

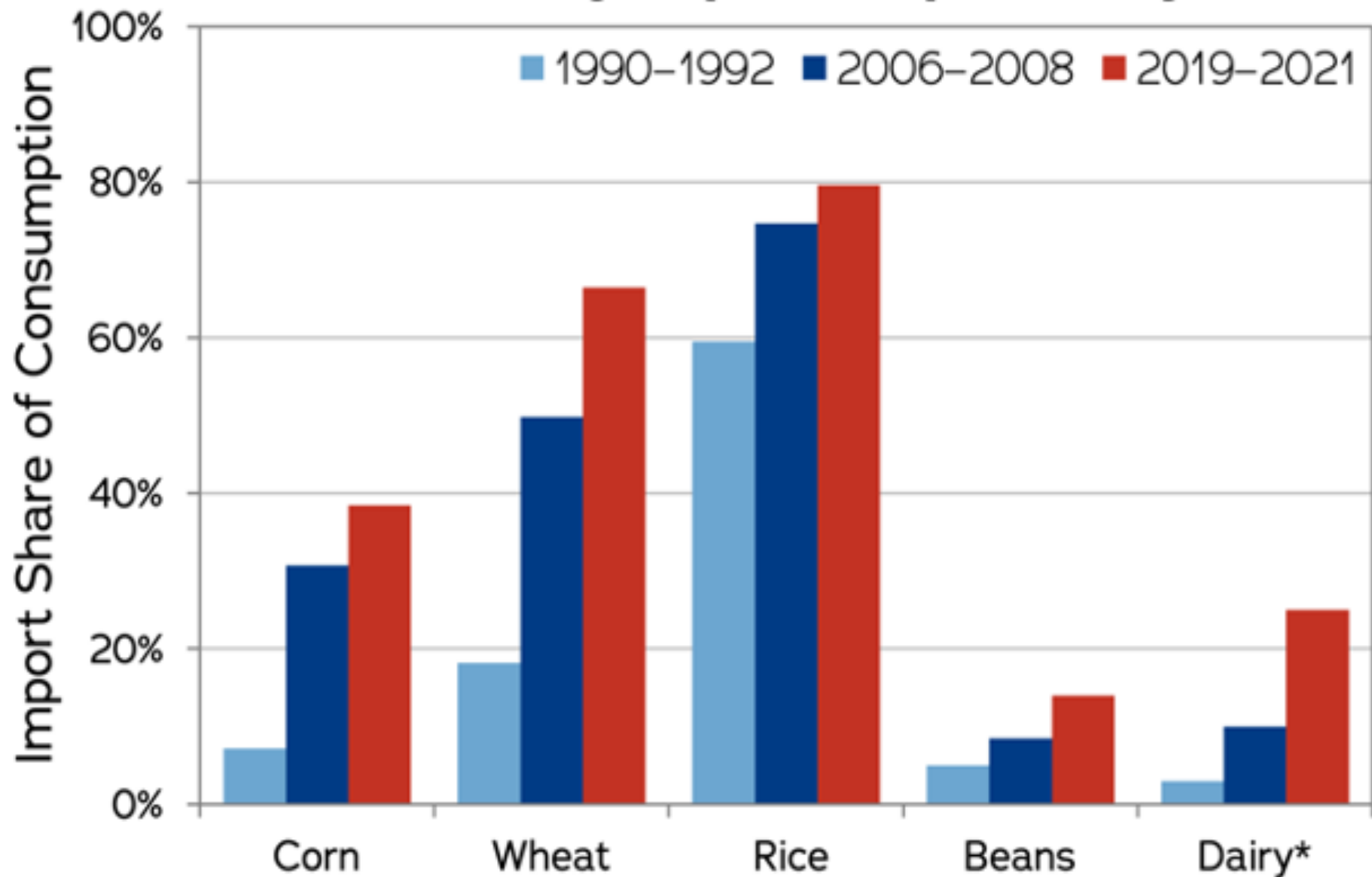
The background of the slide is a close-up, slightly blurred image of several ears of corn. The kernels are a mix of yellow and orange, and the silks are visible in some areas. The overall tone is warm and agricultural.

Swimming Against the Tide: Mexico's Quest for Food Sovereignty in the Face of U.S. Agricultural Dumping

Timothy A. Wise
Institute for Agriculture and Trade Policy

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Mexico: Rising Import Dependency



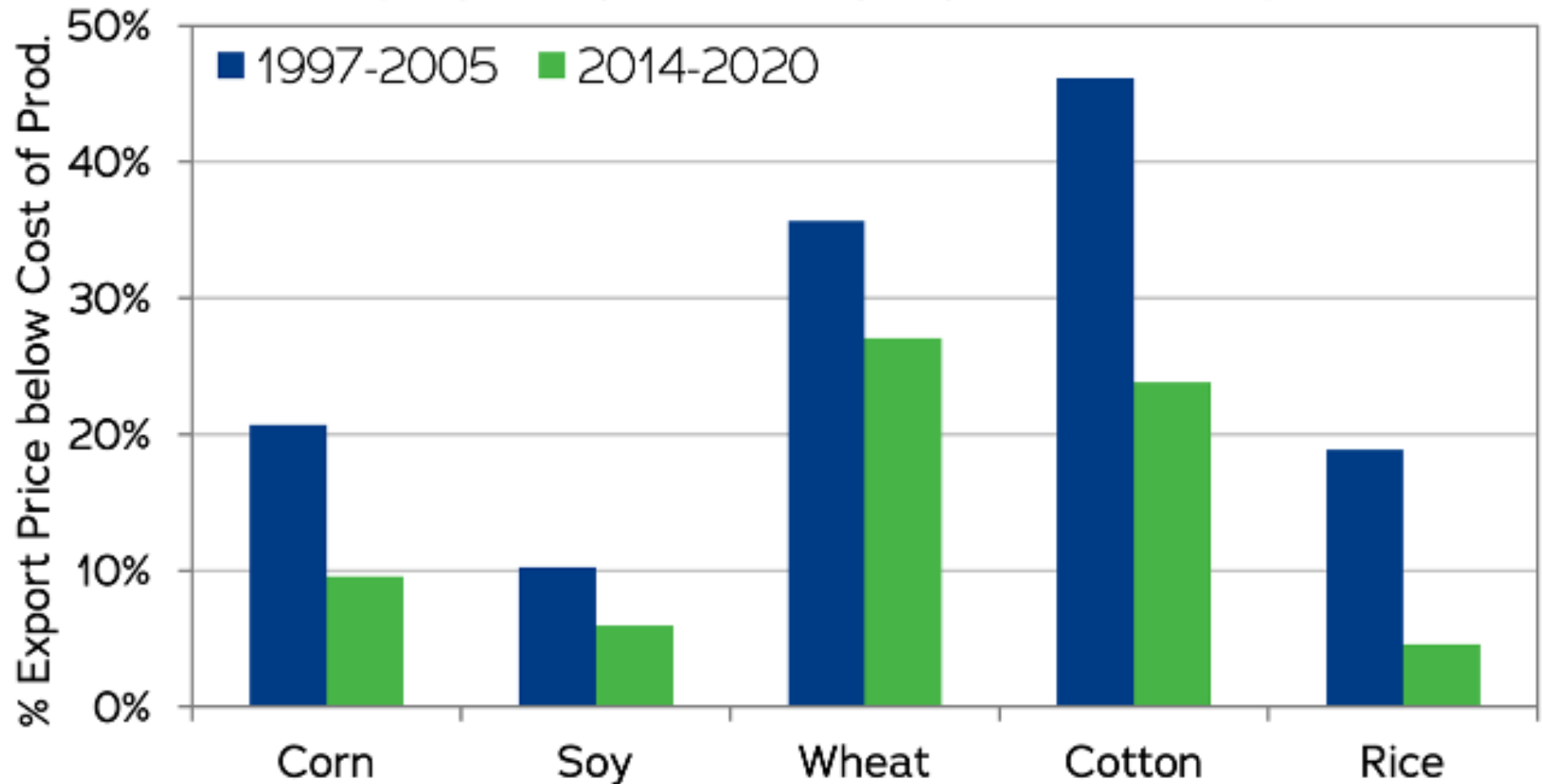
* Calculation ignores non-U.S. imports and Mexican exports

Source: USDA-FAS, PSD Online & GATS, 2023; SAT/SIAT, 2022; FAOSTAT, 2023

US Agricultural Dumping: Unfair Trade

Percentage US export price is below US costs of production
1997-2005 & 2014-2020

U.S. Dumping Margins for Key Agricultural Exports



Source: OECD, 2023; IATP, 2023

Persistence of US dumping

After high dumping 1997-2005, there was a period of higher and more volatile prices 2006-2013 due to:

- US corn ethanol expansion
- Rising commodity speculation
- 2007-8 price spikes and financial crisis

Back to dumping, as markets adjust, overproduction returns:

- US dumping margins 2014-2020 averaged
 - 27% for wheat – cost Mexican farmers \$2.1 billion in lost revenue from depressed prices
 - 10% for maize – cost to Mexican farmers in lost revenue: \$3.8 billion over seven years

US has dumped crops in 16 of the 28 years since NAFTA took effect.

U.S. Dumping on Mexican Producers 1997-2005

	United States		Mexico		
	Exports to	Dumping	Real Producer	Production	Dumping
	Mexico	Margin	Prices (pesos)	volume	Losses
	1990-2 - 2006-8	1997-2005	1990-2 - 2005	1990-2 - 2006-8	1997-2005
	% change	average	% change	% change	millions USD
Corn	413%	19%	-66%	50%	6571
Soybeans	159%	12%	-67%	-83%	31
Wheat	599%	34%	-58%	-7%	2176
Cotton	531%	38%	-65%	-3%	805
Rice	524%	16%	-51%	-8%	67
Beef	278%	5%	-45%	31%	1566
Pork	707%	10%	-56%	40%	1161
Poultry	363%	10%	-44%	133%	455
Total					12832

Source: USDA-FATUS; IATP; Starmer et al. (2006); SAGARPA; losses in constant 2020 USD.

New Findings: Rising imports, continued dumping, \$6b in losses

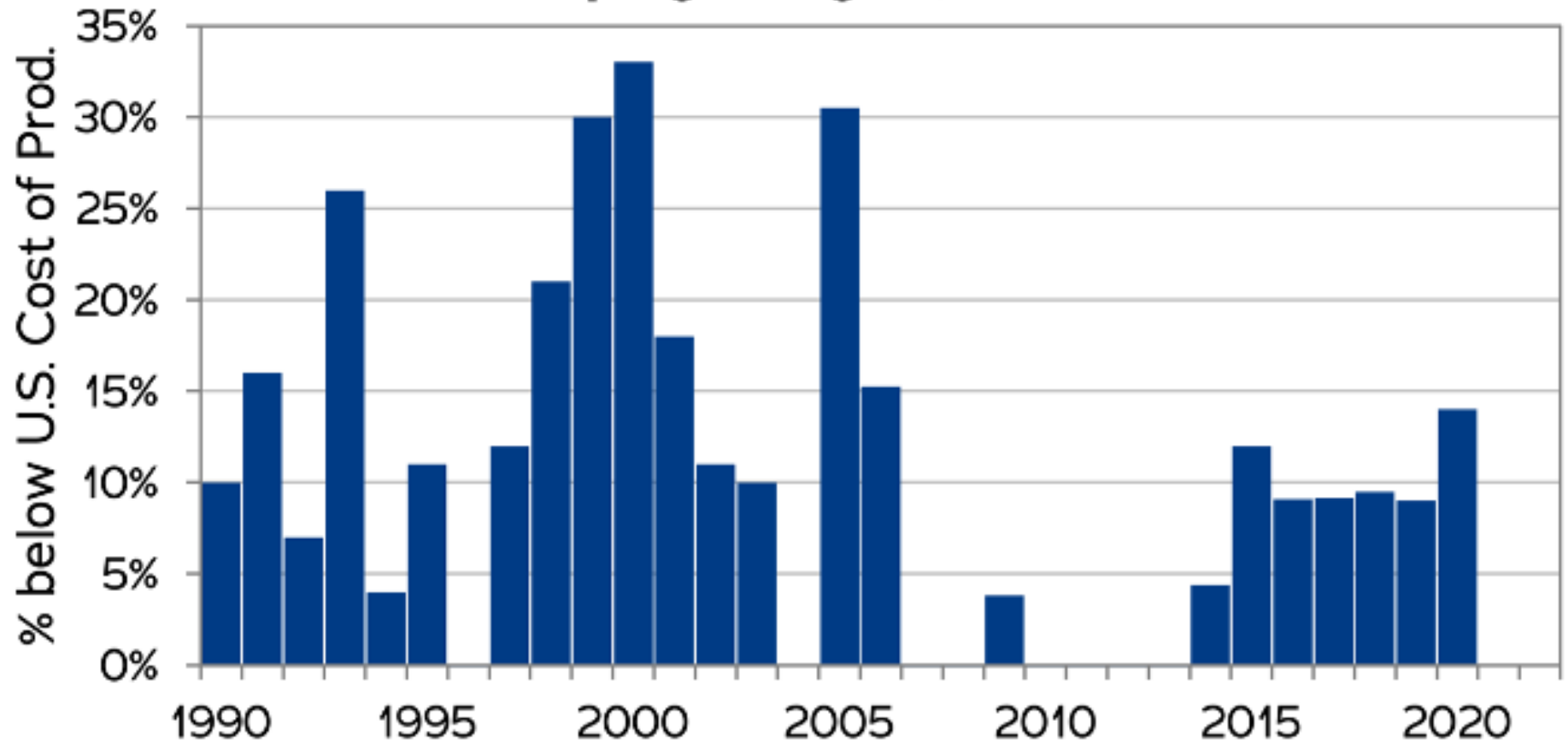
Continued increases impacts on domestic production, import dependence

U.S. Dumping on Mexican Producers 2014-2020

	United States		Mexico		
	Exports to	Dumping	Real Producer	Production	Dumping
	Mexico	Margin	Prices (pesos)	volume	Losses
	2006-8 - 2018-20	2014-20	2003-5 - 2018-20	2006-8 - 2018-20	2014-20
	% change	average	% change	% change	millions USD
Corn	48%	10%	19%	17%	3775
Wheat	26%	27%	34%	-16%	2111
Rice	-8%	5%	27%	-4%	21
Beans	-6%		16%	-10%	
Dairy	239%		-10%	18%	
Beef	-35%		26%	24%	
Pork	179%		-8%	39%	
Poultry	106%		-4%	37%	

Source: USDA-FATUS; IATP; Starmer et al. (2006); SAGARPA; losses in constant 2020 USD.

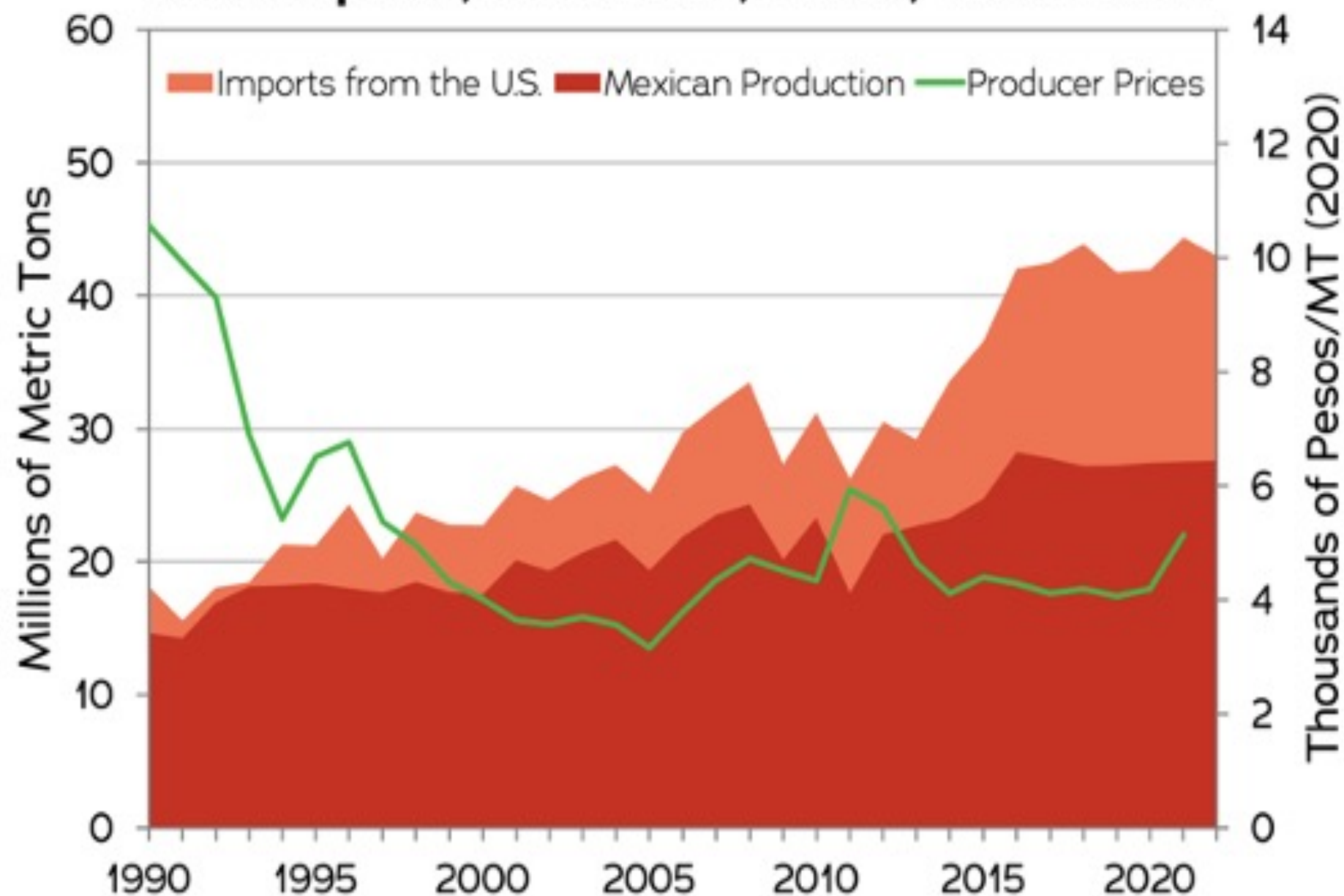
Corn: Dumping Margins, 1990–2022



Source: OECD, 2023; IATP, 2023

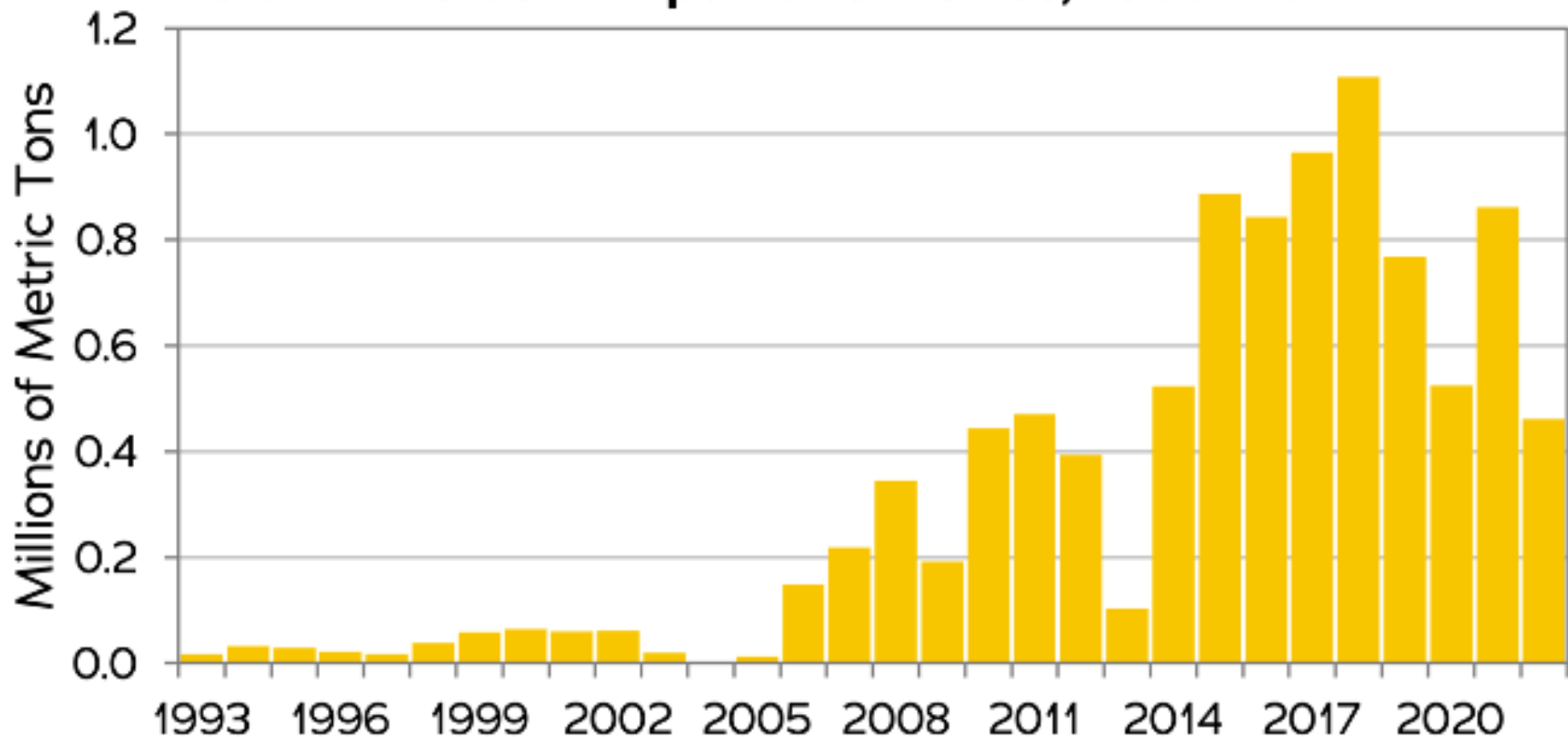
- Dumping high before NAFTA (1994), but less impact in Mexico as imports lower
- Big jump after 1996 US Farm Bill through 2006, when US exports jumped 413%.
- Renewed dumping 2014-20 with continued increases in import dependence, which has grown to 38%.

Corn: Imports, Production, Prices, 1990-2022



Source: USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023

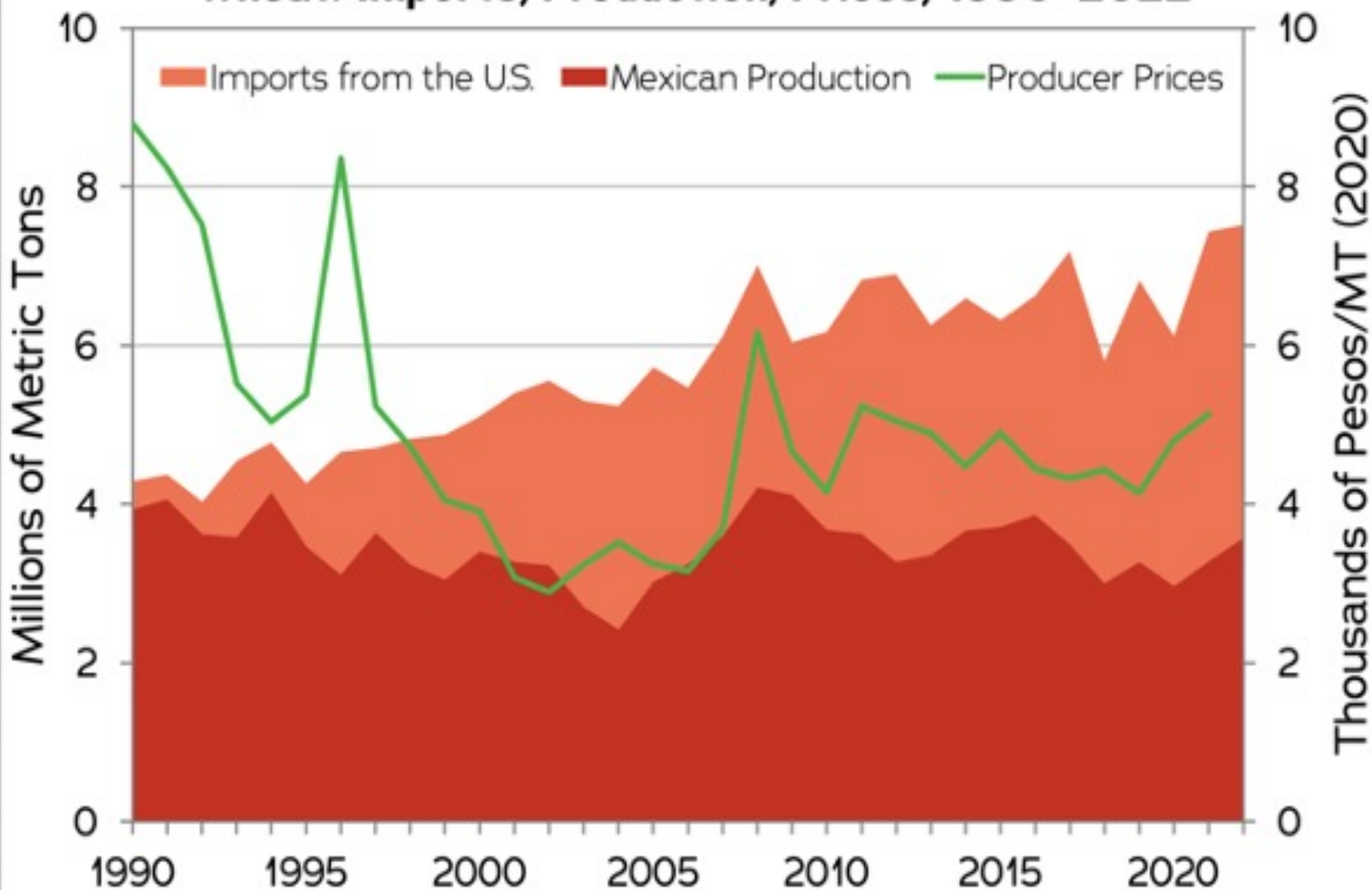
U.S. White Corn Exports to Mexico, 1993–2022



Source: USDA-FAS, GATS, 2023

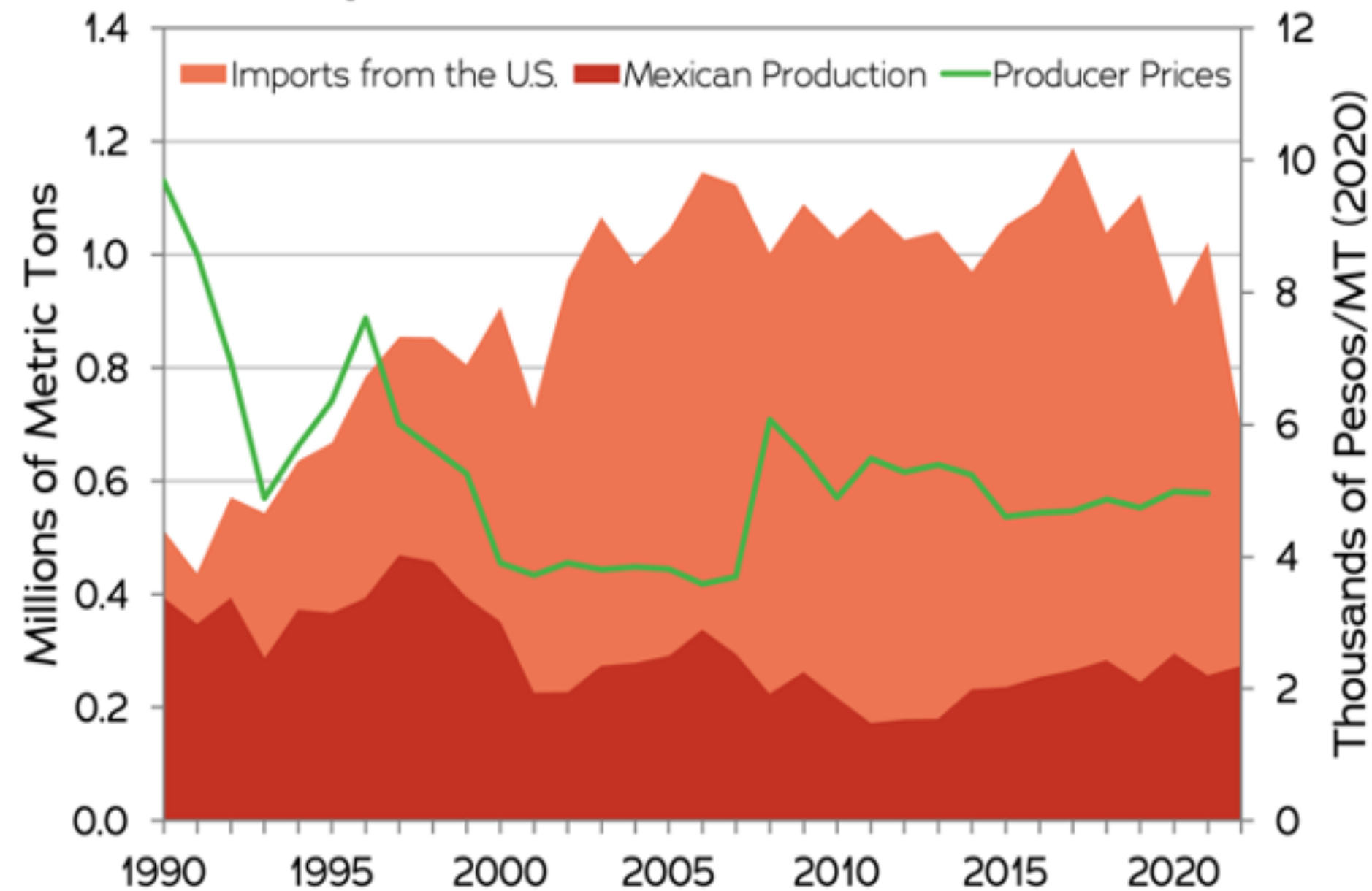
- Vast majority of US exports are yellow corn for animal feed and industrial uses
- US white corn imports represent less than 4% of US corn exports
- They have risen significantly, but they declined in 2020, 2022.
- Restrictions on GM corn use in tortillas affects very small share of US exports.

Wheat: Imports, Production, Prices, 1990-2022



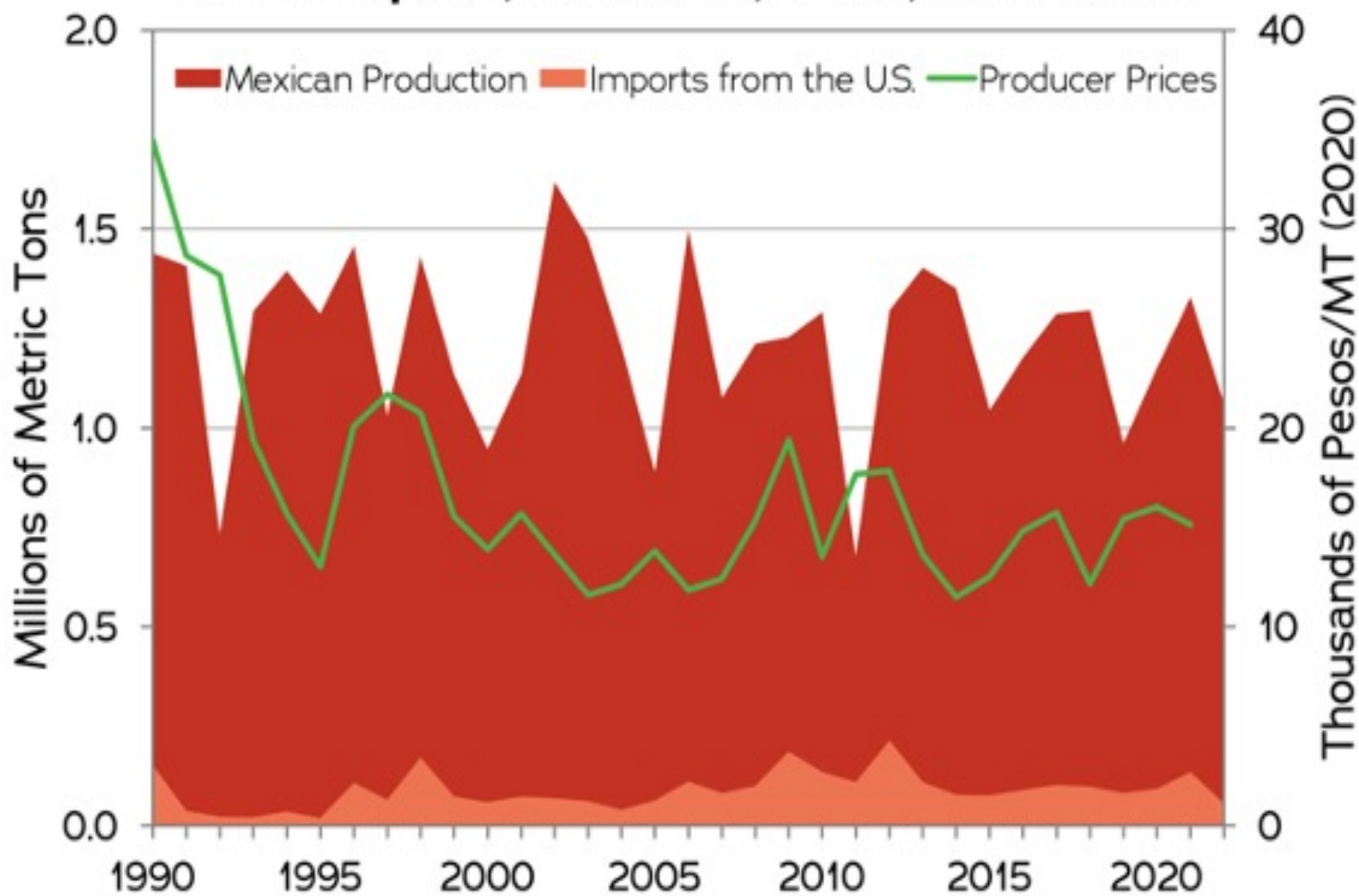
Source: USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023

Rice: Imports, Production, Prices, 1990-2022



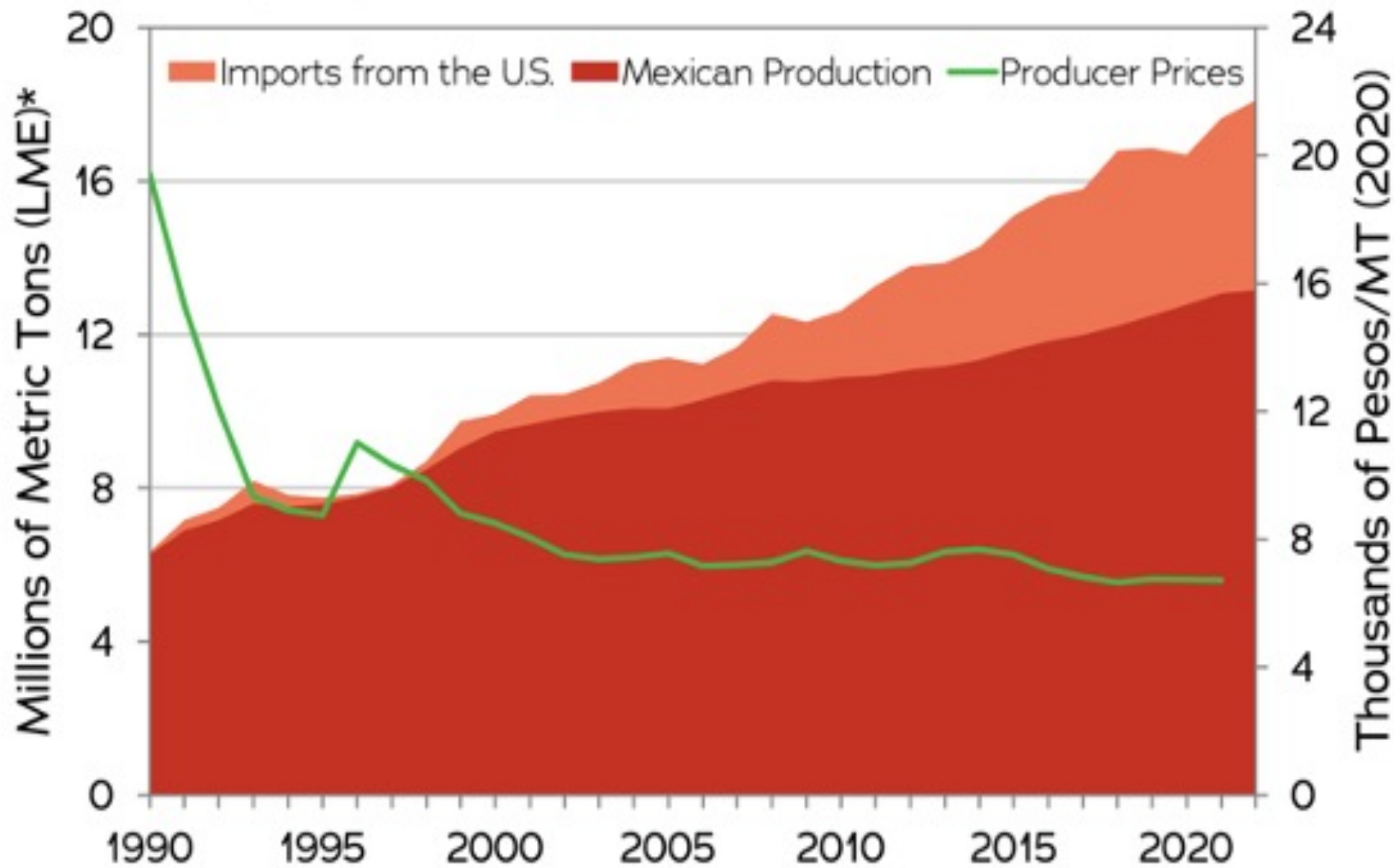
Source: USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023

Beans: Imports, Production, Prices, 1990-2022



Source: USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023

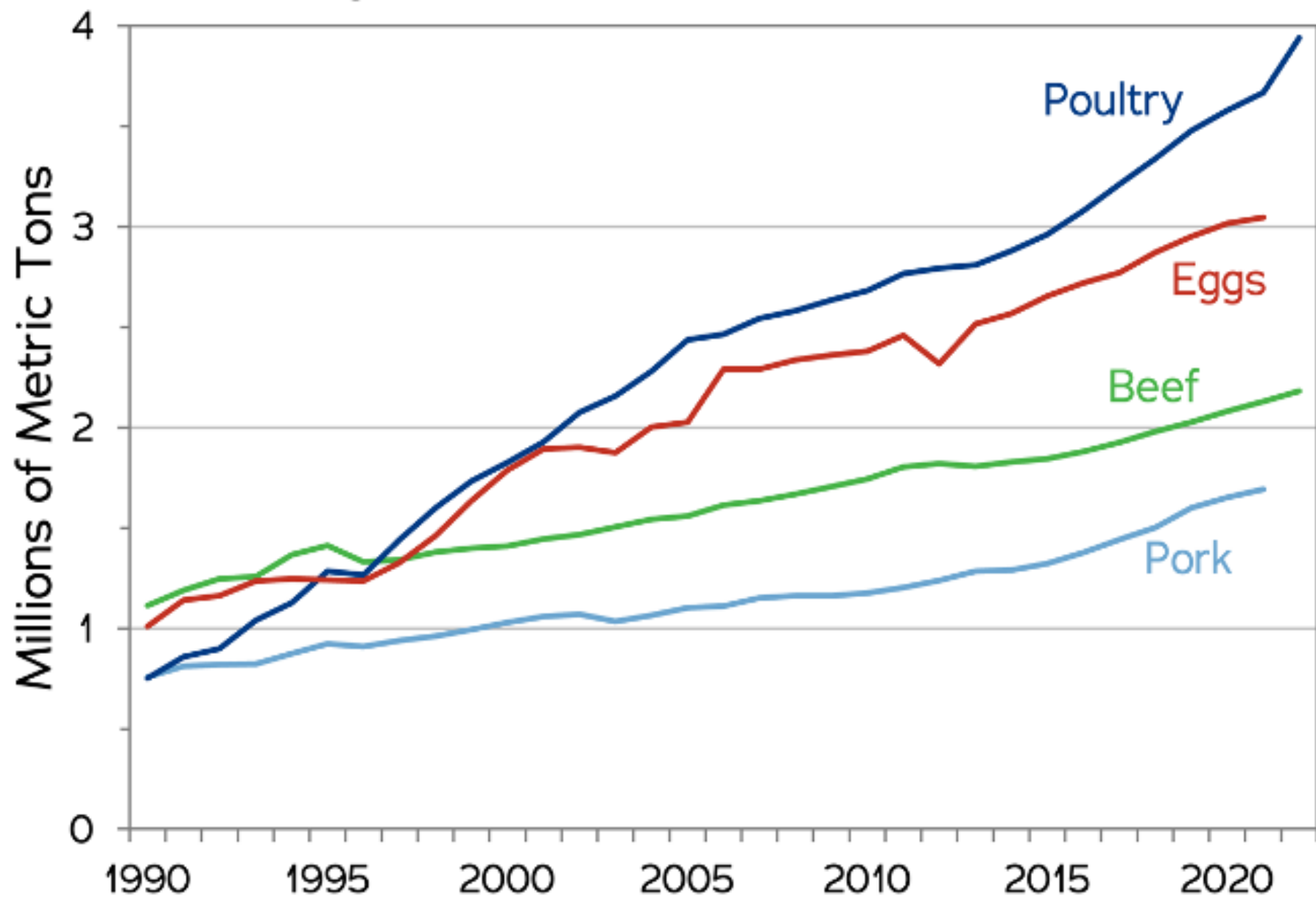
Dairy: Imports, Production, Prices, 1990-2022



* Liquid milk equivalent

Source: USDA-FAS, 2023; SAGARPA, SIAP, 2023

Non-Dairy Livestock Production, 1990-2022



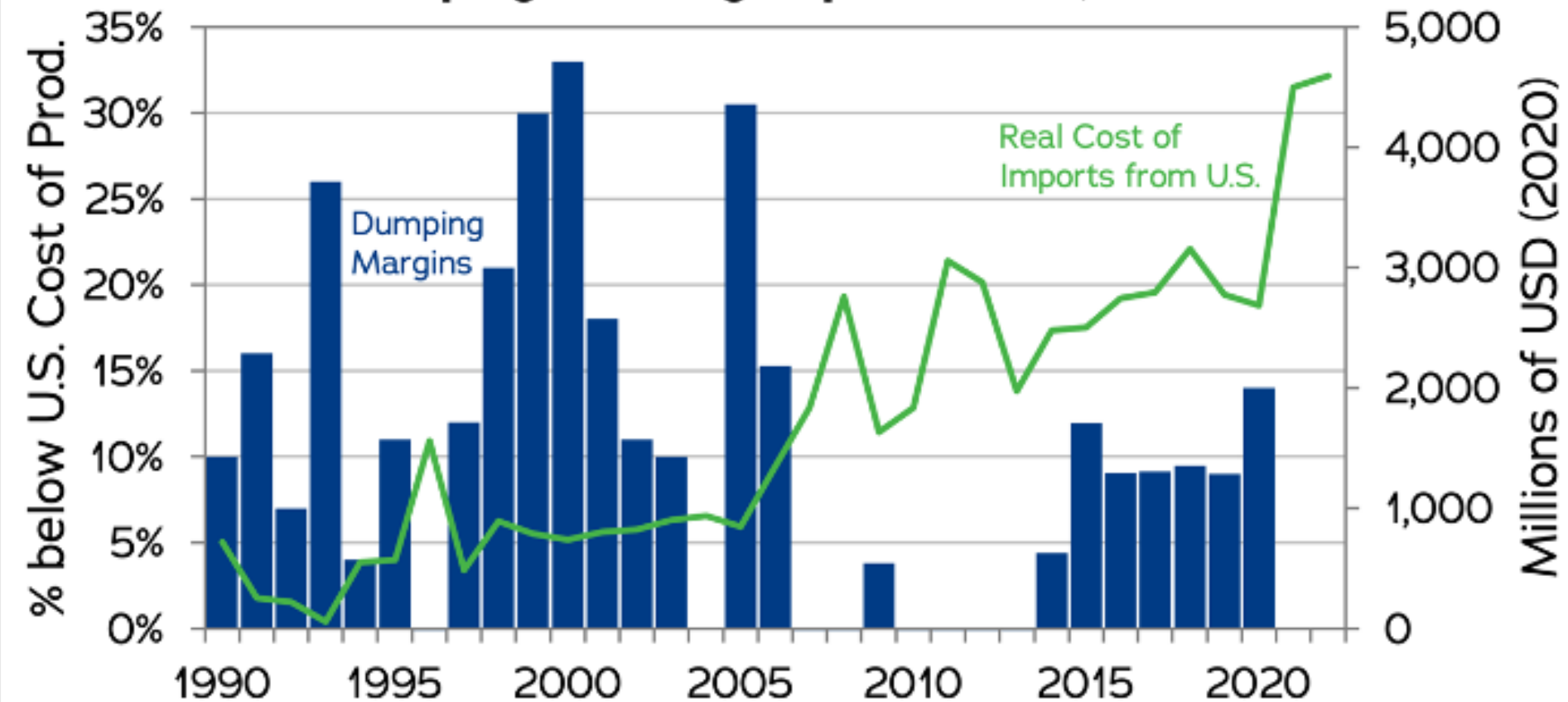
Source: SAGARPA, SIAP, 2023; FAOSTAT, 2023

The Curse of Import Dependence:

Vulnerability to dumping w/low prices; high import cost w/high prices

- Corn imports cost nearly \$5 billion in 2021-2022 with high market prices
- From 2000 to 2021 Mexico's costs of importing corn, wheat, beans and rice jumped sevenfold in nominal terms, from \$979 million to \$7.2 billion

Corn: Dumping & Rising Import Costs, 1990-2022



Source: USDA-FAS, GATS, 2023; OECD, 2023; IATP, 2023

Mexico's Self-Sufficiency Initiatives

Goals to expand domestic production of priority food crops: corn, wheat, beans, rice, dairy.

Key initiatives:

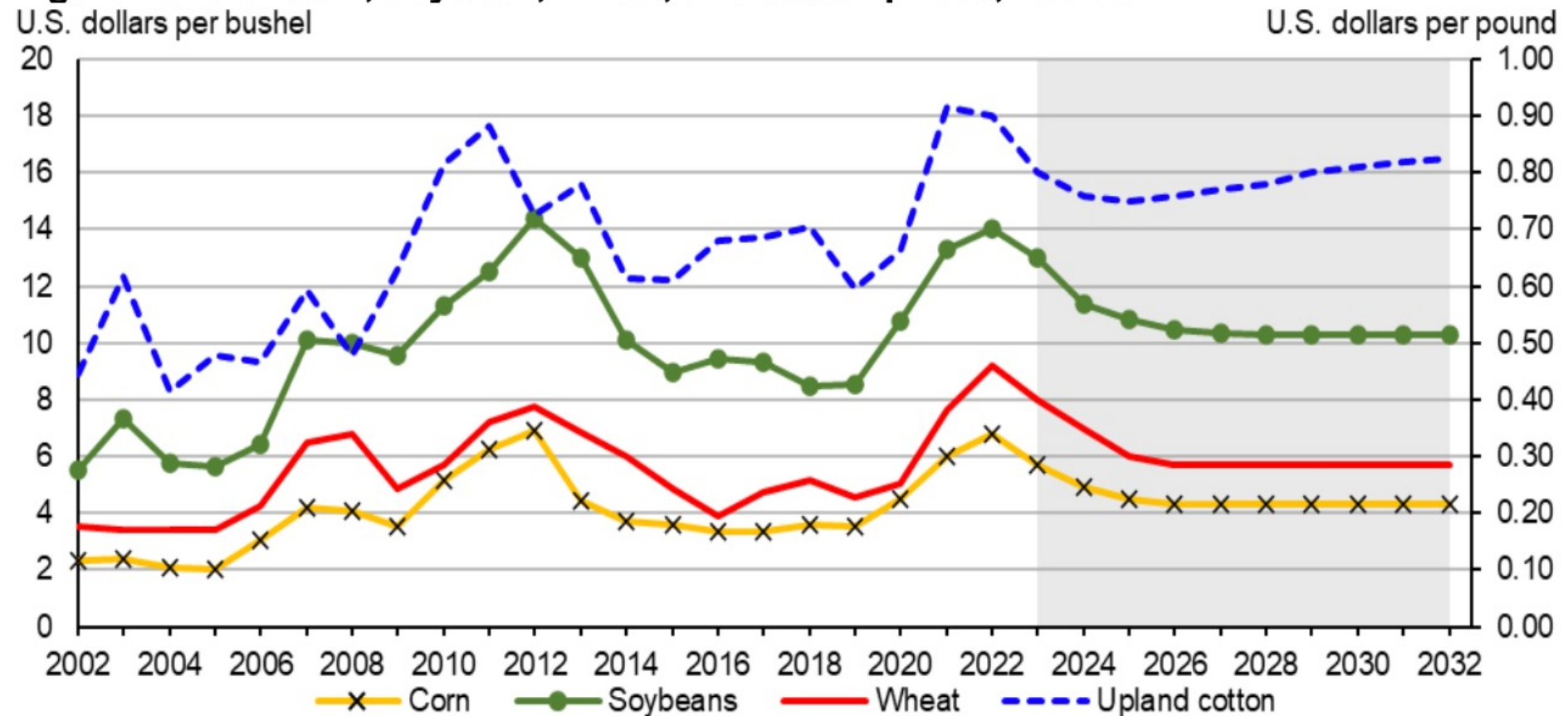
- **Producción para el Bienestar** - shift of agricultural subsidies to small-scale farmers and the promotion of agroecological practices
 - Includes **phase-out of glyphosate**, promotion of biopesticides and biofertilizers, to increase soil fertility on small-scale farms.
- **Sembrando Vida** (Sowing Life) – Large, well-funded agroforestry with smallholders to raise fertility, carbon sequestration and food production.
- **Precios de Garantía** (Price Supports) – to provide smallholder producers of vital food crops remunerative prices while supplying public procurement programs for schools, hospitals, and other public institutions.

Supported by **Right to Health Law** and **Right to Food Law** now before Congress.

Dumping is not a thing of the past

Prices likely to fall again when Russia-Ukraine war ends
(data from FAPRI)

Figure 10: U.S. corn, soybean, wheat, and cotton prices, 2002–32



Note: The shaded region represents the projected period.

Source: USDA, Interagency Agricultural Projections Committee, as of November 7, 2022. Short-term projections are updated monthly in the *World Agricultural Supply and Demand Estimates*.

Conclusions: Swimming Against the Tide

- Import dependence has continued to rise in Mexico since NAFTA, and the Mexican government is right to make it a priority.
- US has again been dumping agricultural commodities at prices below the costs of production.
- US corn and wheat were exported in large volumes at prices 10% and 27% below costs from 2014-20.
- Depressed prices in Mexico cost producers \$6 billion.
- US dumping undermines Mexico's policies to increase domestic production of corn, wheat, rice, beans & milk.
- All respect the spirit and rules of NAFTA/USMCA despite the unfair US trade practices, which do not.



SWIMMING AGAINST THE TIDE:

Mexico's quest for food
sovereignty in the face
of U.S. agricultural
dumping

Written by Timothy A. Wise
May 2023



IATP Policy Report May 2023

By Timothy A. Wise
Senior Advisor

Full report available
May 15, 2023

Executive Summary & presentation: <https://www.iatp.org/documents/swimming-against-tide>

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Figure 1. Aggregate Net Return as a Share of Aggregate Total Economic Cost of Producing Barley, Corn, Oats, Cotton, Peanuts, Rice, Sorghum, Soybeans, and Wheat, US, 1975-2020 Crop Years

