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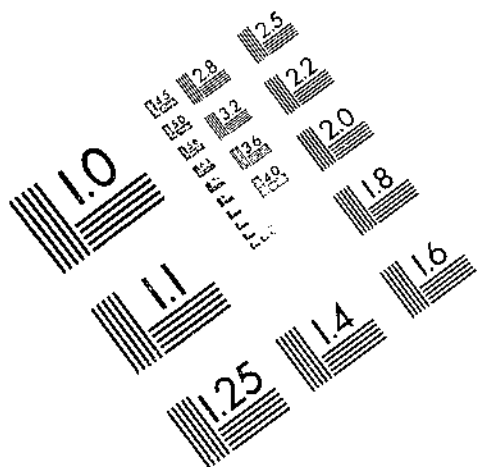
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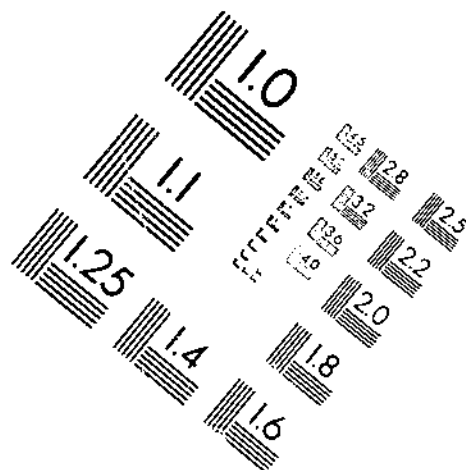
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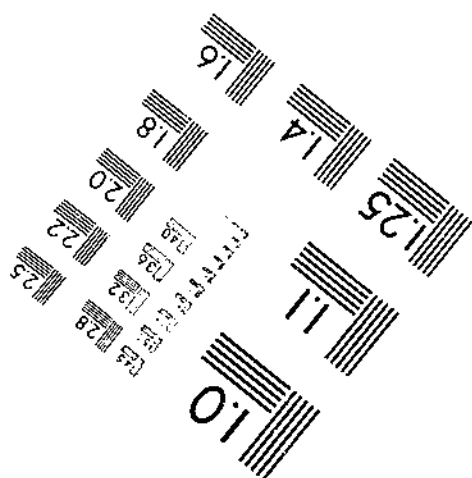
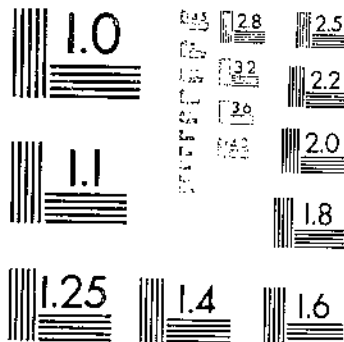
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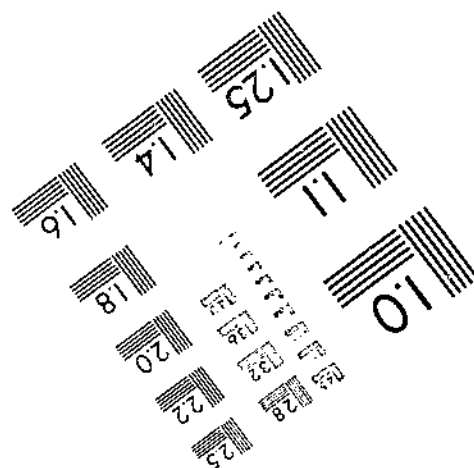
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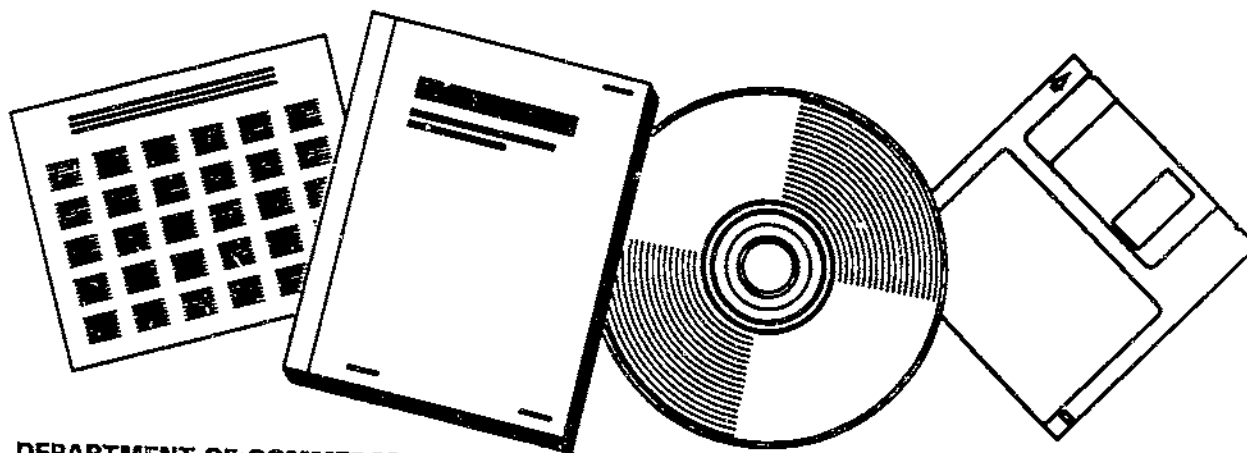
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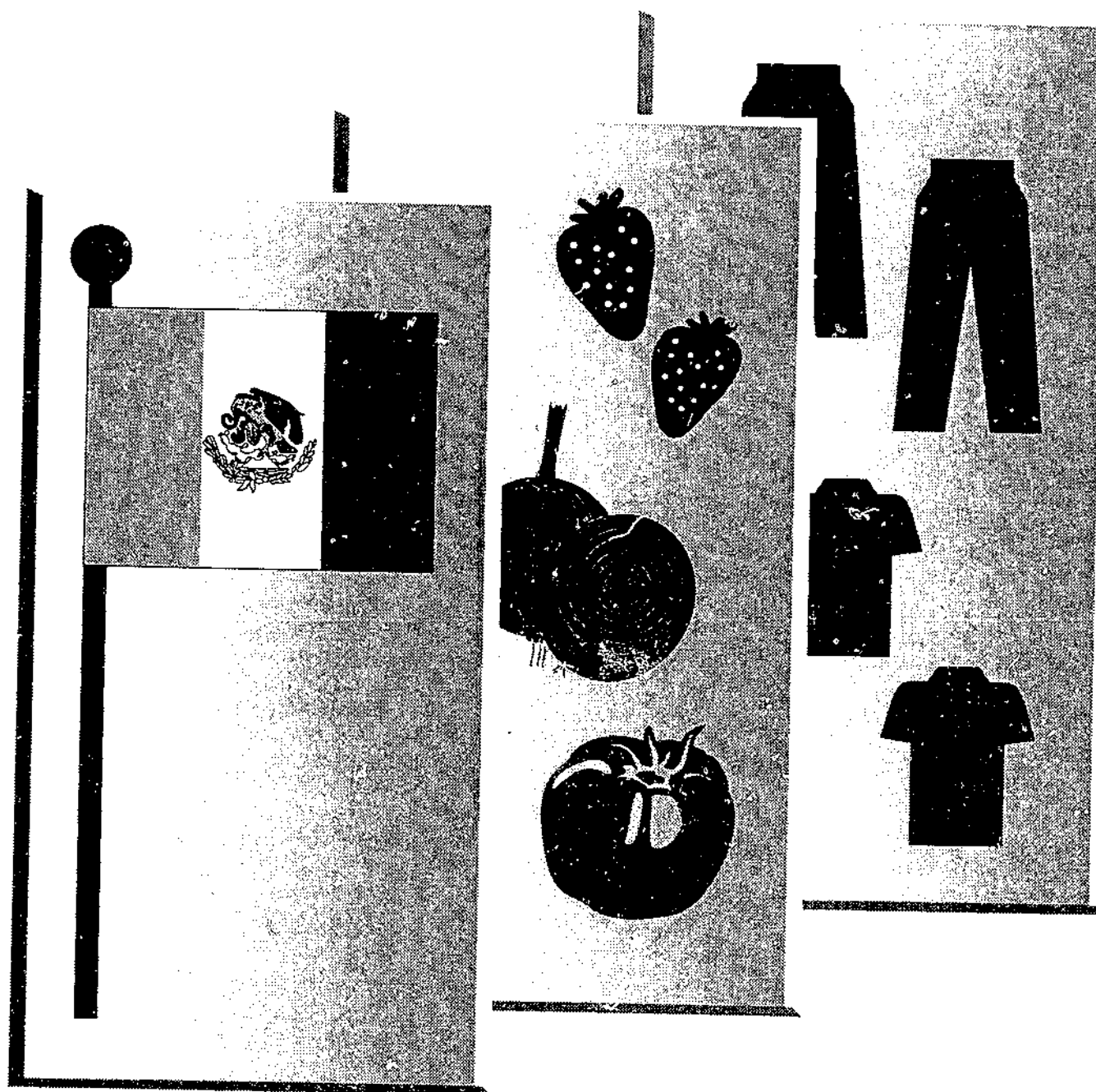
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The U.S. Presence in Mexico's Agribusiness



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Christine Bolling
Constanza Valdes



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Keywords: Mexico, agribusiness, NAFTA, United States, foreign investment.

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Summary



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U.S. investment in Mexico's agribusiness increased five-fold from 1987 to 1992, and may, under the North American Free Trade Agreement (NAFTA), increase even more rapidly during the 1990's. Mexico ranked fifth among host countries for U.S. direct investment in food and agribusiness in 1992, with nearly \$2 billion, up from \$320 million in 1987. Changes in Mexico's land tenure and investment laws have driven the rapid growth. Other contributing factors include economic growth and increased consumption in Mexico, as well as the complementary Mexican production-U.S. consumption of many seasonal fruits and vegetables.

Most U.S. investments in Mexico's agribusiness are in food processing and beverage industries, farm machinery wholesale establishments, and textiles. Other U.S. investments include packing sheds, refrigeration for fresh fruit and vegetables, restaurants, and grocery stores. This report reviews U.S. investments in Mexico, the reasons for those investments, and their impact on U.S. and Mexican agriculture.

The United States is Mexico's largest investor, accounting for approximately 70 percent of Mexico's total foreign investment. The more visible U.S. investments include ownership of fast food chains, poultry processing, tomato products, soft drinks, agricultural chemicals, and agricultural machinery. U.S. food processing giants Nabisco, Campbell's Soup, Hershey's, and Tyson Foods, for example, have plants in Mexico.

The textile and apparel industries have attracted \$70 million in U.S. investment through the *maquiladora* system, importing raw materials to bonded warehouses and producing finished goods for export. *Maquiladoras* in the apparel industry grew from 117 plants employing 18,000 workers in 1981 to 304 plants employing 43,000 workers in 1990. Standardized apparel like bluejeans, underwear, and men's shirts are most often produced in *maquiladoras*, as are household products like sheets and towels.

Until 1992, foreign investment in Mexico's agricultural land was prohibited. As a consequence, the Mexican agricultural production sector attracted little foreign investment. According to the U.S. Department of Commerce, U.S. investment in Mexico's agricultural land was only \$5 million in 1992, with horticulture the largest recipient.

Many U.S. investors in the food industry see Mexico as a growing market as its economy expands and consumers improve their diets. Mexico's population of 89 million (1992) has been growing about 1.9 percent per year. The migration of the population from the countryside to urban areas has enhanced consumer demand for food. Real GDP has also been growing since the late 1980's, increasing 2.6 percent in 1992. Mexican consumers are beginning to favor higher valued products, such as meats, milk, fruits, and vegetables over grains and beans. As a result, most domestically produced food products stay in Mexico to meet domestic consumption. Eighty percent of Mexican horticultural production, for example, is for the Mexican domestic market rather than for export.

Fresh tomatoes and tomato paste, green onions, lettuce, asparagus, broccoli, cauliflower, melons, strawberries, poultry, and beef are some of the agricultural products most affected by U.S. investment in Mexico. Most fresh tomatoes and green onions imported into the United States are imported from Mexico, particularly in the U.S. offseason. Frozen broccoli from Mexico comprises 61 percent of U.S. consumption. Fresh cauliflower and broccoli represent a niche market for a unique season of the year, but represent a small share of the U.S. market.



The U.S. Presence in Mexico's Agribusiness

Christine Bolling and Constanza Valdes

Introduction

In the mid-1980's, Mexico's Government made a fundamental change in its economic policies to promote growth and development. After decades of inward-looking policies, Mexico began liberalizing its policies to become a more market-oriented economy and changing its laws to accommodate foreign direct investment. For example, foreign companies had been required to receive prior approval of the Mexican Commission on Foreign Investment for all investments, but now are allowed to invest up to \$100 million without prior approval. Land corporations may now acquire land legally, with some acreage restrictions. In addition, Mexico's small farmers (*ejidos*) may now legally rent or dispose of their land (with some limitations).

The United States is Mexico's largest investor, accounting for approximately 70 percent of Mexico's total foreign investment. U.S. direct investment in Mexico's food industry and agribusiness rose from \$320 million in 1987 to nearly \$2 billion by 1992, reflecting the change in Mexico's foreign investment policy (table 1).

The more visible U.S. investments include ownership of fast food chains, poultry processing, tomato products, soft drinks, agricultural chemicals, and agricultural machinery. Most investment has been in food processing rather than agricultural production. U.S. food-processing giants Nabisco, Campbell's Soup, Hershey's, and Tyson Foods, for example, have plants in Mexico. The textile and apparel industries have attracted \$70 million in U.S. investment through the *maquiladora* system, importing raw materials to bonded warehouses and producing finished goods for export.

Until 1992, foreign investment in Mexico's agricultural land was prohibited. As a consequence, the Mexican agricultural production sector attracted little foreign investment. According to the U.S.

Department of Commerce (1993), U.S. investment in Mexico's agricultural land was only \$5 million in 1992, with horticulture the largest recipient.

With NAFTA and the rapid change in foreign direct investment in Mexico's agribusiness, it is important to clarify what U.S. investments have been made and some of the reasons for those investments. This report identifies the factors affecting the growth in U.S. direct investment in Mexico's agribusiness, the trends in U.S. investment in the sector during the 1980's and early 1990's, and the marginal effect of a hypothetical shift in U.S. investment funds from the U.S. economy to the Mexican economy.

Factors Affecting U.S. Investment in Mexico

Conditions in Mexico have favored increased investment during the past 5 years. Mexico's changing economic policies complemented other favorable conditions, including (1) Mexico's growing population and market for consumer goods; (2) Mexico's warmer climate, which allows offseason

Table 1—Foreign direct investment between Mexico and the United States, 1992

Category	U.S. direct investment in Mexico	Mexico's direct investment in the United States
	Million dollars	
All Industries	13,330	1,184
Food industry	1,340	69
Other agribusinesses	554	NA
Total food and agribusinesses	1,894	NA
Agricultural land	5	262

NA = Not available.

Definition of Terms

Agribusiness is defined here to include agriculture, forestry and fisheries, the food and beverage industry, agricultural chemicals and machinery, cotton and woolen mills, wholesale agricultural products, retail grocery stores, and restaurants. The U.S. Department of Commerce Standard Industrial Classification (SIC) codes were used as a definitional guide.

Foreign direct investment (FDI) is the investment by a company, group, or individual in new facilities, existing enterprises, a share of an existing enterprise, or land or natural resources within another country. Foreign direct investment is defined by the U.S. Department of Commerce as an investment of 10 percent or more in an enterprise. Such investment usually represents an attempt by the investor to gain some influence or control in the decisionmaking of an enterprise.

Portfolio investment is an investment of less than 10 percent, motivated by the potential return on investment rather than by the desire to influence the management of the enterprise.

production and exports to the United States; and (3) developments in Mexico's macroeconomy, such as Mexico's devaluation of the peso and continued current account deficit.

Mexico's Land and Foreign Investment Policies

Mexico's economic policies shifted dramatically during the 1980's. Mexico's macroeconomic and trade policies of the early 1980's were characterized by import substitution, high public spending, subsidies, and government intervention. Since 1982, Mexico has undertaken significant policy reform including relaxed foreign investment regulations, some liberalization of agricultural markets, and privatization of public enterprises. Government intervention in the agri-food sector has diminished as Mexico has sold off government enterprises, eliminated or reduced subsidies to producers, consumers, and the food industry; reduced international trade barriers; eliminated the price support system; and deregulated foreign investment.

Before the late 1980's, three basic laws shaped Mexico's policy toward foreign direct investment in land and agribusiness: the Land Tenure Law, Article 27 of the 1926 Organic Law, and the 1973 Law to

Promote Mexican Investment and Regulate Foreign Investment.

The 1910 Mexican Revolution fostered the *ejido* system of collectively held land. Massive landholdings were redistributed to the people through the Land Tenure Law. The agrarian legal structure protected small farmers' rights and prevented abuses by the Church and other large landholders from recurring (Cook and others, 1991). However, the Land Tenure Law restricted the small farmer's (*ejidatario's*) ability to enter into production agreements since *ejido* land could only be inherited, but not bought, sold, or rented. *Ejido* land now comprises 75 percent of Mexico's total crop area and nearly half of its total land area.

Before the late 1980's, farm size in Mexico was limited by law. A farmer was allowed 100 hectares of irrigated land for row crops or 300 hectares of irrigated land for orchards. Cattle ranches were allowed to have the acreage needed to support 500 head. Article 27 of the 1926 Organic Law prohibited stock corporations from acquiring, owning, or running farms, and set legal limits on foreign ownership of land in Mexico.

The 1973 Law to Promote Mexican Investment and Regulate Foreign Investment established limits on foreign companies' investment in Mexican enterprises, which generally could not exceed 49 percent. Investment approval had to be granted by the National Commission of Foreign Investment (CNIE) and registered with the National Register of Foreign Investment (RNIE).

Much extralegal foreign investment occurred in Mexico because of the laws' lack of clarity and enforcement (Cook and Schweidel, 1992). Grower-shippers from Salinas Valley, California, for example, farmed with a Mexican partner, known as a "presta nombre," in a 49/51-percent company.

Land was rented, despite prohibitions on rental of *ejido* land. In Mexicali, Mexico, for example, farms of 700-1,600 hectares benefited from arrangements with "presta nombres." *Ejidatarios*, who own the land in plots of 20 hectares or less, serve as foremen of the large farms formed from their land.

Ejidos may now legally rent or sell their land because of changes in Mexico's laws in 1992. The 100-hectare limitation on irrigated land is maintained, but farmers are allowed to form corporations with up to 25 members. Thus, corporate farms may legally

manage up to 2,500 hectares of irrigated land. Land corporations may also acquire up to 25,000 hectares (Cook and Schweidel, 1992). These limitations apply to both Mexican and foreign investors. Foreign individuals can now buy land in Mexico outside the restricted zone, defined as 100 kilometers from the borders and 50 kilometers from the coast. A nonresident needs permission from the Secretary of Foreign Relations to purchase land.

As a result of the May 1989 "Regulations on Foreign Investment," foreign investors may establish new enterprises in Mexico and may hold up to a 100-percent stake in "unrestricted" economic activities. Unrestricted economic activities include food, beverages and tobacco, textiles, clothing, leather, paper products, restaurants, and hotels. Taken together, these economic activities comprise two-thirds of Mexico's economy. Investment project approval, however, must still be granted by the National Commission of Foreign Investment (CNIE). The new regime requires that any new investment in food processing, for example, be complementary and not displace or enter fields that are adequately covered by Mexican firms, and that it contribute to the growth of less developed regions of Mexico. In reality, however, foreign firms often compete with domestic Mexican companies. Industrial projects are required to obtain prior approval from the CNIE, but approval will be automatically granted if the CNIE does not respond within 45 working days.

Approval will be granted upon registration with the National Registry of Foreign Investment for projects that meet the following criteria:

- (1) The investment in fixed assets, prior to operations, does not exceed the peso equivalent of \$100 million. Larger investments will probably be authorized, but prospective investors must inform the authorities to make sure all necessary infrastructure is available.
- (2) The investment must consist of foreign funds. Foreign investors already established in Mexico may use funds held in Mexico. Shareholders' equity must be equal to at least 20 percent of the investment in fixed assets at the end of the startup stage.
- (3) The industrial or manufacturing facilities of the new companies must be located outside zones designated as high-density industrial areas.
- (4) Companies must maintain an overall favorable foreign exchange balance during the first 3 years of operation.

(5) Permanent jobs must be created as a consequence of the new investment. Companies must establish continuing training and education programs to promote development of employee skills.

(6) The investor must use appropriate technology and comply with environmental requirements.

The Maquiladoras

The *maquiladora* program, once used to circumvent Mexico's strict laws on foreign direct investment, continues to combine the inexpensive labor available in Mexico with inexpensive capital from abroad. *Maquiladoras*, instituted by the Mexican Government in 1965, are mostly foreign-owned, principally by companies in the United States, Japan, Sweden, France, Canada, Taiwan, Hong Kong, and Korea. *Maquiladoras* operate in Mexico under special customs treatment and liberal foreign investment regulations in order to promote exports. *Maquiladoras* import machinery, equipment, machinery parts, raw materials, and other components into Mexico duty-free and on a temporary "in-bond" basis. Finished products, once assembled, are exported. U.S. companies embarked on the *maquiladora* program in the mid-1970's when increased competition from Asian-produced goods in the United States demanded competitive production costs.

The *maquiladora* program is being liberalized. *Maquiladoras* first had to be located within 20 kilometers of the U.S. border, but now can be located anywhere except in the major urban areas of Mexico City, Monterrey, and Guadalajara. These firms may also sell up to 30 percent of their output in the domestic market. Licensing of products is also easier now.

Other Factors Affecting Investment

Many U.S. investors in the food industry see Mexico as a growing market as its economy expands and consumers improve their diets. Mexico's population of 89 million (1992) has been growing about 1.9 percent per year. The migration of the population from the countryside to urban areas has enhanced consumer demand for food. Real GDP has also been growing since the late 1980's, increasing 2.6 percent in 1992. Mexican consumers are beginning to favor higher valued products, such as meats, milk, fruits, and vegetables, over grains and beans. As a result, most domestically produced food products stay in Mexico to meet domestic consumption. Eighty percent of Mexican horticultural production, for

Table 2—Macroeconomic data for Mexico

Year	Exchange rate	Foreign reserves	Current account
	<i>Pesos/dollar</i>	<i>Million dollars</i>	<i>Million dollars</i>
1985	256.9	4,906	1,130
1986	611.8	5,670	-1,630
1987	1,378.2	12,464	3,968
1988	2,273.1	5,279	-2,443
1989	2,461.5	6,329	-3,958
1990	2,812.6	9,863	-7,117
1991	3,018.4	17,726	-13,282
1992	3,100.0	18,942	NA

NA = Not available.

Source: International Monetary Fund.

example, is for the Mexican domestic market rather than for export. The bulk of the products produced by the affiliates of the 50 largest U.S. food processing firms that operate in Mexico stayed in Mexico (Handy, 1992).

Mexico's agricultural production seasons complement the off-season for most of the United States, favoring U.S. investment in Mexico. Tomatoes, onions, and lettuce can be harvested earlier in the Baja California region of Mexico than in Salinas Valley, California, providing U.S. consumers a stable, year-round supply of produce. California grower-shippers, who profit since they operate in both countries, provided capital, seed, equipment, and packing materials, and built refrigerated packing sheds in Mexico in the 1980's.

Mexico's macroeconomic situation also made foreign investment worthwhile. Mexico's peso was devalued steadily from 256 pesos/dollar in 1985 to 3,100 pesos/dollar in 1992 (table 2). Considering exchange rate changes alone, production costs favor Mexican production over U.S. production. Mexico has also run a current account deficit since 1988, and ran government deficits and negative trade balances in 1989 and 1990. Foreign direct investment was one avenue for balancing the current account deficit.

U.S. Investment in Mexico's Agriculture

According to the U.S. Department of Commerce, foreign direct investment in Mexican production agriculture was only \$5 million in 1990, or 0.1 percent of total U.S. direct investment in Mexico (table 3). Trade in livestock, fruits, and vegetables has often been an extension of U.S. grower-shipper operations across the border from California, Arizona, and Texas.

U.S. food-processing companies and food brokers also entered into contractual arrangements with Mexican growers to purchase their production, often providing capital, technical assistance, and other support services. These companies have built packing houses and refrigeration facilities to further trade. At least 8 of the 25 largest vegetable growers in California, Texas, and Arizona have investments in Mexico's fresh vegetable industry, specifically tomatoes, onions, lettuce, cucumbers, and melons.

U.S. Investment in Mexico's Agribusiness

U.S. investment in Mexico's agribusiness (nearly \$2 billion in 1992) has far exceeded investment in Mexico's agricultural land. Food and kindred products comprise the largest share (\$1.34 billion in 1992), followed by wholesale farm and garden equipment (\$438 million in 1990), and textiles and clothing (\$70 million in 1990). Mexican affiliates of U.S. food manufacturers employed 48,000 persons, or 7 percent of total employment in the industry (table 4). The largest U.S. investments are in grain milling and beverages.

Multinational Corporations and Mexico's Food Processing Industry

The U.S. food processing industry in Mexico is ever changing, having expanded and contracted since the 1940's. In the early 1940's, Mexico adopted an import substitution policy, and agricultural development was promoted through capital-intensive and technologically advanced commercial farming. Mexico offered several incentives to U.S. processing firms to develop production facilities in Mexico. Most of the U.S.-based companies that penetrated the Mexican market did so by participating in a joint venture, identifying and entering into a partnership, or buying an existing company with a distribution system. Some of these firms rapidly established themselves as the dominant producers in Mexico. By 1975, for example, a third of the 331 leading food manufacturers were already majority-owned U.S. multinational corporation affiliates. Multinationals' affiliates dominated the manufacture of canned specialties, breakfast cereals, chocolates, chewing gum, syrups, cookies and crackers, and livestock feeds. However, large multiplant food-processing industries, such as fluid milk and breadmaking, existed with little foreign direct investment (Connor, 1987).

Table 3—U.S. direct investment in Mexico, by economic sector, 1987-92

Economic sector	1987	1988	1989	1990	1991	1992
	<i>Million dollars</i>					
Total	4,913	5,712	8,264	10,255	12,257	13,330
Manufacturing	3,925	4,759	6,412	7,703	8,778	9,281
Food and kindred products	210	278	618	1,101	1,317	1,340
Grain milling and bakeries	38	60	78	117	NA	NA
Beverages	35	179	97	137	NA	NA
Meat	0	0	0	0	NA	NA
Dairy	0	0	3	4	NA	NA
Preserved fruits and vegetables	0	(D)	10	38	NA	NA
Other food and kindred products	114	137	226	617	NA	NA
Agricultural chemicals	(D)	(D)	(D)	(D)	NA	NA
Farm machinery	(D)	5	1	3	NA	NA
Textile products and apparel	54	62	70	70	NA	NA
Textile mill products	54	60	61	57	NA	NA
Apparel	0	2	8	3	NA	NA
Farm and garden equipment, wholesale	43	64	413	438	NA	NA
Groceries, wholesale	2	(D)	2	2	NA	NA
Farm products, wholesale	4	5	9	(D)	NA	NA
Agriculture, forestry	7	5	5	5	NA	NA
Retail food stores	(D)	(D)	(D)	39	NA	NA

(D) = Not disclosed because data are protected by U.S. Department of Commerce for the purpose of not revealing investments by individuals or small groups or companies.

NA = Not available.

Source: U.S. Department of Commerce, 1993.

U.S. firms were pivotal in developing Mexico's food processing, and they now operate in a competitive environment. Mexico's food-processing industry is characterized by some 300 large firms operating as an umbrella to well over 50,000 small firms that employ fewer than 5 persons each. The larger firms' products include processed fruits and vegetables, beer and nonalcoholic beverages, roasted coffee, tobacco, and cigarettes (table 5). Wheat and corn milling, malted beverages, and soft drinks provide the largest share of gross output in Mexico's food processing industry (Connor, 1987; Shulties and Williams, 1992).

Table 4—Employment in food manufacturing affiliates of U.S. companies in Mexico

Year	Number of employees
1987	48,500
1988	46,400
1989	53,800
1990	48,100
1991	43,200

Source: Shulties and Williams, 1992.

Mexico's Textile and Apparel Industries and the Maquiladoras

U.S. direct investment in Mexico's textile and apparel industries amounted to \$70 million by 1990 (table 3). Most of the investment was through Mexico's *maquiladora* program. *Maquiladoras* in the apparel industry grew from 117 plants employing 18,000 persons in 1981 to 304 establishments employing 43,000 persons in 1990. Standardized apparel like bluejeans, underwear, and men's shirts are most often produced in *maquiladoras*, as are household products like sheets and towels (Hanson, 1991).

Putting U.S. Investment in Mexico Into Perspective

U.S. investments in Mexico's food industry and agribusinesses (nearly \$2 billion) amounts to 16 percent of total U.S. direct investment in Mexico (\$13.3 billion). The United States is the leading foreign investor in Mexico, providing nearly two-thirds of total foreign direct investment. Mexico ranks 12th among host countries for total U.S. foreign direct investment and 5th among host countries for

Table 5—Changes in concentration in Mexico's food processing industry, 1970-85

Level of concentration	Increasing	Constant	Decreasing
The 4 largest firms have more than 50 percent of the sales:			
	Dairy products	Biscuits	Fertilizers
	Corn milling	Starch	Dehydrated fruits/vegetables
	Tobacco	Beverages, nonalcoholic	Pasta
	Cigarettes	Tea	Cotton fabric
	Vegetable fibers		Wine
	Coffee roasting		Condiments
	Worsted yarns		Cornstarch
	Other textiles		Chocolate and cocoa
	Other clothing		Beer/malt
	Leather apparel		Animal oils
	Fertilizers		Food machinery
	Rum and vodka		Agricultural machinery
	Cider		
	Tractors		
	Jellies		
The 4 largest firms have less than 50 percent of the sales:			
	Meat and milk products		Animal feeds
	Wheat milling		
	Bakery products		
	Vegetable oils		
	Honey		
	Tortillas		

Source: World Bank, 1990.

U.S. foreign direct investment in food processing and textiles. World foreign direct investment in Mexico's agricultural production and food-processing sectors has increased but still accounts for about 0.1 percent and 5 percent of the total investment in the Mexican economy.

Mexican affiliates of U.S. food and beverage firms are large employers in Mexico, employing approximately 48,000 persons, or 7 percent of the employment in the sector. More than a quarter (43,000 workers) of Mexico's total employment in clothing manufacturing is in U.S. *maquiladoras*. Some Mexican affiliates of U.S. companies have a majority share of the Mexican market for many processed foods.

Fresh tomatoes and tomato paste, green onions, lettuce, asparagus, broccoli, cauliflower, melons, strawberries, poultry, and beef are some of the

agricultural products most affected by U.S. investment in Mexico. Nearly all fresh tomatoes and green onions imported into the United States are imported from Mexico. These imports represent nearly a fifth of U.S. consumption, and a larger share in the U.S. off-season. Frozen broccoli from Mexico accounts for 61 percent of U.S. consumption (table 6). Fresh cauliflower and broccoli represent a niche market from November through April, but represent a small share of the U.S. market.

Economic theory suggests that increased U.S. foreign direct investment in Mexico will increase labor income and GDP in Mexico and reduce returns to Mexican domestic capital. The United States is expected to gain returns to capital, spurring growth in GDP, but experience loss of returns to labor. The sum total growth in GDP in both countries is expected to be larger than it would have been without foreign direct investment (Grennes, 1989; Kreinen,

Table 6—Significance of selected agricultural products in U.S. and Mexico's economies, 1990

Product	U.S. imports from Mexico	Share of U.S. imports	Share of U.S. consumption	Share of Mexico's production
	1,000 tons	Percent	Percent	Percent
Fresh tomatoes	352	98	18	20
Tomato paste	26	40	7	20
Green onions	823	100	78	NA
Fresh cucumbers	166	93	NA	15
Lettuce	10	69	1	3
Fresh asparagus	13	76	19	95
Fresh broccoli	123	89	1	95
Frozen broccoli	110	95	61	95
Fresh cauliflower	102	87	4	95
Frozen cauliflower	28	30	31	95
Melons	300	69	20	30
Fresh strawberries	10	85	4	9
Frozen strawberries	30	85	15	50
Poultry	1	negl.	negl.	negl.
Beef	1	negl.	negl.	negl.

Source: Link and others, 1992.

NA = Not available.

negl. = negligible.

1987; MacDougal, 1960). The impact on the Mexican economy is expected to be more noticeable in Mexico than in the United States because of the relative sizes of the U.S. (\$6 trillion GDP) and Mexican (\$328 billion GDP) economies.

Conclusion

U.S. investment in Mexico's agribusiness increased five-fold from 1987 to 1992, and may increase even more rapidly during the 1990's. Changes in Mexico's land tenure and investment laws have driven the rapid growth. Other contributing factors include economic growth and increased consumption in Mexico, as well as the complementary Mexican production-U.S. consumption of many seasonal fruits and vegetables. Growth in investment has enhanced trade between the United States and Mexico. In addition, much of the production generated by Mexican affiliates of U.S. companies in the food processing industry has stayed in Mexico as increased domestic sales. Employment in Mexican affiliates of U.S. firms has fluctuated at around 48,000 jobs.

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Allenberg Cotton Co. Inc.	Memphis, TN	Raw cotton	Algodonera Commercial Mexicana SA	Mexico City
Allis Chalmers Corp.	Milwaukee, WI	Agricultural equipment	A-C Mexicana SA	Mexico City
Amex Casing Company	San Antonio, TX	Tripe processing and sausage casing	Amex Casing SA de CV	Coahuila
Amatex Corp.	Norristown, PA	Textile products	Maquiladoras Fronterizas SA	Sonora
American Cyanamid	Wayne, NJ	Agricultural chemicals	Cyanamid de Mexico	Mexico City
American Home Products Corp.	New York, NY	Food products	Home Products de Mexico SA de CV	Mexico City
The American Tobacco Co.	Stamford, CN	Tobacco products	AT International	Mexico City
Andrew and Williamson Sales Company	Salinas, CA	Importer of tomatoes and strawberries	Andrew and Williamson	San Quintin
Anheuser-Bush	St. Louis, MO	Breweries	Grupo Modelo (18 %)	Mexico City
Arbor Acres Farm Inc.	Glastonbury, CT	Poultry breeding stock	Arbor Acres de Mexico SA de CV	Queretaro
Arbor Confections	Brownsville, TX	Candies	Dulces Arbor SA de CV	Chihuahua
Arby's	Atlanta, GA	Fast foods	Arby's	Mexico City
Asgrow Seed Company	Kalamazoo, MX	Vegetable seeds	Asgrow Mexicana SA	Brownsville, TX
Basic American Food	San Francisco, CA	Dehydrated vegetables	Productos Vegetales de Mexico (maquiladora)	Tamaulipas

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Con Agra Inc. (Hunt-Wesson)	Omaha, NE	Prepared foods	Con Agra Inc.	Mexico City
Brownsville Manufacturing Company (Haggar Company)	Brownsville, TX	Boys' and men's apparel	N.A.	N.A.
Borden's	New York, NY	Ice cream	Borden's	Mexico City
Burlington Industries Inc.	Greensboro, NC	Textiles	Fibres Textiles de Mexico, Textiles Morelos SA de CV	Cuernavaca, Mexico City
California Agribusiness	San Diego, CA	Sorting and packing of almonds	Industrializadora del Cid	Tijuana
Campbell Soup Co.	Camden, NJ	Food products	Campbell's de Mexico, Sinaloa Pasta (maquiladora)	Guanajuato, Mexico City Bajio
Canada Dry International Co.	Atlanta, GA	Soft drinks	Extractos y Derivativos SA de CV	Mexico City
Cargill	Minneapolis, MN	Food products, livestock feeds	Carmex SA, Alimentos Colonial SA, Cargill de Mexico, SA de CV Hidrogenadora Nacional Proteinas de Aceites del Bajio	Cuauhtemoc, Saltillo, Juarez
Carl's Jr.	Los Angeles, CA	Fast foods	Carl's Jr.	Mexico City
Carnation International	Los Angeles, CA	Dairy products	Carnation de Mexico SA	Mexico City
Caterpillar Inc.	Peoria, IL	Agricultural equipment	Conek SA de CV	Monterrey
C.C.C. de Matamoros	Brownsville, TX	Contract sewing	C.C.C. de Matamoros	Matamoros
Chevron Chemical Co.	San Ramon, CA	Agricultural chemicals	Aditivos Mexicanos SA, Insecticidas Orto SA, Internacional de Basicos y Quimicos	Tlalnepantla, Mexico City
Chili's	Dallas, TX	Restaurant chain	Chili's	Mexico City
Coca-Cola Company	Atlanta, GA	Soft drinks	Coca-Cola Co., Embotelladora Peninsular	Mexico City, Yucatan

N.A. = Not available.

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
CPC International (Knorr Soups, Hellman's Mayonnaise)	Englewood Cliffs, NJ	Corn refining products, food products	Productos de Maiz SA	Mexico City
Dole	Los Angeles, CA	Fruits and vegetables	Dole Food Company, International	Mexico City
Farron Trading Company	Eagle Pass, TX	Sausage casings	Empaques Naturales del Norte SA de CV	Coahuila
Frito-Lay	Dallas, TX	Snack foods	Temati SA de CV	Tijuana
Hunt Foods (Hunt-Wesson, Inc.)	Fullerton, CA	Tomato products	Productos Industrializados del Fuerte (joint venture)	Los Mochis, Sinaloa
General Foods	White Plains, NY	Frozen vegetables	Birdseye de Mexico SA de CV (maquiladora)	Tamaulipas
Gerber Foods	Fremont, MI	Baby foods	Productos de Gerber (49%), Garbesa (PepsiCo subsidiary owns 51%)	Queretaro
G.M. Trading Company	San Antonio, TX	Animal hide processing	Procesos G.M. de Mexico SA de CV (maquiladora)	Coahuila
I Can't Believe It's Yogurt	Dallas, TX	Fast foods	I Can't Believe It's Yogurt	Mexico City
International Management and Assembly	Brownsville, TX	Wearing apparel, contract sewing	Primatex de Valle Hermosa SA de CV	Matamoros, Tampico
Jack in the Box (Food Maker, Inc.)	San Diego, CA	Fast foods	Jack in the Box	Tijuana
Hector Garcia Galvin	Calixico, CA	Fruit and juice concentrates	Frutindustrias Mexicali SA de CV (maquiladora)	Mexicali
Hershey Foods	Hershey, PA	Chocolate products	Hershey SA de CV, Nacionales de Dulces	Guadalajara
Imexco Enterprises	Calixico, CA	Flour mills	Molinera del Valles SA	Mexicali

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Itek Corporation	Hidalgo, TX	Fruit concentrate and frozen fruit	Frutico SA de CV (maquiladora)	Tamaulipas
Kellogg Company	Battle Creek, MI	Cereal products	Kellogg de Mexico SA de CV	Queretaro
Kentucky Fried Chicken	Louisville, KY	Fast foods	Kentucky Fried Chicken	Mexico City
Kraft General Foods/ Phillip Morris	New York, NY	Frozen foods, dairy products	Kraft SA de CV, Productos de Alimentacion de Salud de Mexico SA de CV	Mexico City
The Leather Factory	Fort Worth, TX	Leather products	Sue Las y Pieles de Coahuila SA de CV (maquiladora)	Coahuila
Levi Strauss & Co.	San Francisco, CA	Wearing apparel	Levi Strauss de Mexico SA de CV	Mexico City
Lopez Brothers La Bodega	San Ysidro, CA	Vegetable oils	B.I. Gonzales	San Luis Potosi
Life Technologies	Chagrin Falls, OH	Animal byproducts	Danomex (animal byproducts)	Tamaulipas
Little Farm Frozen Foods, Inc.	Brownsville, TX	Food freezing	N.A.	N.A.
L.T. Endo Company	San Francisco, CA	Frozen chicken meat, cube steaks	Kanshoku de Mexico SA de CV	Nuevo Leon
Lyntec	Brownsville, TX	Agricultural products	Lyntec de Mexico SA de CV (maquiladora)	Sinaloa, Nayarit, Zacatecas
Marteck Enterprises	Brownsville, TX	Seafood processing	Perecederos y Congelados SA de CV (maquiladora)	Tamaulipas
Monsanto Co.	St. Louis, MO	Agricultural chemicals	Monsanto Comercial de Mexico	Mexico City
McCormick & Co.	Hunt Valley, MD	Seasonings and flavorings, also joint venture to make mayonnaise and salad dressings	McCormick de Mexico SA de CV	Mexico City
McDonald's	Oak Brook, IL	Fast foods	Grupo Herdez, joint venture, Pestin Foods McDonald's	Mexico City, Cancun, Guadalajara, Monterrey

N.A. = Not available.

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Meyer Tomatoes	King City, CA	Shipper, fresh tomatoes	Meyer Tomatoes	Culiacan, Los Michos
Munoz, Inc.	Rome, TX	Bakery products	Indabil SA de CV (maquiladora)	Tamaulipas
Munsingwear, Inc.	Minneapolis, MN	Women's clothing	Matamexico SA de CV	Matahuala, Reynosa
Nabisco Brands Inc.	East Hanover, NJ	Food products	Grupo Gamesa SA (30%), Marcas Alimenticias Internacionales SA de CV, Nabisco Famosa SA, Lance	Monterrey, Mexico City
Open Sesame Commodities, Inc.	Brownsville, TX	Sesame seed and safflower oil	N.A.	N.A.
Orville Kent Food	Wheeling, IL	Frozen fruit cocktail	Orval Kent de Linares SA de CV	Nuevo Leon
Peavey Co./ Conagra Trading Companies	Minneapolis, MN	Flour, feeds, seeds	Conagra Trading Co.	Mexico City
PepsiCo Inc., Frito-Lay	Purchase, NY, Dallas, TX	Beverages, food products	Pepsi-Cola Mexicana SA, Temati SA de CV (maquiladora), Sonries, Gamesa (80%)	Mexico City, Tijuana
Perfect Crab	Brownsville, TX	Crab processing	Perfect Crab Compania de Mexico SA (maquiladora)	Tamaulipas
Pet, Incorporated	St. Louis, MO	Specialty foods	Almacenes Refrigerantes SA de CV	Santa Clara
Phillip Morris	New York, NY	Cigarettes	Cigata (30%)	Mexico City
Pilgrim Foods	Hingham, ME	Frozen orange juice	Oranjugas SA de CV (maquiladora)	Nuevo Leon
Pioneer Hi-Bred International	Des Moines, IA	Farm products, corn seed	Hibridos Pioneer de Mexico SA de CV	Guadalajara, Jalisco
Proctor & Gamble	Cincinnati, OH	Food products	Proctor & Gamble	Mexico City
Price Company	San Diego, CA	Discount stores	Price Venture Mexico	Mexico City
Quaker Oats Company	Chicago, IL	Food products, pet products	Fabrica de Chocolates, Mesaheria Carlos V Larin	Mexico City

N.A. = Not available.

--Continued

Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Quality Candy Company	Woodland Hills, CA	Candies	Dulces de Calidad de Mexico (maquiladora)	Tijuana
Ralston Purina Company	St. Louis, MO	Poultry and livestock feeds	Purina SA de CV	Mexico City, Guadalajara
Randy W.	Brownsville, TX	Import and export agricultural products	Exportaciones San Pancho	Sinaloa
Rohm & Haas Co.	Philadelphia, PA	Agricultural chemicals	Rohm & Haas Mexico de CV, Quimica Tropic SA	Mexico City
S.A.N.A. International	Brownsville, TX	Food processing	S.A.N.A. International SA (maquiladora)	Sonora
San Diego Seafoods	Brownsville, TX	Shrimp processing	Heriberto Jara (maquiladora)	Tamaulipas
Sara Lee	Deerfield, IL	Food processing, clothing	Grupo Industrial Bimbo (joint venture)	Mexico City
Sea King	Brownsville, TX	Shrimp processing	Congeladora y Empacadora Peninsular (maquiladora)	Tamaulipas
Seven-Up International	New York, NY	Soft drinks	Seven-Up Mexicana SA	Mexico City
Simplot	Santa Maria, CA	Frozen foods	Marbran, Congeladora y Empacadora Nacional, S.A.	Irapuato
Sirloin Stockade	Albuquerque, NM	Restaurant chain	Sirloin Stockade	Mexico City
Stokeley Company	Oconomowoc, WI	Food processing	Stokeley Mexicana SA de CV (maquiladora)	Sinaloa
Subway	Milford, CN	Fast foods	Subway	Mexico City
Superior Jojoba Oil	Tucson, AZ	Jojoba, almond and other nut oils	Productos Arizona International	Sonora
Tanimura & Antle	Yuma, AZ	Vegetable packing	Tecnica Exportadora del Valle (maquiladora)	Sonora
Tastee Freeze, Inc. (De Novo Corporation)	Utica, MI	Fast food	Tastee Freeze	Mexico City

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Appendix table 1-- U.S. affiliates in Mexico's agribusiness--Continued

U.S. Company	Address	Economic activity	U.S. affiliate or joint venture	Address
Tex-Mex Cold Storage, Incorporated	Brownsville, TX	Cold storage	N.A.	N.A.
Texas Apparel (Division of Salant Corporation)	Brownsville, TX	Sewing, apparel	Maquiladora Sur, SA de CV	Tampico
T.G.I. Friday's	Addison, TX	Restaurant chain	T.G.I. Friday's	Mexico City
Tootsie Roll Industries	Chicago, IL	Candies	Tutsi SA de CV	Mexico City
Trans-Agra Holiday Corporation	Calixico, CA	Fruit processing	Procesadora Internacional de Frutas, SA (maquiladora)	Chihuahua
Sonora Produce Corporation	Nogales, AZ	Fruit juices	Jugo Fresco y National Fruit Juice Extracting (maquiladora)	Sonora
Superior Jojoba Oil Company	Tucson, AZ	Jojoba, almond, and other oils	Productos Arizona International (maquiladora)	Sonora
Tyson Foods	Springdale, AR	Chicken products	Procesadora Industrial Citra SA de CV (maquiladora), Trago, SA de CV (minority interest)	Durango and Jalisco Torreón
Universal Foods	Milwaukee, WI	Food flavoring and food coloring	Universal Foods	Monterey
United Catalysts Inc.	Louisville, KY	Catalysts for food industry	Quimica Somex SA de CV	Mexico City
Upjohn Co.	Kalamazoo, MI	Agricultural chemicals	Asgrow Mexicana SA de CV, Upjohn SA de CV	Matamoros, Mexico City
Usher Candy	San Antonio, TX	Candies	Usher Candies (maquiladora)	Tamaulipas
Valley Foreign Trading	McAllen, TX	Vegetable processing	Congelados Don Jose (maquiladora)	Tamaulipas
Van Heusen Company	New York, NY	Wearing apparel	Van Heusen de Mexico SA	Mexico City

N.A. = Not available.

SUMMARY OF REPORT SB-875

U.S. Exports More, Consumes Less Fresh Fruit than Previously Estimated

April 1993

Contact: Diane Bertelsen, 202-219-0884

During 1978-89, the United States exported more fresh fruit than had been reported by the Bureau of the Census. Import data made available by Statistics Canada revealed that some shipments of fresh fruit from the United States to Canada had not been counted by the Bureau. Using the Canadian data raised total U.S. fruit exports and lowered consumption. U.S. consumption of citrus fruits was 5 percent lower and consumption of noncitrus fruits was 1 percent lower than previously estimated. Since 1990, the Bureau of the Census has used the Canadian import data as a measure of U.S. exports to Canada. This bulletin reports the revised U.S. export and per capita consumption for 13 fresh fruits: grapefruit, lemons, limes, oranges, tangerines, apples, avocados, sweet cherries, grapes, peaches and nectarines, pears, prunes and plums and strawberries. The report also includes 40-year trends for fresh fruit consumption.

These estimates are published in a new report from USDA's Economic Research Service, *U.S. Fresh Fruit Export and Consumption Estimates, 1978-92*.

Substituting Canadian import data for U.S. export data reduced annual estimates of fresh-market orange and grape consumption the most, an average 7 percent. Exports of these commodities to Canada were substantially underreported, and Canada was a major destination, receiving 50-75 percent of all U.S. orange and grape exports. Because exports averaged about 25 percent of orange and grape supplies during the study period, raising exports markedly reduced consumption.

Annual consumption estimates for fresh-market avocados, limes, peaches, and strawberries were lowered just 2-3 percent, on average, despite substantial underreporting of U.S. exports during 1978-89. Canada was the destination of more than 80 percent of U.S. peach and strawberry exports, about 70 percent of limes, and nearly 50 percent of U.S. avocado exports. However, even after the author revised the data, avocado exports were less than 10 percent of total U.S. supplies. Thus, upward adjustments of exports had little impact on consumption estimates.

Annual consumption estimates for fresh-market apples were revised downward barely 1 percent, on average. Canada accounted for about 25 percent of all U.S. apple exports and adjusting for underreporting raised total U.S. apple exports an average of only 10 percent. The effects of higher exports on consumption estimates were dampened further because exports averaged just 12 percent of U.S. fresh-market apple supplies during the study period.

Pear consumption estimates were reduced only about 2 percent because exports were just 14 percent of supplies. Although Canada accounted for about 50 percent of U.S. pear exports, the degree of underreporting was less than for the other fruits. Total annual pear exports were revised upward an average of 15 percent.

Grapefruit exports, however, were relatively large compared with total supplies, averaging nearly 30 percent. Thus, modest adjustments for underreported exports to Canada lowered annual consumption estimates by an average of 5 percent during the study period, 1978-89.

To Order This Report...

The information presented here is excerpted from *U.S. Fresh Fruit Export and Consumption Estimates, 1978-92*, SB-875, by Diane Bertelsen. The cost is \$9.00. To order, dial 1-800-999-6779 (toll free in the United States and Canada) and ask for the report by title.

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SUMMARY OF REPORT SB-879

U.S. Agricultural Land is About 1-Percent Foreign Owned

May 1994

Contact: Peter DeBraal (202) 219-0425

Foreign interests owned 14.6 million acres, or slightly more than 1 percent of privately owned U.S. agricultural land as of Dec. 31, 1993, according to the U.S. Department of Agriculture's Economic Research Service. This percentage has stayed about the same since 1981. Acreage in foreign ownership in 1993 increased 1 percent (140,141 acres) from a year earlier.

About 53 percent of the reported foreign holdings involve land actually owned by U.S. corporations. The law requires them to register their landholdings as foreign if as little as 10 percent of their stock is held by foreign investors. The remaining 47 percent of the foreign-held land is owned by investors not affiliated with U.S. firms.

Because of the corporate holdings, an increase in foreign ownership from one year to another does not necessarily represent land newly acquired by foreigners. Nor do the numbers necessarily represent ownership exclusively by foreigners. A U.S. firm's landholdings can show up as "foreign owned" one year, but not another, as the firm's stock passes in and out of foreign hands. The land, however, is still owned by the same entity as before.

These and other findings are based on an analysis of reports submitted to USDA under the Agricultural Foreign Investment Disclosure Act of 1978.

The analysis also revealed:

--Forest land accounts for 48 percent of all foreign-owned acreage; cropland, 17 percent; pasture and other agricultural land, 32 percent; and nonagricultural land, 3 percent.

--Corporations (U.S. and foreign) own 71 percent of the foreign-held acreage; partnerships, 21 percent; and individuals, 6 percent. The remaining 2 percent is held by estates, trusts, associations, institutions, and others.

--Japanese investors own only 3 percent of the total foreign-held acreage, in contrast to 23 percent for Canadian investors, who lead. Investors (including individuals, corporations, partnerships, etc.) from Canada, the United Kingdom, Germany, France, Switzerland, the Netherlands Antilles, and the Netherlands own 72 percent of the foreign total.

--The largest foreign-owned acreage, mostly timberland, was reported in Maine. Foreign holdings account for 13 percent of Maine's privately owned agricultural land. These holdings represent 17 percent of all the reported foreign-owned land nationwide. Four companies own 88 percent of the foreign-held acres in Maine, all in forest land. Two are Canadian, the third is a U.S. corporation that is partially Canadian owned, and the fourth is a U.S. corporation that is partially French owned.

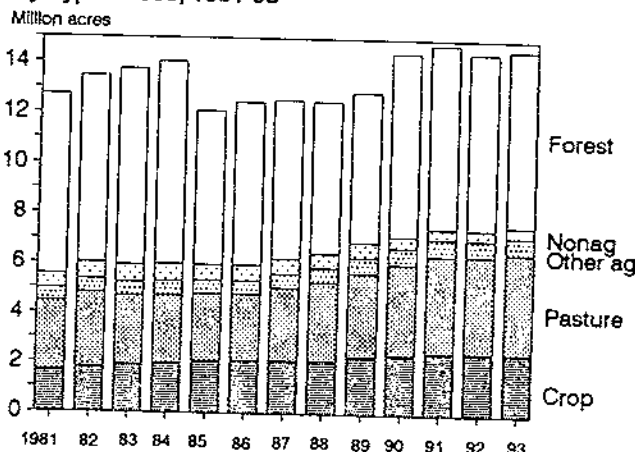
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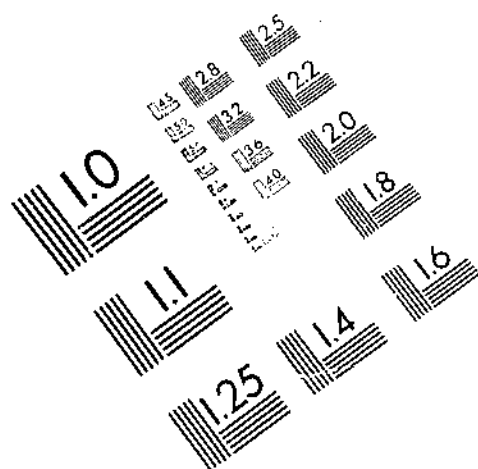
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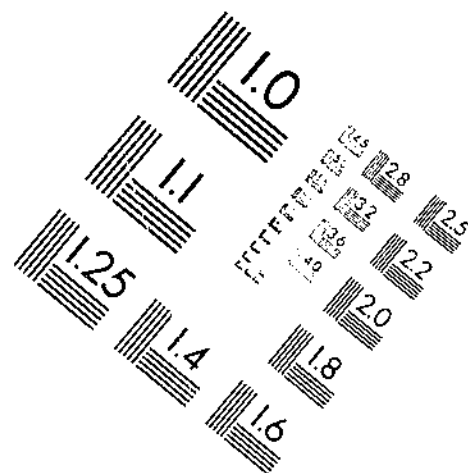


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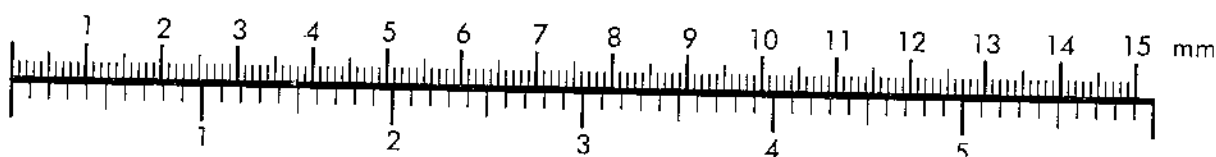
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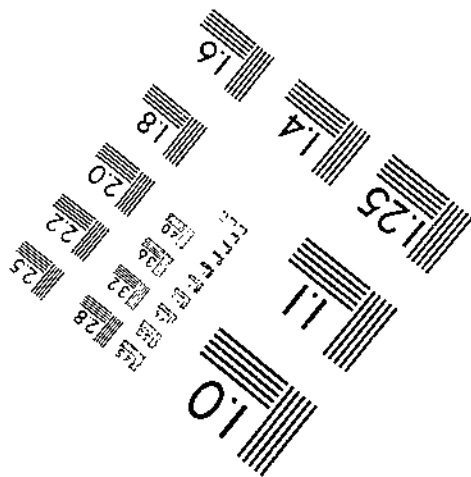
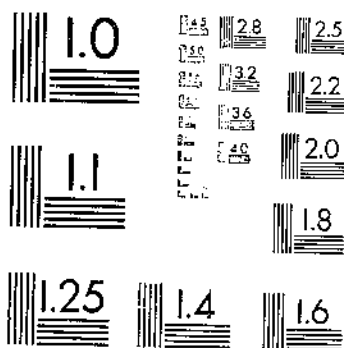
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