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**EXTENSION**

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## **Terrorist Attacks in New York City and Washington, D.C.: Implications for the Florida Vegetable Industry<sup>1</sup>**

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This paper is one in a series prepared by faculty in the Department of Food and Resource Economics at the University of Florida. Other papers in the series address implications for the U.S. economic outlook (FE 311); U.S. trade policy (FE 312); state government revenues in Florida (FE 317); and the Florida citrus (FE 313), agronomic crops (FE 315), and tourism (FE 316) industries.

The tragedy inflicted on the American people when the World Trade Center and the Pentagon were attacked on September 11, 2001, created havoc in much of the world, extending beyond the borders of the United States. The crisis that followed created great uncertainty and shook the confidence of many people throughout the world. This type of uncertainty impacts markets as normal economic activity and decisions made by market "actors", ranging from the producer to the consumer, will be influenced by the actions on that day.

The vegetable industry, however, will likely see only minor impacts in its markets. On the demand side, consumers are not likely to change their purchasing practices for fresh vegetables over the next few months. The tragedy will weigh on the minds of people and may influence investment

decisions made by consumers, but food such as fresh vegetables will still need to be consumed to nourish the body and will continue to be seen as vital to the American diet. The international demand for U.S. fresh vegetables will likely suffer from the uncertainty of situations resulting from the tragedy, but the international demand for fresh vegetables is small relative to the domestic demand. The largest foreign market for U.S. grown vegetables is Canada, and there should be only a minor, if any, impact in that market.

The supply side of the market in the United States should also remain strong. There have been few disruptions in the supply of inputs necessary for producing vegetables. The cost of inputs may decline as interest rates decline to help the other parts of a floundering economy.

Imports may suffer the greatest impact in the vegetable industry. Any continuation of the uncertainty in the international arena will increase the cost of moving products throughout the world. This may be especially true in the cost of moving products across the border as the United States moves to increase the security of its borders. Delays at the borders increase the cost and uncertainty of providing

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a quality product in the U.S. market. This may cause a small decline in the supply of foreign produce that competes with U.S. produce in U.S. markets.

On balance, little impact of the tragedies in New York City and Washington, D.C. is expected to trickle down to the domestic vegetable industry. Any impact is likely to be positive for Florida producers as it becomes more difficult to bring in imports that compete with Florida produce in the domestic market. Inputs are also likely to decline in cost to reflect the lower cost of capital. The fresh vegetable industry in Florida should not suffer any significant consequences from the September 11th tragedy and should see a normal year of operation.