

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

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Abstract

U.S. fruit and vegetable (FV) production, which is highly labor-intensive, has declined in recent decades, while imports have significantly increased. During this time, the U.S. farm labor markets, heavily reliant on undocumented workers, have tightened, with producers reporting labor shortages and rising wages. This study examines if 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 labor expenses and FV production decrease with the intensification of immigration enforcement. Using gravity models with state panel trade flow data, we 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 in origin countries 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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