.4 percent of all U.S. produce imports from Mexico as compared to 55 percent in 2022. Arizona, the second leading state for these shipments, is forecast to cross 201,427 truckloads of fresh produce in 2030, up 28.4 percent from 156,878 trucks which crossed during 2022. New Mexico has a notable increase of 67.1 percent to a total of 16,295 trucks crossing from the 9,754 trucks in 2022. The growth in imports has implications throughout the border economy in general and Texas in particular.

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Figure 1. U.S. Imports of Fresh Produce from Mexico by Truck, 2012-2030F



Source: Agricultural Marketing Service, USDA and Department of Agricultural Economics, Texas A&M University; 2023-2030 forecast based on 2007-2022 model

There are several factors which likely account for the continued expected growth in U.S. import of fresh produce in general and particularly through Texas. One important factor is U.S. interest rates which have been on the rise, causing the dollar to appreciate spurring even greater volume of imports. Further expanding infrastructure of trade services providers in the Lower Rio Grande Valley area has been built to accommodate recent and expected increases in imports, illustrating industry’s belief that increased shipments through Texas are likely to continue for the longer term.

While these estimates are based upon the best available current information and solid assumptions regarding future trends, it is likely that the actual numbers will be slightly different than the forecast. For instance, Arizona and California imports are expected to grow much slower than Texas when considering the combination of decreases in truck crossings due to increasing infrastructure in the Lower Rio Grande Valley and increased demand in the western United States. However, it is possible that either factor is more dominant, leading to either a higher or lower trend during 2023-2030.

Estimated Economic Impacts

The economic impacts of U.S. imports of fresh produce from Mexico at the retail level were estimated using IMPLAN, an economic input/output model. Economic multipliers for each sector of the economy were used to estimate how fresh produce imports from Mexico affects business activity, income and employment in other sectors of the economy that supply inputs and services to the fresh produce supply chain from the moment the products reach the U.S. ports of entry all the way to the retail of those products.

When considering the entire U.S./Mexico border region of Texas, New Mexico, Arizona, and California, there was an estimated \$14.84 billion of direct economic output attributed to produce imports from Mexico during 2022, requiring an additional \$25.96 billion in economic activity from supporting industries for a total economic impact of \$40.80 billion (Table 1). By 2030, this is expected to grow to \$19.17 billion with the leading sectors where import-related output occurred will be retail at \$9.83 billion and wholesale at \$6.96 billion, followed by truck transportation (\$1.92 billion), and other services (\$459 million). This direct output will require an additional \$34.18 billion in economic activity from supporting industries for a total economic impact of \$53.3 billion. Leading supporting industries in 2030 are expected to include real estate with \$2.33 billion, management of enterprises (\$1.22 billion), warehousing and storage (\$905 million), monetary authorities (\$863 million), hospitals (\$847 million), electric power transmission (\$816 million), insurance carriers (\$793 million), petroleum refineries (\$717 million), and employment services (\$606 million).

Total employment in the four-state region and throughout the United States associated with handling fresh produce imports in 2030 is estimated at 318,725 jobs. Most jobs were in retail with 117,996 jobs, followed by wholesale with 32,115 jobs, 12,887 jobs in the transportation sector, 10,215 with real estate jobs, and 8,560 jobs in warehousing and storage.

Table 1. Summary of Economic Activity from U.S. Produce Imports from Mexico over Land Borders, 2022 and 2030 Forecast

	TX/NM/AZ/CA		Texas	
	2022	2030F	2022	2030F
Total Truckloads	590,906	763,419	325,467	430,772
Total Economic Output	Million Dollars			
<i>Retail</i>	\$ 7,614	\$ 9,828	\$ 4,822	\$ 6,377
<i>Wholesale</i>	\$ 5,390	\$ 6,963	\$ 3,322	\$ 4,397
<i>Truck Transportation</i>	\$ 1,485	\$ 1,918	\$ 902	\$ 1,194
<i>Other</i>	\$ 348	\$ 459	\$ 223	\$ 301
Total Direct Economic Output	\$ 14,837	\$ 19,168	\$ 9,269	\$ 12,269
Total Supporting Economic Output	\$ 25,961	\$ 34,176	\$ 16,208	\$ 21,861
Total Economic Output	\$ 40,797	\$ 53,344	\$ 25,478	\$ 34,130
Total Jobs Supporting Produce Imports	268,560	318,725	168,196	204,519

Source: IMPLAN Model Estimation

Economic impacts of produce imports through Texas are also important. Direct economic activity attributed to the produce import industry was \$9.27 billion during 2022, requiring an

additional \$16.21 billion in economic activity from supporting industries for a total economic impact of \$25.48 billion. By 2030, this is expected to grow to \$12.27 billion in direct activity and \$21.86 billion in supporting activity for a total of \$34.13 billion in economic activity throughout the Texas and U.S. economy. Direct output will be led by retail at \$6.38 billion and followed by wholesale (\$4.40 billion), truck transportation (\$1.20 billion), and other services (\$301 million). Real estate (\$1.50 billion), management of enterprises (\$777 million), warehousing and storage (\$582 million), and monetary authorities (\$552 million) will be the leading supporting industries in terms of output.

A total of 204,519 jobs will be required throughout the Texas and U.S. economy to support these import operations during 2030. Retail will require 76,542 jobs, followed by wholesale (20,284 jobs), truck transportation (8,059 jobs), real estate (6,560 jobs), and warehousing and storage (5,509 jobs).

Conclusion

The economic impacts of U.S. produce imports from Mexico on southwestern land ports of entry and the United States are substantial, expected to total \$53.34 billion by 2030 as these imports continue to grow over the next seven years. Additional employment will occur as 318,725 jobs will be required to support this increase in economic activity. For produce imports going through Texas alone, the total economic activity to support the additional imports will be \$34.13 billion, along with 204,519 jobs. Any delays, disruptions, or related barriers to entry of fresh produce causes a ripple effect in terms of economic and employment losses across a wide spectrum of regional economies.



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Table 2. U.S. Produce Imports from Mexico over land borders, 40,000# equivalent loads

BASELINE: Linear Trend Projection for each state and total United States

	Texas	Arizona	California	New Mexico	Total	Texas as % of Total	Texas Growth Rate
2007	101,025	112,327	43,264	6,063	262,678	38.5%	---
2008	105,522	115,609	45,713	4,304	271,147	38.9%	4.5%
2009	123,777	113,495	49,417	6,938	293,627	42.2%	17.3%
2010	133,039	136,031	53,849	6,462	329,381	40.4%	7.5%
2011	148,331	118,389	54,479	6,496	327,694	45.3%	11.5%
2012	158,968	130,019	60,006	10,154	359,147	44.3%	7.2%
2013	171,064	134,168	58,638	10,355	374,224	45.7%	7.6%
2014	172,648	130,549	57,989	9,594	370,779	46.6%	0.9%
2015	209,815	147,191	64,882	9,484	431,372	48.6%	21.5%
2016	221,662	160,602	68,237	13,254	463,755	47.8%	5.6%
2017	235,288	158,951	70,622	10,346	475,207	49.5%	6.1%
2018	245,601	156,423	70,500	11,008	483,532	50.8%	4.4%
2019	233,367	165,819	68,780	11,095	479,060	48.7%	-5.0%
2020	289,409	160,841	66,527	10,854	527,631	54.9%	24.0%
2021	320,429	166,757	109,566	13,737	610,488	52.5%	10.7%
2022	325,467	156,878	98,808	9,754	590,906	55.1%	1.6%
2023	326,423	174,365	92,414	13,167	606,369	53.8%	0.3%
2024	341,330	178,231	95,630	13,614	628,805	54.3%	4.6%
2025	356,237	182,097	98,846	14,061	651,241	54.7%	4.4%
2026	371,144	185,963	102,062	14,508	673,677	55.1%	4.2%
2027	386,051	189,829	105,277	14,955	696,112	55.5%	4.0%
2028	400,958	193,695	108,493	15,402	718,548	55.8%	3.9%
2029	415,865	197,561	111,709	15,849	740,984	56.1%	3.7%
2030	430,772	201,427	114,925	16,295	763,419	56.4%	3.6%

2023-2030 estimates are forecast based on 2007-2022 data.

Source: USDA/AMS Market News Portal - Fruits and Vegetables

	Texas	Arizona	California	New Mexico	Total
Growth from 2022	32.4%	28.4%	16.3%	67.1%	29.2%