

Trade Effects of Immigration Enforcement: Evidence from U.S. Labor-Intensive Agriculture*

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Abstract

U.S. labor-intensive fruit and vegetable (FV) production has declined in recent decades, while imports have significantly increased. During this time, the U.S. farm labor markets, heavily reliant on foreign-born workers, have tightened, with producers reporting labor shortages and rising wages. This study examines whether intensified immigration enforcement in the U.S. interior, a supply-side shock to farm labor availability, affects FV trade domestically and internationally. First, we demonstrate that a state's FV production decreases with the intensification of immigration enforcement. Using reduced-form gravity models with state panel trade flow data, we then show that immigration enforcement reduces FV exports to other U.S. states and foreign trading partners. To mitigate the reduction in local FV supply, states with higher enforcement increase their imports from lower-enforcement states. However, we do not find evidence that changing labor dynamics contribute to the rise in international FV imports. Trade agreements and lower production costs at the origin may explain this pattern.

Keywords: U.S. farm labor, immigration enforcement, agricultural trade, exports, imports, fruits and vegetables, Poisson Pseudo-Maximum Likelihood

JEL Codes: F16, K37, Q10, Q17

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