

Agricultural Trade and CAFTA A Private Sector Perspective

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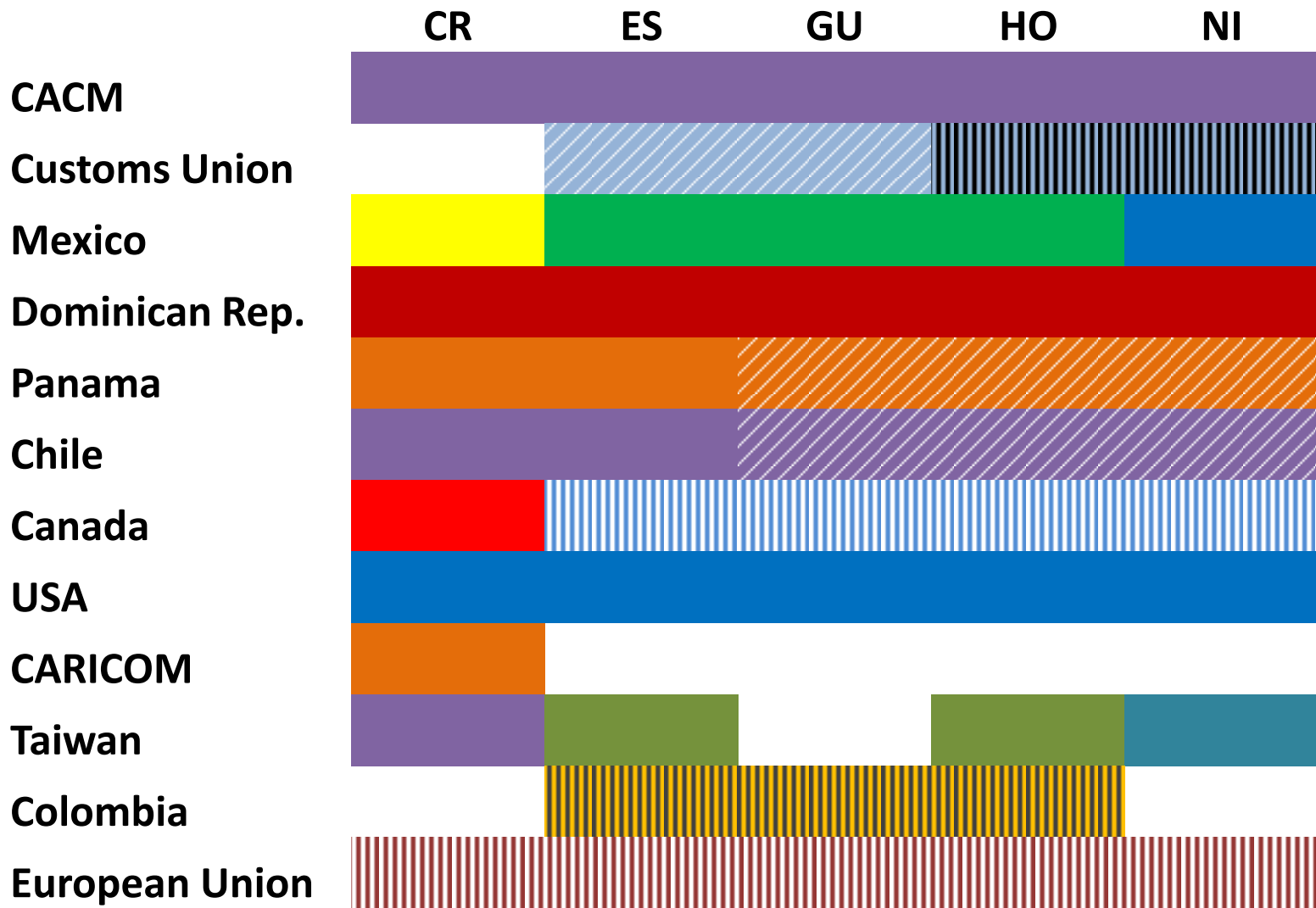
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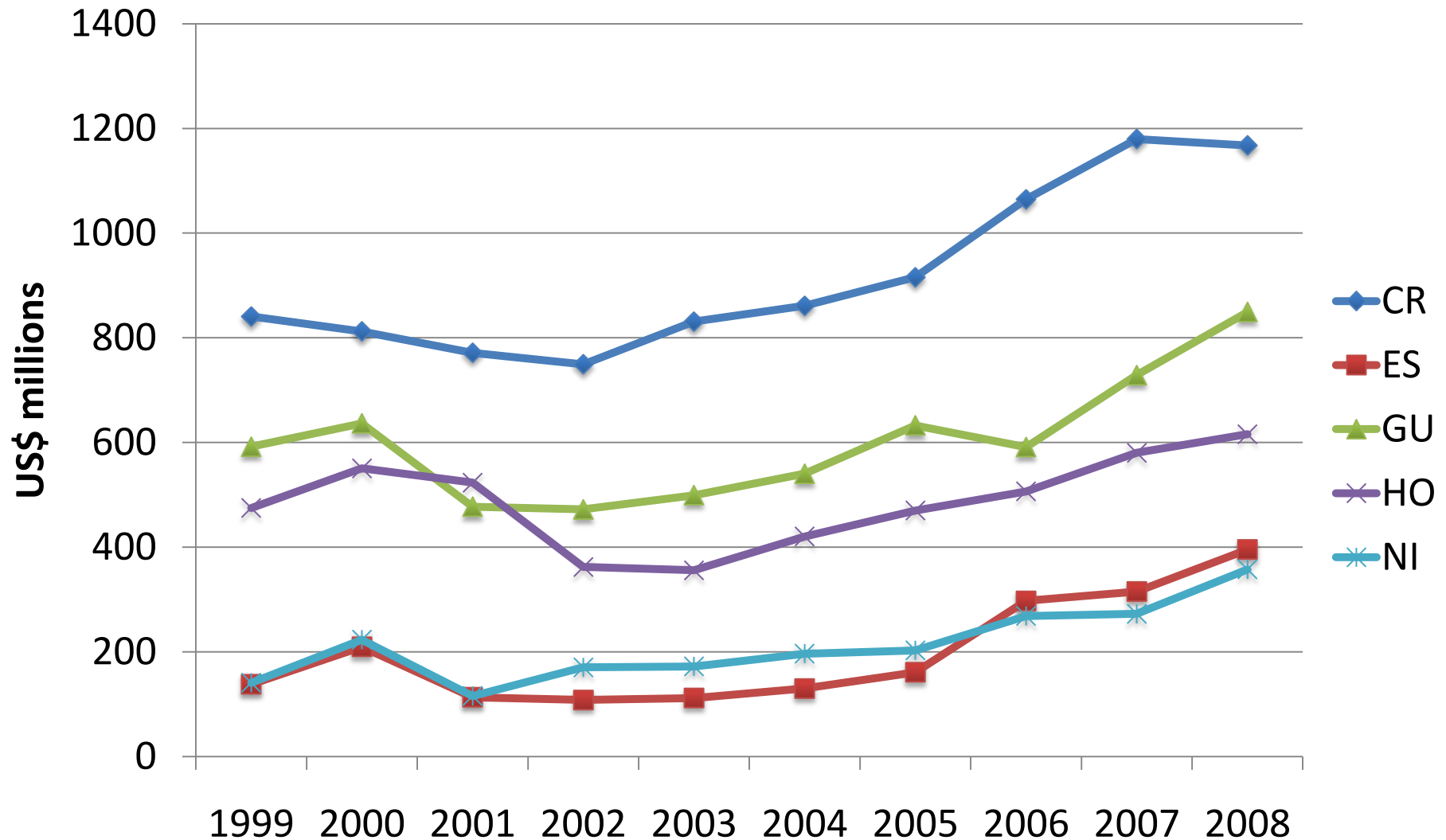
CAFTA

- Central American Free Trade Agreement
- USA, 5 countries of CA, Dominican Republic
- Free trade in high % of tariff lines
- Gradual market access for sensitive products, with TRQs
- 1 product excluded from tariff reduction per country
- Replaced CBTPA for participating countries
- El Salvador, Mar 2006 – Costa Rica, Jan 2009
- CAFTA is part of a larger effort to facilitate trade

Trade agreements in Central America

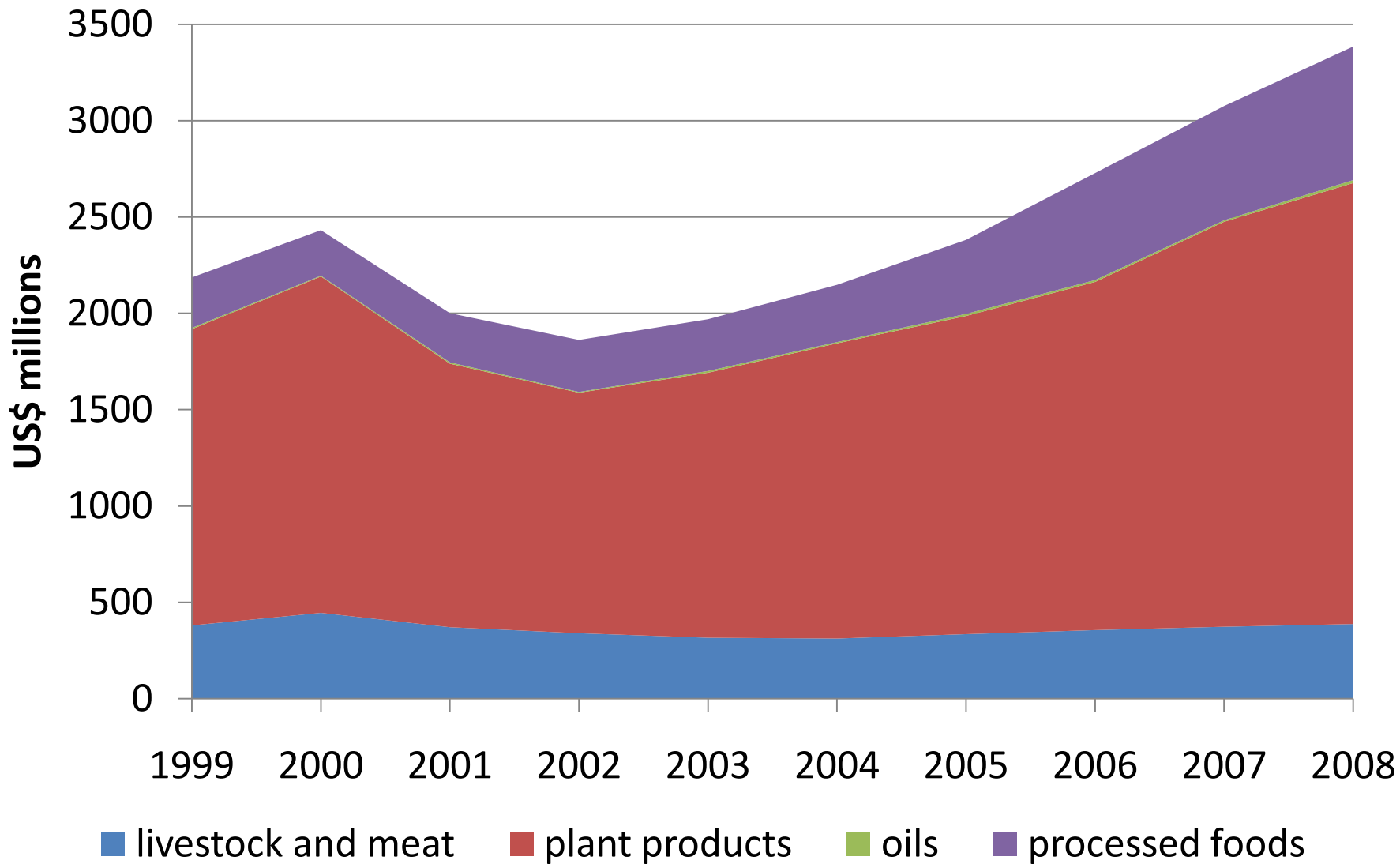


Agricultural exports to USA



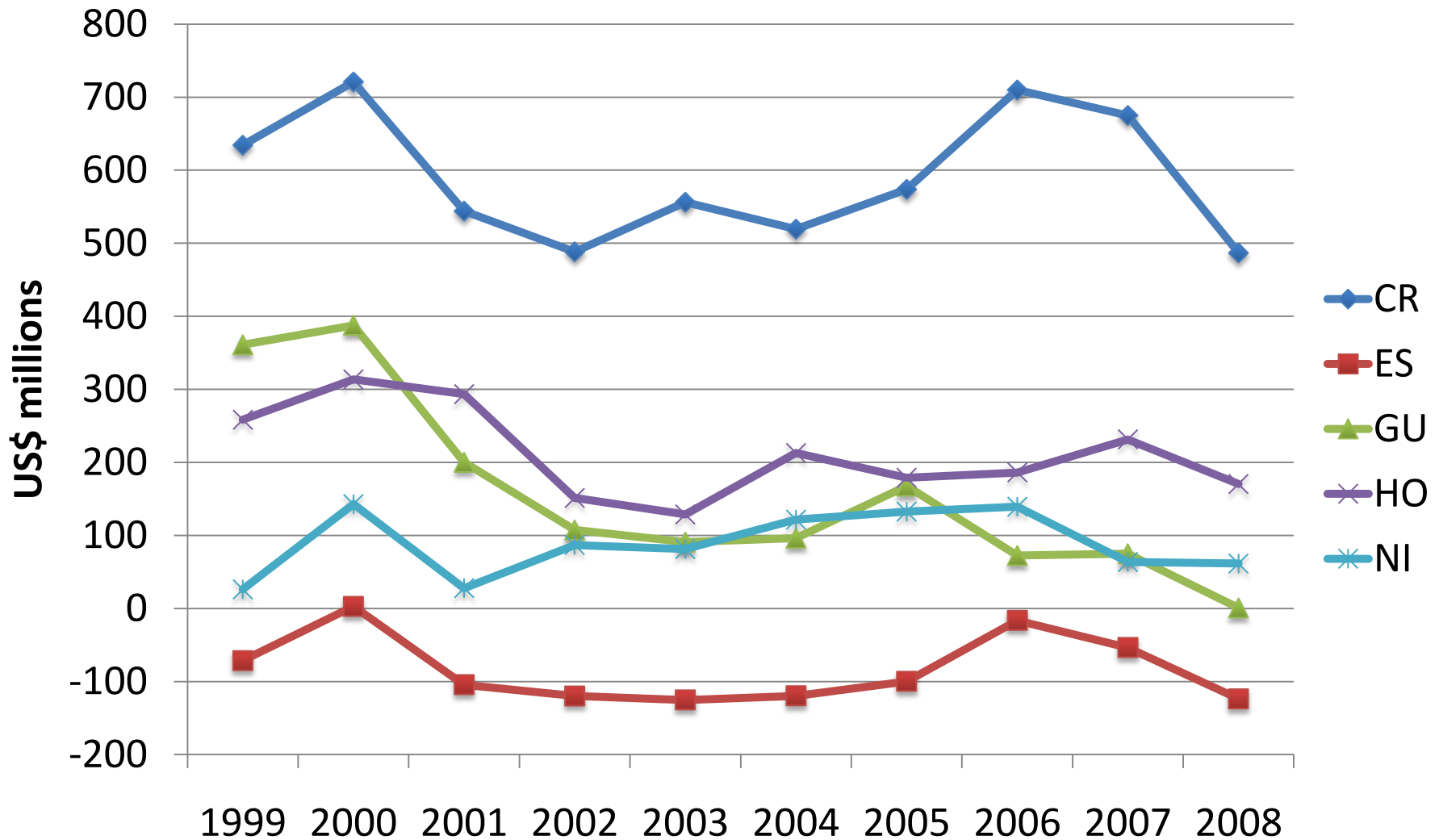
Source: SIECA

Ag Exports of CA to USA by Category



Source: SIECA

Agricultural Trade Balances with USA



Source: SIECA

Reflections on Agricultural Trade

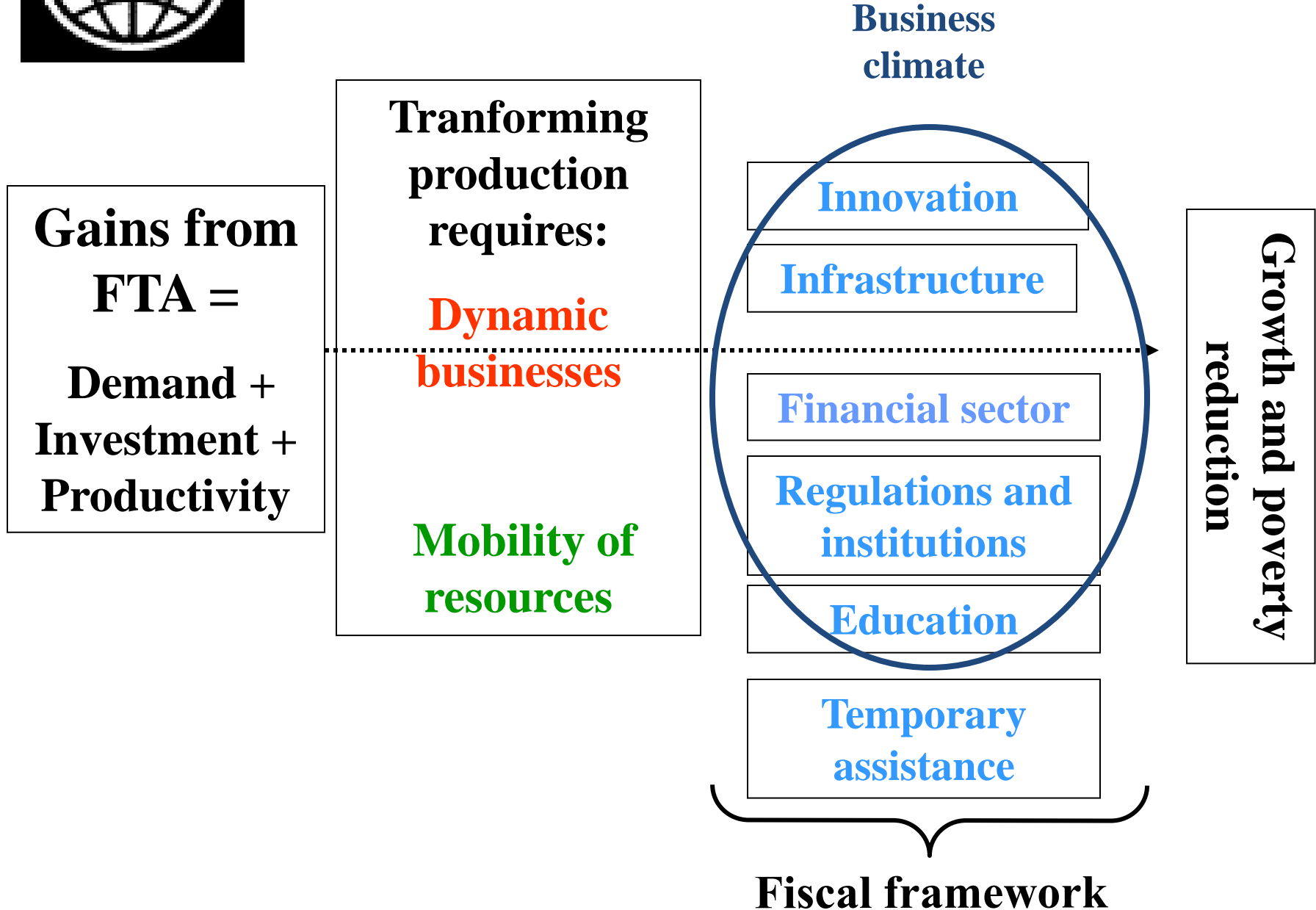
- With CBTPA, most products were already tariff-free; important exceptions:
 - Dairy products
 - Sugar and all sugar-containing products
 - Meat
 - Peanuts
 - Tuna
 - Ethanol
- How much of the increase in trade is from
 - Improved tariff access/quotas
 - More export-oriented businesses
 - Trade promotion activities
 - Trade capacity building
- CAFTA quotas are not always filled
- Increased import competition in some sectors

Trade Relations within Central America

- Regional market is highly integrated, especially Guatemala-El Salvador-Honduras
- Regional accumulation has great potential for exports to USA
- Customs union is advancing but fragile
- Intraregional trade often is interrupted



The Complementary Agenda



How well are we taking advantage of CAFTA?

- Numerous projects and programs for trade capacity building in agriculture (trade promotion, SPS)
- International cooperation also works with private sector efforts
 - Example AGROCAFTA of Central American Federation of Chambers of Exporters (FECAEXCA)
 - Technical requirements for over 400 products (tariff code, FDA, SPS, customs procedures, etc.)
- Trade promotion assistance versus competitive product development (experience of export platforms)
- Largest barriers are domestic productive constraints

How well are we taking advantage of CAFTA?

- Important growth in different sectors; examples:
 - Pineapple in Costa Rica
 - Mango in Guatemala
 - Horticultural crops and aquaculture in Honduras
 - Nostalgic foods in El Salvador
- Innovation
- Other hurdles
 - Determination of tariff lines (panela)
 - Food labels
 - Admissibility of fresh fruits and vegetables
- Trends in ethnic foods, tropical/exotic foods
- Moving into the “big market”

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