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The U.S.–Mexico Tomato Suspension Agreement: Its Role in Trade, Market Dynamics and the Future for U.S. Tomato Growers

The Tomato Suspension Agreement (TSA) between the United States and Mexico has long shaped the flow of fresh tomatoes across the border, balancing fair competition with consumer access to affordable produce. Originally designed to resolve trade disputes over alleged dumping of Mexican tomatoes at below-market prices, the agreement has become central to the economic landscape for U.S. tomato growers, including those in states like Arkansas. With the U.S. Department of Commerce now reconsidering its continuation, it is vital to evaluate the history, structure, current status and potential economic impact of this agreement on domestic producers.

The agreement was first established in 1996 after U.S. tomato growers, particularly in Florida, raised concerns that Mexican exporters were flooding the market with tomatoes priced below production cost, harming domestic growers. Since then, the agreement has been updated several times, most recently in 2019, to address changing market conditions and close loopholes that allowed some exporters to evade its terms.

Over the decades, Mexico's share of the U.S. tomato market has grown dramatically. This trend is illustrated in the chart below:

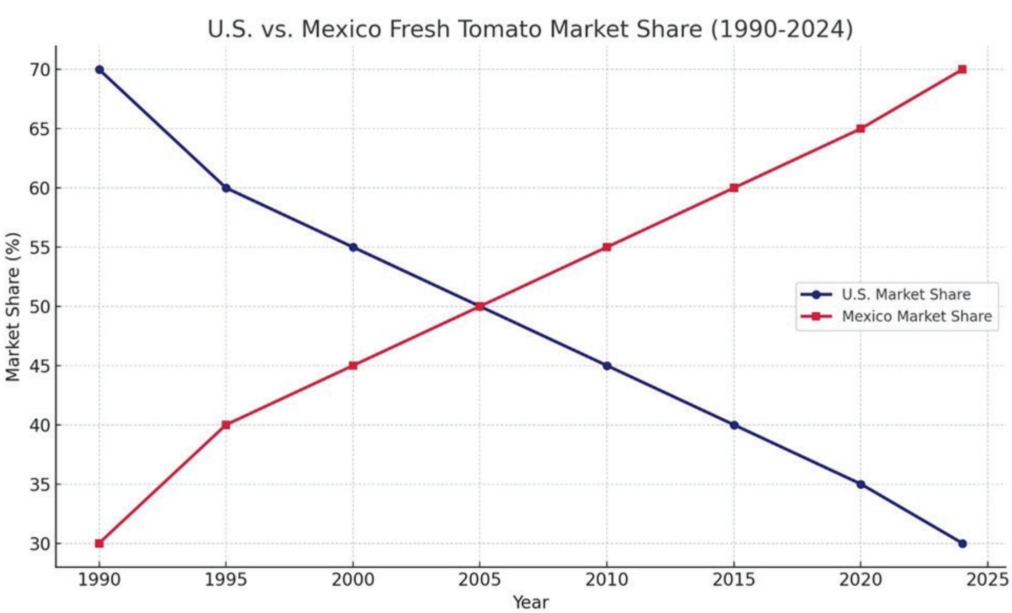

Figure 1: U.S. vs. Mexico fresh tomato market share, 1990–2024. Source: USDA, compiled estimates.

As Figure 1 shows, Mexico's share of the U.S. fresh tomato market has grown from about 30% in 1990 to approximately 70% in 2024. U.S. market share declined accordingly. This change reflects not just the effect of the suspension agreement's price floor but also structural factors such as Mexico's lower labor costs, year-round growing climate, investments in greenhouse technology and increasingly efficient supply chains.

The TSA is not a quota or a cap on the volume of tomatoes Mexico can export to the United States. Instead, it suspends U.S. anti-dumping investigations as long as Mexican exporters adhere to certain conditions, most notably, a defined minimum reference price for fresh tomatoes shipped into the U.S. market. These minimum prices are designed to prevent "dumping," or the sale of tomatoes at prices lower than fair market value, which would harm U.S. producers by pushing prices below their cost of production. Mexican growers and shippers are free to export as much as they want, provided they meet these price requirements. The U.S. Department of Commerce oversees the agreement, ensuring compliance and investigating any violations.

This structure has allowed significant volumes of Mexican tomatoes to enter the U.S. market, especially during times of the year when domestic growers, including those in states like Arkansas, are out of production due to seasonal constraints. Mexican producers, with their favorable climate and ability to grow year-round, supply large volumes of tomatoes to the U.S. market during winter and early spring months when domestic production is typically lower. While this helps keep store shelves stocked and prices stable for consumers, it also contributes to the competitive pressure felt by U.S. growers during overlapping seasons.

In 2025, the U.S. Department of Commerce announced its intent to terminate the 2019 suspension agreement, citing concerns that the agreement may not be fully preventing unfair pricing practices. A final decision is expected later in the later in the year. However, if no new framework is established, the U.S. could impose anti-dumping duties on Mexican tomato imports.

The TSA has sought to strike a balance between protecting U.S. growers and keeping markets supplied. Because the agreement only addresses pricing and does not limit the quantity of imports, Mexican tomatoes have continued to enter the U.S. market in large volumes. This has put ongoing pressure on U.S. growers, including those in Arkansas, who face higher costs of production and limited ability to match Mexican volumes, especially during off-season months.

Arkansas tomato growers, who focus more on regional markets and seasonal fresh sales, could benefit from the termination of the agreement if it leads to duties on Mexican imports that stabilize or raise prices. While this could provide some relief to growers struggling to compete on price, any change must be balanced to avoid unintended disruptions to the supply chain or sharp increases in consumer prices.

The production trends that accompany this shift are illustrated in the following chart:

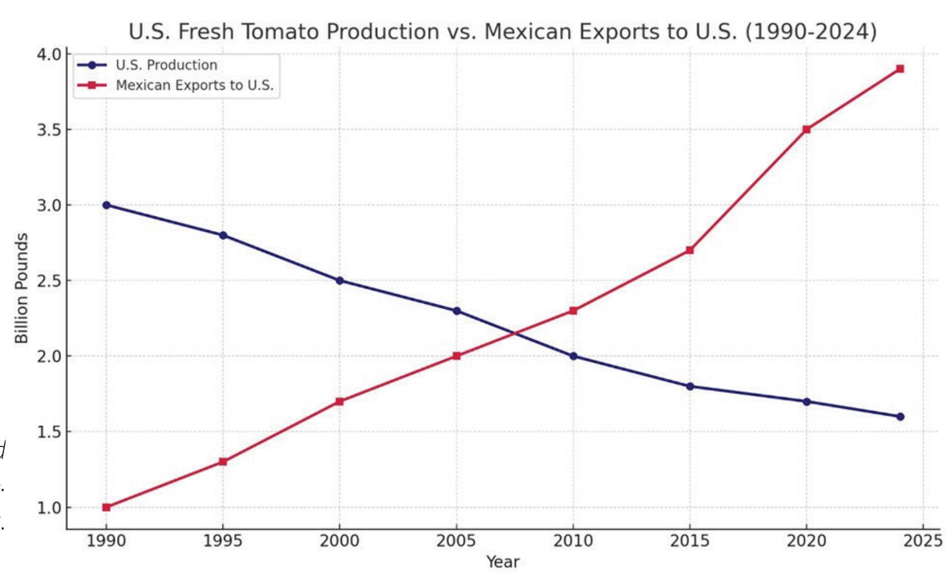

Figure 2: U.S. fresh tomato production compared to Mexican exports to the U.S., 1990–2024. Source: USDA, compiled estimates.

Figure 2 highlights how U.S. production has declined while Mexican exports have grown. U.S. production dropped from about 3 billion pounds in 1990 to 1.6 billion pounds in 2024, while Mexican exports rose sharply. Much of this shift reflects structural advantages for Mexican producers rather than solely the terms of the suspension agreement.

The TSA plays a critical role in regulating tomato trade between Mexico and the United States. It does not limit how many tomatoes Mexico can ship but ensures that those tomatoes are sold at or above a defined minimum price. As policymakers weigh whether to maintain, terminate, or renegotiate the agreement, it's essential to consider how its structure impacts domestic growers, market stability and consumer costs. For Arkansas growers and others across the country, a future that offers fair competition without unintended supply shocks will be key to sustaining the industry.

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