

Conclusions and Prospects for the Future of Fruit and Vegetable Trade

Trade in fruits and vegetables has become steadily more important over the last decades. The composition, volume, and direction of this trade have changed as incomes and insistence on quality have grown on the demand side, while technology and trade agreements have influenced the supply side. Lower prices and greater availability of produce year-round, in tandem with increasing incomes, have enhanced the array of fruits and vegetables in the global consumer's basket of goods. Other factors, such as concern for a healthy diet and improved handling and transportation, have furthered the globalization of fruit and vegetable trade.

Globalization of markets is likely to continue as the basic factors of supply combine with innovations in technology and lower trade barriers, enabling suppliers to meet the preferences of a more affluent clientele. Developed countries will continue to dominate global trade in fruits and vegetables, but new varieties will find their way into the diets of the relatively affluent everywhere.

High per capita income, seasonal variation in production, and an aging population's demand for quality fruits and vegetables will continue to make the EU a leading world importer. Because of its numerous preferential trade agreements with neighboring countries in the Mediterranean basin and former colonies, however, exports to the EU will not likely increase much from countries not included in the agreements (such as the United States). Meanwhile, EU exports of fruits and vegetables are not likely to be restricted by WTO volume or value limits on subsidized exports as EU members have easily met their commitments and are likely to continue to do so. Thus, continued surplus production of some fruits and vegetables in the EU could still be exported onto the world market with EU export subsidies.

Continued growth in the NAFTA market will allow for more fruits and vegetables to be both exported and imported by the United States. U.S. income growth will continue to stimulate fruit and vegetable imports even with a depreciating U.S. dollar. An appreciating U.S. dollar would inhibit exports in the short run, while stimulating imports. Trade growth in the fresh tomato market can be attributed to NAFTA, and lower barriers to trade will continue to allow imports to help fill the demand for high-quality fresh tomatoes in the United States. NAFTA is a good example of how a regional trade agreement can spur trade growth in fruits and vegetables; trade between the NAFTA members for all classes of fruits and vegetables exceeded the growth of exports and imports involving countries outside NAFTA.

In Asia, the geographical distribution of trade will likely continue to change as China becomes a larger importer and exporter and increases the quality

of its produce. China's trade in vegetables and fruits is increasing; its recent investment in the sector has resulted in competitive products and points toward a greater presence for China in global markets. At the same time, a growing internal demand, and shortcomings in China's marketing and distribution system, will likely result in rising vegetable and fruit imports, at least in the near term. In particular, if trade barriers are lowered or removed, China's consumption and trade of fruits and vegetables may increase.

Japan will continue to play an important role in the global imports of fruits and vegetables, in part because its domestic production is relatively high cost and vulnerable to international competition. Import penetration is already significant for provisionally preserved, dried, and frozen vegetables and for processed and simply preserved fruits. The trade in fresh produce, particularly fresh vegetables and temperate fruits such as apples, pears, peaches, persimmons, plums, cherries, and strawberries, offers the principal opportunity for growth. In those markets, if phytosanitary barriers are reduced or met, the attributes of freshness, quality and visual perfection, taste, price, and stability of supply will be important to raising the flow of imports. Developed countries, particularly the United States, will be important suppliers of increased Japanese imports because of the range and quality of their produce, although China is becoming an important competitor as its quality improves.

The global exchange of fruits and vegetables seems assured of an upward trend if current tariff barriers are substantially reduced. Growing regional trade agreements, an increase in negotiated bilateral free trade agreements, and further liberalization as a result of current WTO negotiations will also work to lower barriers to trade, allowing fruits and vegetables to enter markets once unattainable.

In the final analysis, it will be per capita income growth and freer trade—stimulating new technology and lowering prices—that enable a greater variety and quantity of fruits and vegetables to reach more markets than ever before. For the United States, the exchange rate will play an important role in variations in its positive long-term export trend. U.S. fruit and vegetable trade is in a good position to profit from higher exports through improved technology and marketing, while U.S. consumers will benefit from a greater volume and variety of fruits and vegetables at lower prices. However, the number of competitors in the global market is growing, with China the country most likely to compete for markets where the United States has traditionally been a major supplier.