Imports gain increasing share of U.S. diet

For decades now, export markets have been touted as the salvation of U.S. agricultural producers. The theory was that with freer trade, consumers from around the world will demand U.S. products. After all most of the world's population is outside the borders of the U.S. and we need to sell into that world market.

We all know how this theory played out in the corn, wheat and rice markets. The trend has been down to flat with only an occasional exception. Even soybeans did not match their 1981 peak until the 1999 crop year. Exports, while significant, certainly haven't produced the promised bonanza.

But what about other products like fruits and vegetables? What is the story there? USDA recently released an Electronic Outlook Report titled "Import Share of U.S. Food Consumption Stable at 11 Percent" which looks at the amount of the food eaten by U.S. consumers that comes from imports. The report may be obtained on the internet at http://www.ers.usda.gov/publications/fau/july03/fau7901/.

The report showed that the average import share of total food consumed in the U.S. rose from 7.8% in the 1981-1985 period to 11.1 percent in the last five years (1997-2001). One of the little talked about consequences of freer trade is the fact that trade is a two way street and the U.S. can be an importer as well as an exporter.

Fresh tomatoes are a good example. In 1990, imports accounted for 20.5% of all fresh tomatoes consumed in the U.S. By 2001 the import share had risen to 35.5%. Likewise for all fruits, fresh and frozen, the 1990 import share was 13.2%, while by 2001 it had risen to 23.1%.

Some of the increase can be attributed to off-season imports from Mexico as well as Central and South America. Likewise improvements in storage and shipping technologies have made such shipments more cost effective than they may have been in the past. The USDA report also attributes some of the increase to "wider U.S. ethnic diet preferences.

The strong U.S. dollar was also cited as one of the reasons for the attractiveness of imported foodstuffs. A strong dollar reduces the prices of imported food items compared to similar U.S. products. If the dollar continues its recent decline against major currencies, it will be interesting to see if this has a dampening effect on the importation of various items in the U.S. food-basket.

Poultry producers and processors can crow about the benefits they have gained from international trade. Poultry exports zoomed from 518 thousand metric tons (tmt) to 2,177 tmt between 1990 and 2002, while imports remained negligible. The willingness of our international customers to purchase the non-breast portions of the chicken have driven this market. Likewise, over the last decade beef and pork producers have seen exports increase at a rate faster than imports although we still import more red meat than we export.

In trade as in any other endeavor, there will be gainers and losers. Our experience in the international food area over the last quarter century is that we have overestimated the benefit of freer trade to U.S. major crop farmers and likely underestimated the impact on fruit and vegetable producers. Livestock and poultry producers may have benefited more than was expected.

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Originally published in *MidAmerica Farmer Grower*, Vol. 21, No. 32, August 1, 2003