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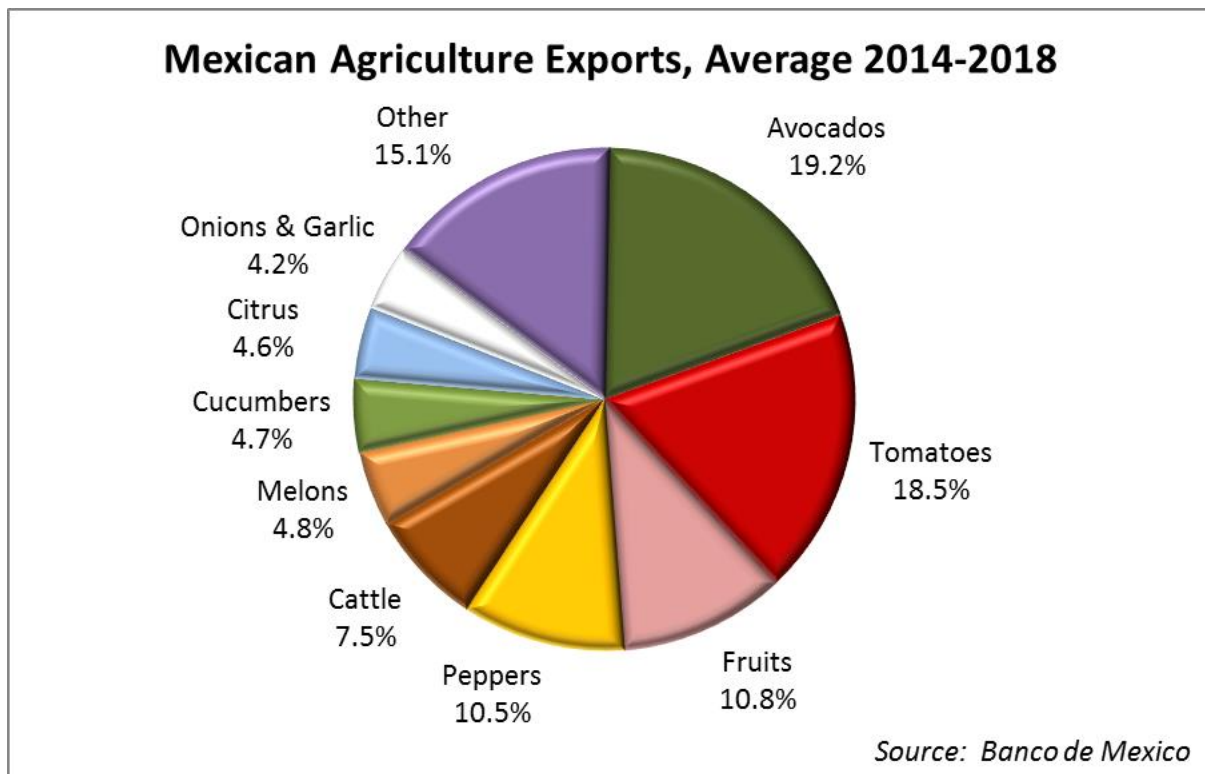
Economic Chart of the Week

April 10, 2019

President Trump's threat to close the U.S.-Mexico border has spurred lots of concern about cross-border trade in manufactured goods, but we think there could also be a significant impact on agriculture. Although agricultural goods only comprise about 3% of Mexico's total merchandise exports, this week's chart shows that the category is dominated by perishable fruits and vegetables, almost all of which go to the United States and Canada. Those exports would lose value quickly in the event of delayed border crossings, affecting many Mexican farm owners and farm workers.

There would also be blowback north of the border. For one thing, enormous volumes of Mexican produce flow through the Nogales port of entry every year, and much of southern Arizona's economy is driven by importers, distribution warehouses, agricultural inspectors, and the like. Those businesses would be sure to suffer. In addition, many farm operations in Mexico are partially owned by U.S. investors, who would suffer if their goods spoiled or got diverted to the lower-priced Mexican market. Finally, it's important to remember that we're still in the winter fruit and vegetable season, when Mexican imports can be found all over your local grocer's produce department. The loss of supply from Mexico could therefore lead to shortages and higher prices in U.S. supermarkets. Could we really live without our fresh guacamole? Could we really be happy without the Sonoran table grapes that fill the gap between the Chilean and Californian seasons in May and June?

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