



Trade Analysis

Early Effects of COVID-19 on North American Agricultural Trade

By Bill Bryant and Hans Stroo

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While a few months' data are insufficient to identify a trend, and factors other than the pandemic such as currency valuations must be considered, COVID-19 and the resulting economic shut-and-slow-down are affecting agricultural trade within North America. July-August 2020 export data will reveal the depth and possible length of these effects.

In general, U.S. agricultural exports to Canada in the first months of 2020 were below where they were during that same period last year. Between March and May 2019, the volume of U.S. agricultural products exported to Canada rose. This year, not only was the total volume less than in the 2019 period, but the volume exported to Canada sharply declined between March and April 2020. (Fig 1).

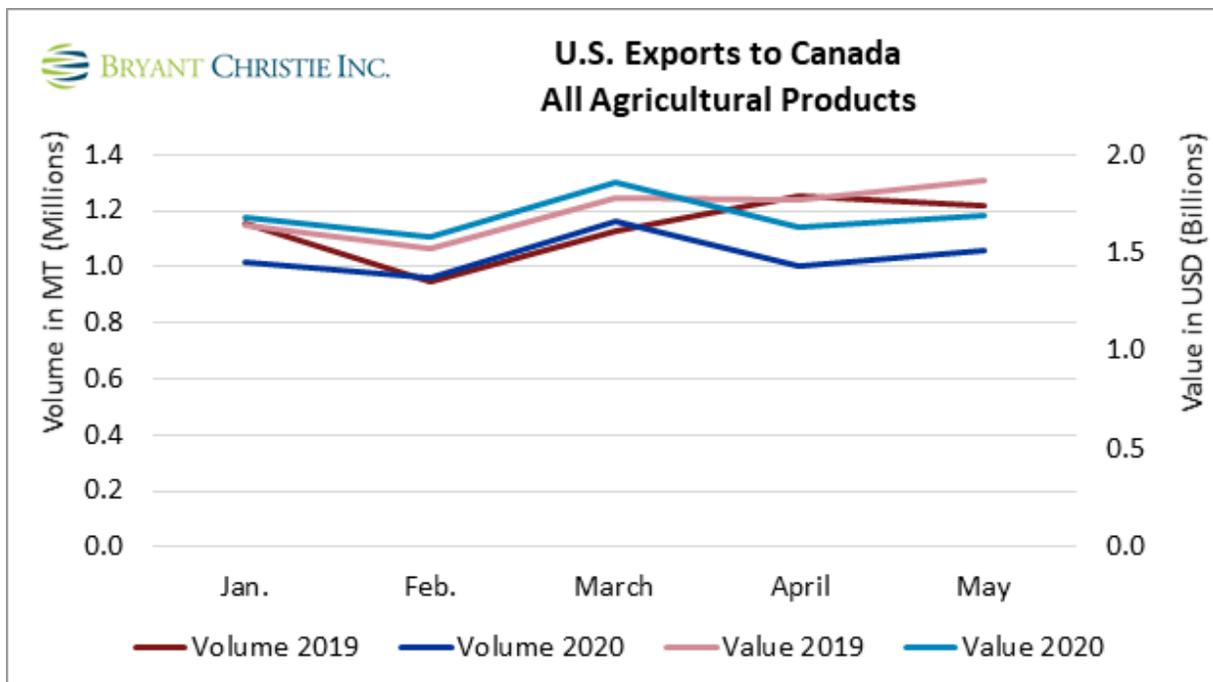


Fig. 1: Source: U.S. Census Bureau

Fresh fruit and vegetable exports to Canada were slightly up at the beginning of 2020 and then waned a bit more recently, but not significantly. May 2020 YTD Washington state apple exports to Canada, for example, are above where they were at this time last year. Overall, the data suggest some stability in exports of consumer-oriented agricultural products. Volumes have not been as steady for commodities such as U.S. corn and soy, for which exports to Canada in the early months of 2020 were below volumes exported during the same period in 2019. July and August data will help us assess whether those U.S. agricultural exports to Canada are returning to pre-pandemic levels, and if they are, how quickly. The situation in Mexico appears more complex; both economic and health issues are at play and could affect U.S.-Mexico agricultural trade flows for a while.

Some Mexican exporters experienced reduced exports to the U.S., especially those exporting products aimed at the HRI (Hotel, Restaurant, Institution) sector, such as beer. (Fig. 2). In more macro terms, however, Mexico’s May 2020 YTD exports to the U.S. were slightly higher in volume and value compared to the same period of the previous year.

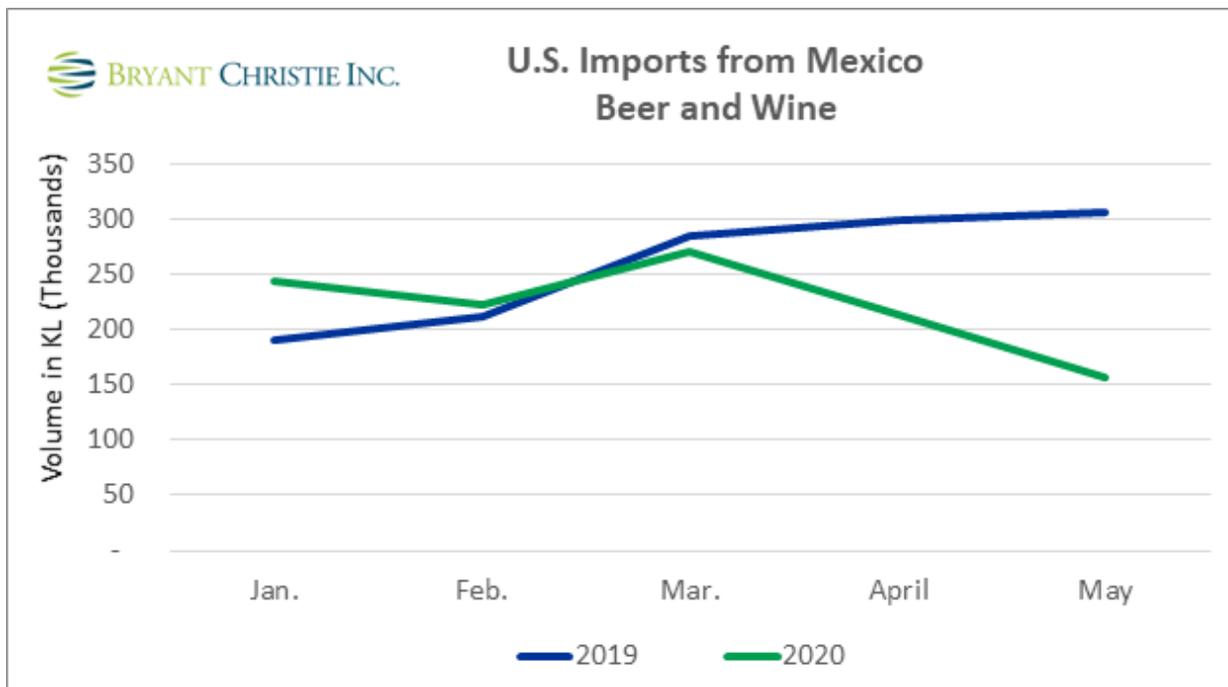


Fig. 2: Source: U.S. Census Bureau

In Mexico, the pandemic and a swing in currency valuation negatively affected February-May U.S. exports. Last year (2019), total U.S. agricultural export volume to Mexico between March-May was 8.9 percent higher than the same period in 2020. U.S. agricultural exports to Mexico in May 2020 were the lowest reported for that month since 2015. Similarly, in March-May 2019, the value of U.S. exports to Mexico was on the rise; this year, in value terms, exports fell. (Fig 3)

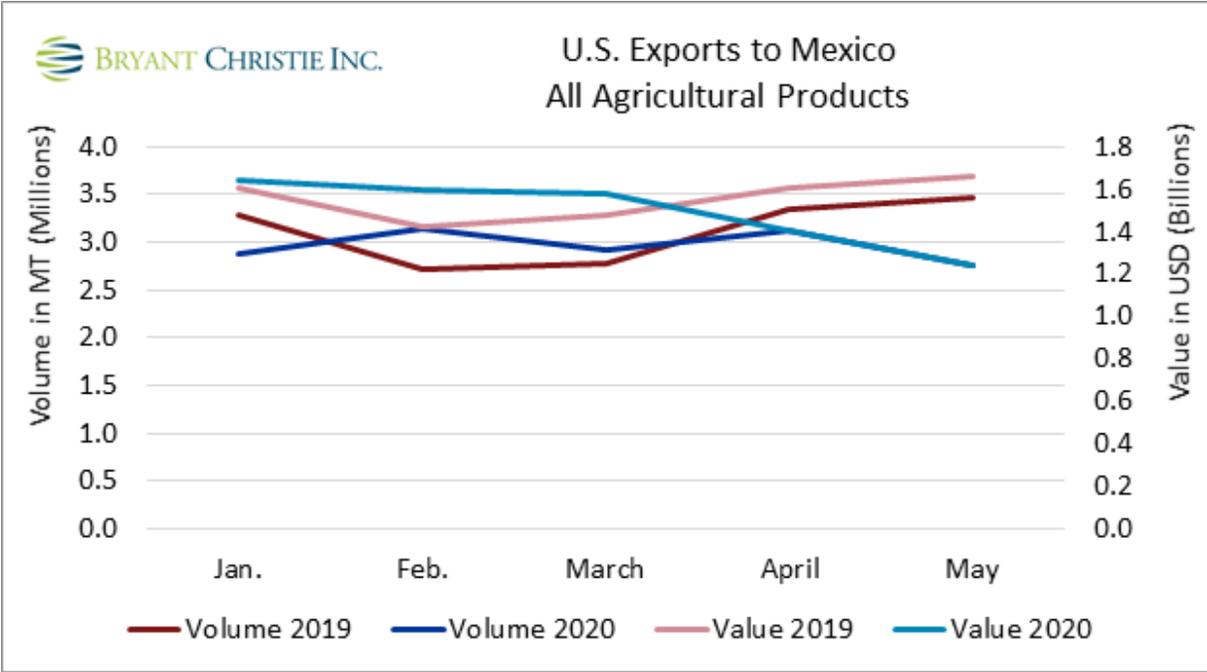


Fig. 3: Source: U.S. Census Bureau

This is apparent when one compares 2020 exports of U.S. beef and pork to Mexico with 2019 exports. (Fig 4 and 5). U.S. exports of soybeans to Mexico were down earlier in the year, but not dramatically, and have rebounded enough that May 2020 export volume surpassed that of May 2019.

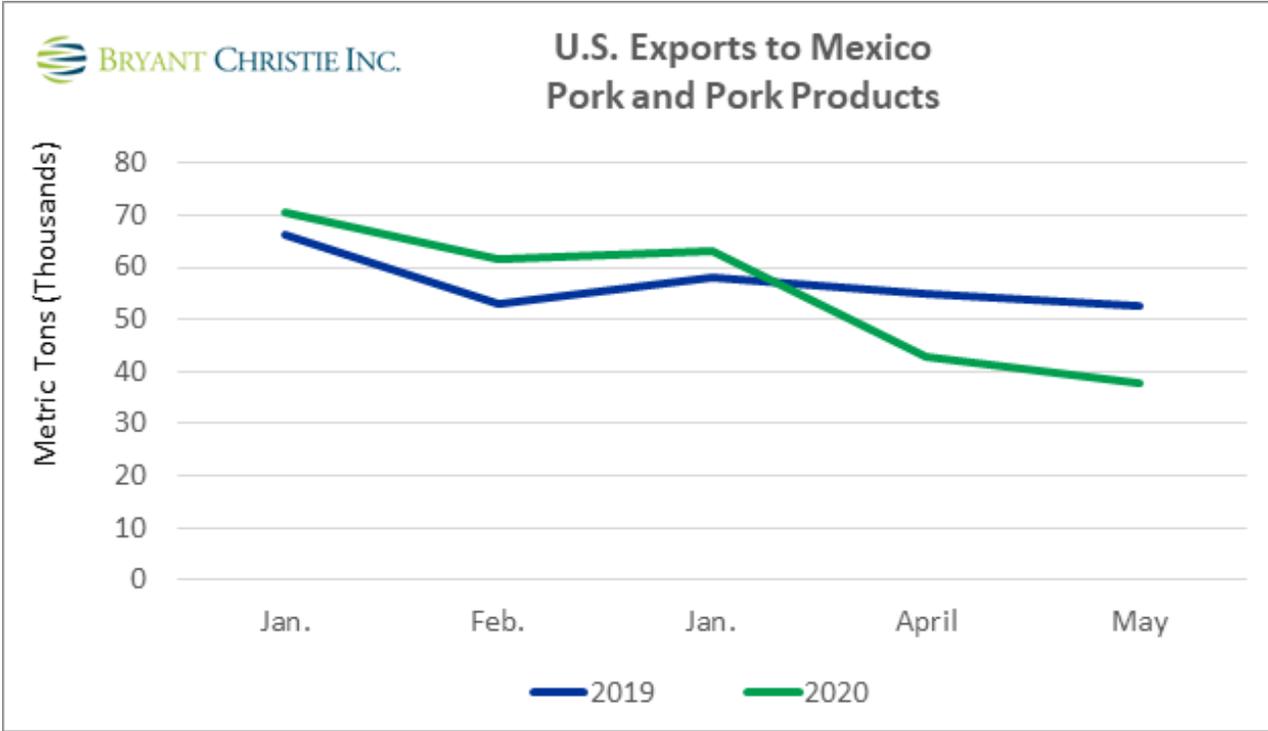


Fig. 4: Source: U.S. Census Bureau

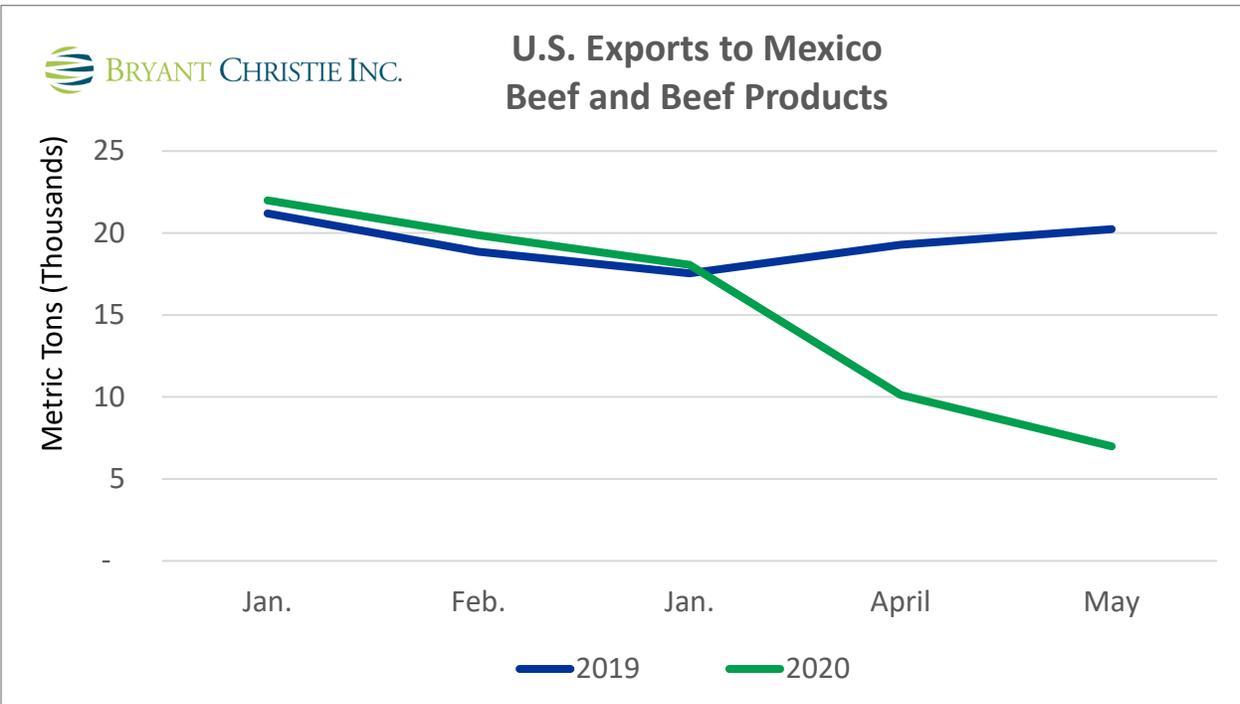


Fig. 5: Source: U.S. Census Bureau

Nonetheless, the closure of Mexico’s tourist trade is depressing demand for U.S. agricultural exports across the board.

Tourism is an important economic driver in Mexico, and its closure not only affects hotel and restaurant demand for imported food, but also results in Mexican workers having reduced purchasing power. That purchasing power was being strained even before the pandemic as Mexico’s economy was already receding.

COVID-19’s effects are exacerbating economic issues, eliminating any GNP growth and, according to some predictions, likely to throw millions of Mexicans into poverty. It is not clear how this dislocation will affect demand. It likely will vary by commodity. For example, USDA predicts Mexican demand for U.S. soybeans will be sustained during the health and economic crisis given the inelasticity of demand. If infections continue spreading, the border remains closed, and negative economic growth deepens, that is unlikely to be as true for U.S. exports with more elasticity.

Throughout the summer and early fall, Bryant Christie Inc.’s research group will be monitoring several non-trade statistics. These include the pace at which the Canadian HRI and the Mexican tourism sectors recover, as well as Mexican COVID-19 infection and unemployment rates. Of course, we will also be monitoring export and import data, but to assess the lasting impact of the pandemic on North American agricultural trade we’ll also monitor the forces driving those statistics.



Bill Bryant
Chairman
Founder
Bryant Christie, Inc.

Bill Bryant is founder and chairman of Bryant Christie Inc. Since founding the firm in 1992, Bill has been appointed under both Republican and Democratic administrations to advise USTR, USDA, and the Ex-Im Bank on our nation's trade policy.

In 2007, Bill was elected to the King County/Seattle port commission and was re-elected in 2011. In 2016, Bill Bryant was the Republican candidate for governor of Washington state.

Before founding BCI, Mr. Bryant spent nearly seven years as vice president of the Northwest Horticultural Council, where he worked to eliminate trade barriers confronting the Northwest tree fruit industry. Prior to the NHC, he served as the director of the Governor's Trade Council in Washington state. Mr. Bryant is a graduate of Georgetown University's School of Foreign Service, where he concentrated his studies on Asia and Latin America.



Hans Stroo
Project Manager
Research and Information Services Team
Bryant Christie, Inc.

Hans joined BCI's Seattle office in March 2017 as a member of the Research and Information Services team. He participates in market and regulatory research, program evaluation, and data analysis. Hans has been a primary contributor to market assessments across Southeast Asia, evaluations of market development programs in the U.S., East Asia and Europe, and production research projects in Chile, Mexico, and Peru. Hans leads extensive data analysis projects. He also contributes to regulatory and market intelligence for producers of horticultural goods, oilseeds, products of animal origin, processed foods, and the life sciences industry.

Prior to joining BCI, Hans was Communications Public Affairs Manager for the Washington Business Alliance, where he conducted data analysis, developed a large library of data visualizations and interactive maps, and helped design dashboards which forecast outcomes under different regulatory scenarios. He also presented his analyses in reports for print and digital publishing, policy speeches, testimony, blogs, and op-eds published in The Seattle Times, Puget Sound Business Journal, Real Clear Policy, and The Hill. Hans earned a Master of Science degree in Political Science from Portland State University. He received his Bachelor of Arts degree in Political Science from Western Washington University, graduating cum laude. As an undergraduate, he studied abroad in South Africa. Recently, Hans obtained a Specialization Certificate in Market Research authorized by University of California, Davis.