



Agricultural Issues Center
University of California

Prepared November 2003

Commodity Profile: Lettuce

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Overview

An assortment of lettuce cultivars and leaf types has been grown in the United States since colonial times. In the early 1900s, the shipping industry developed in the western states, expanding the range and popularity of lettuce. Today, more than 90 percent of the U.S. lettuce production is in California and Arizona.

Demand

Per capita consumption of head lettuce remained constant at about 20 or 21 pounds through the 1960s and into the 1970s (Figure 1). In 1972, demand began to increase and fluctuated around an average of 22.7 pounds per capita from 1972 to 2001, peaking at 26.7 pounds in 1989. Although consumption data on romaine and leaf lettuce is only available since 1985, annual demand shows a steadily increasing trend from 3 pounds per capita in 1985 to 8 pounds in 2000. In 2001, consumption was 7.7 pounds per capita.

The United States is a net exporter of lettuce. Only \$38.3 million worth of lettuce was imported in 2002, while exports totaled \$225.9 million. In 2001, imports of lettuce were \$21.5 million and exports were \$196.7 million. By far the biggest share of lettuce was shipped to Canada and Mexico. Combined lettuce exports to the two NAFTA partners amounted to \$206.3 million in 2002, or 91 percent of total exports.

Total exports valued at \$49.3 million in 1989 more than quadrupled to \$225.9 million in 2002 (Figure 2). According to the Agricultural Issues Center at the University of California, nearly 80 percent of total U.S. lettuce exports came from California in 2000. Head lettuce comprised the largest share of lettuce exports in 1989 at \$40.5 million. Other lettuce exports (romaine and leaf lettuce) amounted to \$8.7 million that year. Since 2000, however, the export value of romaine and leaf lettuce has exceeded the value of head lettuce exports. As of 2002, romaine and leaf lettuce exports were \$134.4 million, or 56 percent of total exports. Head lettuce exports in 2002 were still lower than they were in 1991 (Table 1).

Canada has been the leading recipient of U.S. lettuce since at least 1989. Canada received \$185.4 million (82 percent) of total U.S. lettuce exports in 2002. That share had grown from 74 percent in 1989 and 79 percent in 1993. Romaine and leaf lettuce exports to Canada were valued at \$115.6 million, or 86 percent of the total, in 2002. Head lettuce accounted for the

rest. This ratio has changed dramatically from 1989 when 82 percent of exports were head lettuce. Romaine and leaf lettuces have continuously increased their share in exports to Canada. Head lettuce exports to Canada show the same trend as general U.S. lettuce exports. They doubled during the first year of CUSTA, but remained relatively unchanged after that. Romaine and leaf lettuce exports to Canada, however, grew more than 1,700 percent.

Lettuce exports to the NAFTA partners accounted for \$206.3 million, or 91.3 percent of total lettuce exports. The approximate export value of California lettuce to Canada was \$129 million in 2002. Lettuce exports from California to Canada in 2001 were up 58 percent from 1990 (Figure 3). Exports to Mexico accounted for 9.3 percent of U.S. lettuce exports. In general, lettuce exports to Mexico have increased steadily from just under \$1 million in 1989 to \$6.7 million in 1993. Since 1993, the export value more than tripled to \$20.9 million in 2002 (Figure 4). Exports were down sharply in 1995, reaching their lowest level since 1990, probably due to the economic crisis and peso devaluation in Mexico.

Tariff Rates and Policy Changes Resulting from NAFTA

Two tariff seasons exist in the United States for lettuce imports from countries with which the United States maintains normal trade relations. From June 1 to October 31, the tariff is 0.4 of a cent per kilogram. Throughout the rest of the year, the tariff is 3.7 cents per kilogram. Nations that do not enjoy the normal tariff status face a single tariff of 4.4 cents per kilogram any time of the year.

Before the Canadian-U.S. Free Trade Agreement (CUSTA) in 1989, Canada imposed a tariff of 2.76 cents per kilogram on all lettuce. Under CUSTA, that tariff was reduced over 10 years and reached zero in 1998. Mexico imposed a tariff of 10 percent ad valorem on lettuce shipments from the United States before 1994. Under NAFTA, that tariff was incrementally reduced until it was eliminated.

Before 1989, two tariff rates existed for lettuce imports into the United States. From June 1 to October 31, the tariff was 0.88 of a cent per kilogram. During the rest of the year, the tariff was 4.4 cents per kilogram. Under CUSTA, the United States reduced the tariffs over 10 years until they were phased out in 1998. In 1993, Mexico faced the same tariffs that Canada had faced before 1989. The tariff during the summer period was phased out over five years and the tariff for the rest of the year reached zero in 2003.

Supply

California was the largest U.S. lettuce producer in 2002, growing head, leaf and romaine lettuce on 220,000 acres, or 75 percent of total acreage used for lettuce production in the United States. Arizona ranked second with 23.4 percent of the total US acreage. Head lettuce is grown on almost two-thirds of the total acreage. Lettuce production in California increased from 194,500 acres in 1992 to 220,000 acres in 2002.

The total production value of lettuce rose from \$1.17 billion in 1992 to a peak of almost \$2 billion in 1995, but fell sharply the next year to \$1.32 billion. Since 1996, annual production value has increased, reaching \$1.86 billion in 2002. Head lettuce has followed a similar pattern. In 1992, production was valued at \$882 million and peaked in 1995 at \$1.46 billion before falling the next year.

Even after adjusting for inflation, U.S. lettuce prices (in 1996 dollars) have increased since 1992. Prices rose from \$16.38 per cwt in 1992 to \$23.31 in 2002. The price for lettuce peaked in 1995 at \$26.59 per cwt, and has fluctuated around a generally increasing trend during

the NAFTA era. The average price from 1994 through 2002 was \$21.67 per cwt. On average, leaf lettuce received a higher price than head or romaine.

Total lettuce imports into the United States increased from \$9.3 million in 1989 to \$38.3 million in 2002 (Table 2). From 2001 to 2002, imports increased 78.5 percent. In 2002, 32 percent of the lettuce imports consisted of romaine and leaf lettuce, down from 56 percent the previous year. The decrease was mainly attributable to the enormous increase in head lettuce imports rather than a decline in romaine and leaf lettuce imports. From 2001 to 2002, imports of romaine and leaf lettuce only increased by 0.8 percent.

From 1996 through 2001, the United States imported most of its lettuce from Canada, which produced an average of 54 percent of total imports during the six-year span. Canadian lettuce shipments to the United States increased sharply from \$1.3 million in 1989 to \$13 million in 2001 before falling to \$10.3 million in 2002. Head lettuce and other lettuces (romaine and leaf) each made up approximately 50 percent of the U.S. imports from Canada in 2002.

During the 1990s, imports from Mexico were mostly lower than in 1989, with the exception of 1998. In 2000, imports began increasing. In 2002, Mexico more than quadrupled its exports over 2001, exporting lettuce to the United States valued at \$26.6 million. Mexico accounted for 69.5 percent of U.S. lettuce imports in 2002, the largest lettuce shipment from any country since at least 1989.

Sources

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Tables and figures

Table 1: U.S. Lettuce Exports, in million \$, 1989-2002

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Head	40.6	83.8	97.0	81.5	93.5	90.0	94.3	82.6	89.3	89.9	82.1	86.1	85.7	91.5
Other	8.7	30.9	36.3	45.5	57.5	57.1	67.3	57.8	70.3	78.3	77.8	105.7	111.1	134.4
Total	49.3	111.6	133.3	127.0	151.0	147.1	161.6	140.3	159.6	168.2	160.0	191.8	196.7	225.9

(Source: U.S. Customs Service)

Table 2: U.S. Imports, Total and from NAFTA partners, in million \$, 1989-2002

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Mexico	7.92	3.71	4.57	2.70	3.73	2.26	8.08	3.64	5.38	8.17	6.04	6.48	7.23	26.64
Canada	1.33	1.32	1.14	2.69	2.95	2.69	3.70	4.05	8.86	4.91	7.19	12.34	13.09	10.32
NAFTA	9.25	5.03	5.72	5.39	6.68	4.95	11.78	7.69	14.23	13.07	13.23	18.83	20.31	36.96
Total	9.41	5.05	5.79	5.58	7.18	5.41	13.03	8.44	14.80	13.88	14.11	20.25	21.47	38.31

(Source: U.S. Customs Service)

Figure 1: U.S. Per Capita Lettuce Consumption, 1960-2001

(Source: USDA Economic Research Service)

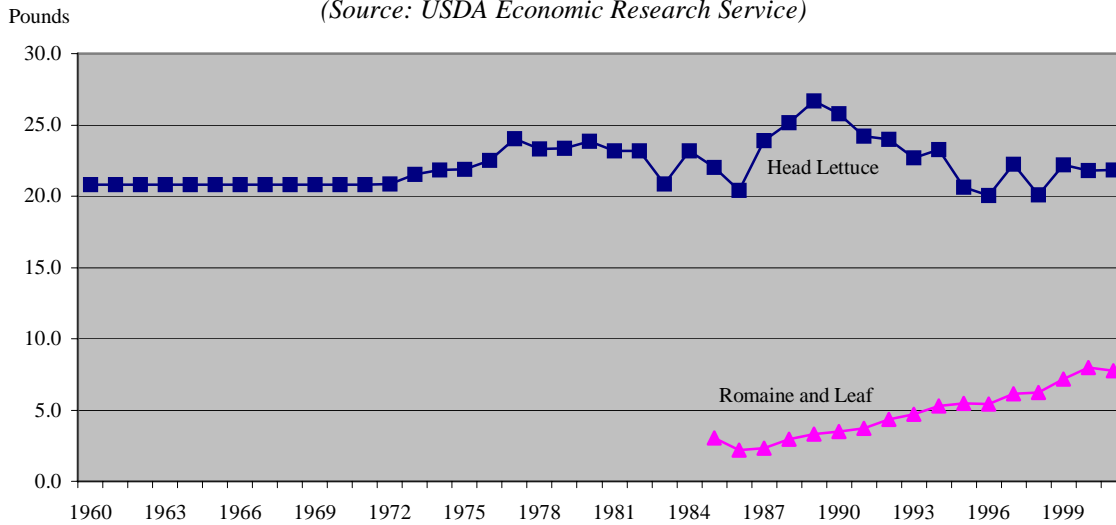


Figure 2: U.S. Lettuce Exports, 1989-2002

(Source: U.S. Customs Service)

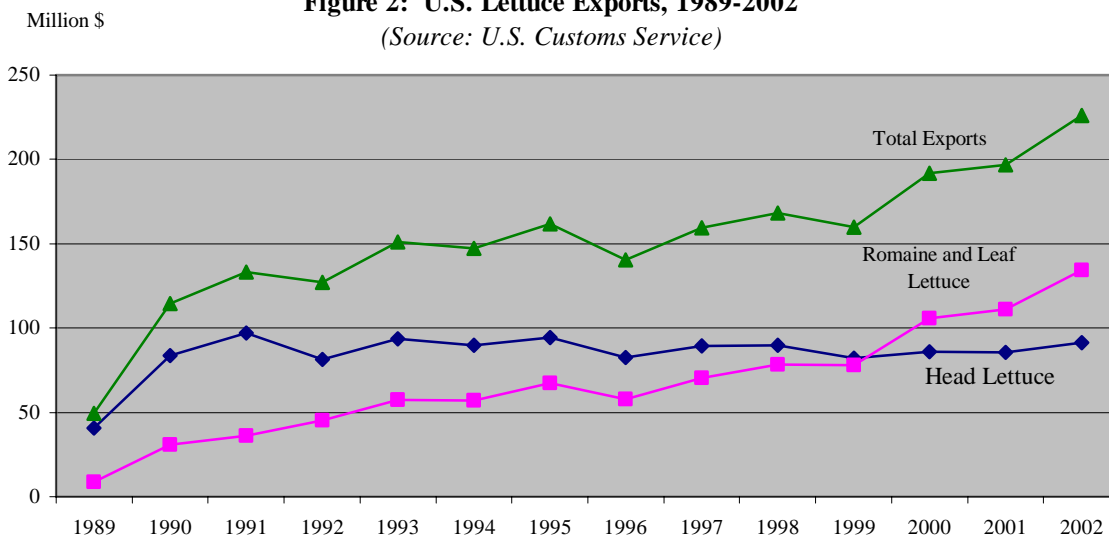


Figure 3 : California Lettuce Exports to Canada, 1990-2002

(Source: Canada Statistics)

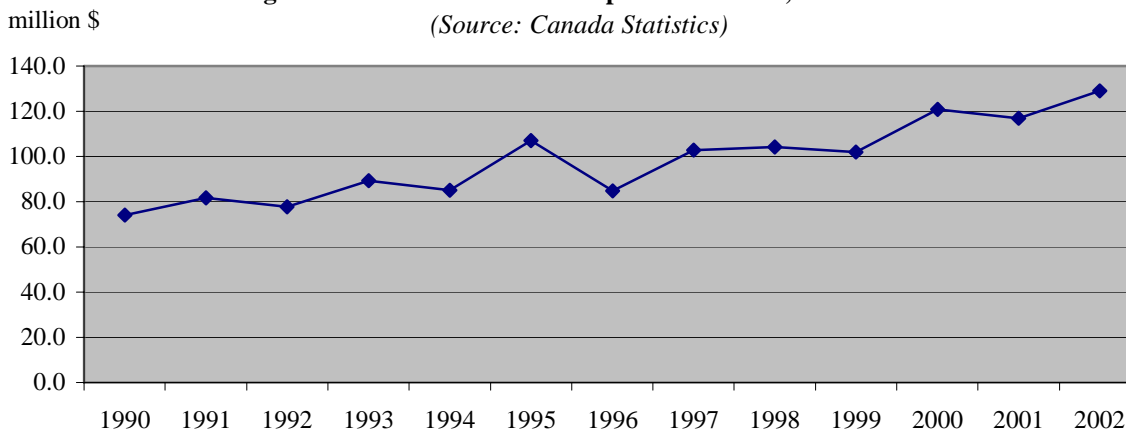


Figure 4: U.S. Lettuce Exports to Mexico, 1989-2002

(Source : U.S. Customs Service)

