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

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**Mexico: Rising Import Dependency**

- **Corn**
- **Wheat**
- **Rice**
- **Beans**
- **Dairy**

*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

% Export Price below Cost of Prod.

- Soy: 10% (1997-2005), 5% (2014-2020)
- Cotton: 40% (1997-2005), 50% (2014-2020)

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

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

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

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<tr>
<td>Mexico</td>
<td>Margin</td>
<td>Prices (pesos)</td>
<td>volume</td>
<td>Losses</td>
<td>2014-20</td>
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<tr>
<td>Corn</td>
<td>48%</td>
<td>19%</td>
<td>17%</td>
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<tr>
<td>Wheat</td>
<td>26%</td>
<td>34%</td>
<td>-16%</td>
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<tr>
<td>Rice</td>
<td>-8%</td>
<td>27%</td>
<td>-4%</td>
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<tr>
<td>Beans</td>
<td>-6%</td>
<td>16%</td>
<td>-10%</td>
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<tr>
<td>Dairy</td>
<td>239%</td>
<td>-10%</td>
<td>18%</td>
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<td>-35%</td>
<td>26%</td>
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Source: USDA-FATUS; IATP; Starmer et al. (2006); SAGARPA; losses in constant 2020 USD.
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

- Imports from the U.S.
- Mexican Production
- Producer Prices

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

- **Imports from the U.S.**
- **Mexican Production**
- **Producer Prices**

**Source:** USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023
Rice: Imports, Production, Prices, 1990-2022

- Imports from the U.S.
- Mexican Production
- Producer Prices

Source: USDA-FAS, PSD Online & GATS, 2023; SAGARPA, SIAP, 2023
Dairy: Imports, Production, Prices, 1990–2022

- Imports from the U.S.
- Mexican Production
- Producer Prices

* Liquid milk equivalent
Source: USDA-FAS, 2023; SAGARPA, SIAP, 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

*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 Garantia** (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.
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.
IATP Policy Report
May 2023

By Timothy A. Wise
Senior Advisor

Full report available
May 15, 2023

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

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

- Dotted line: without crop safety net payments
- Solid line: with crop safety net payments