


Agricultural Trade and CAFTA A Private Sector Perspective

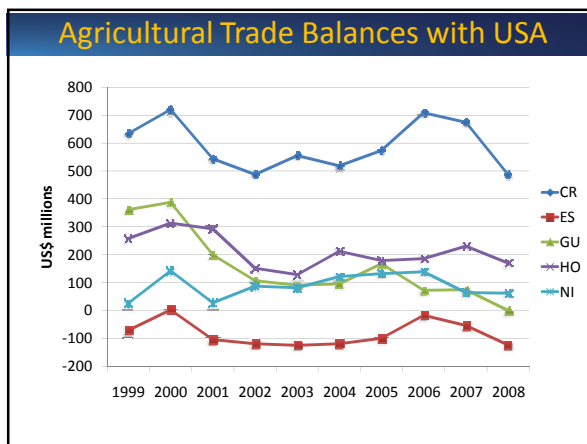
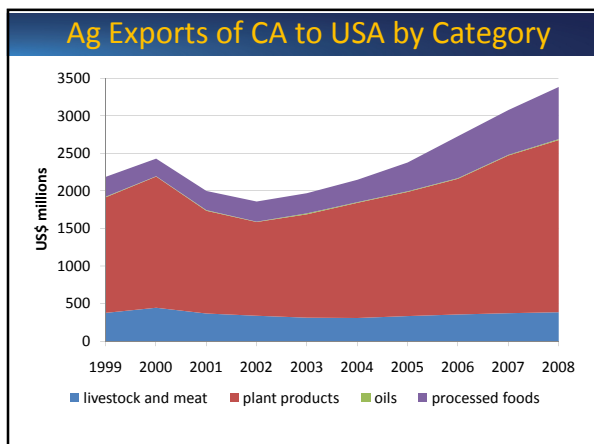
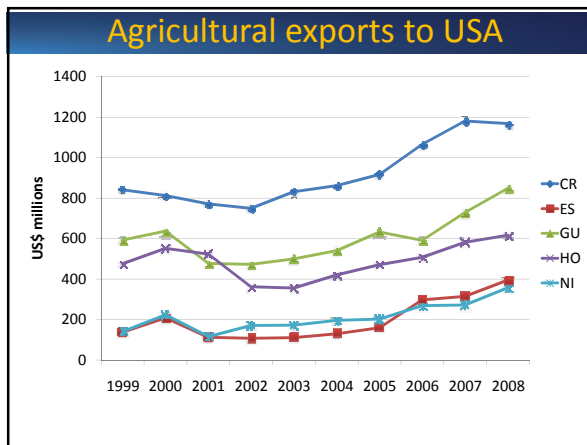
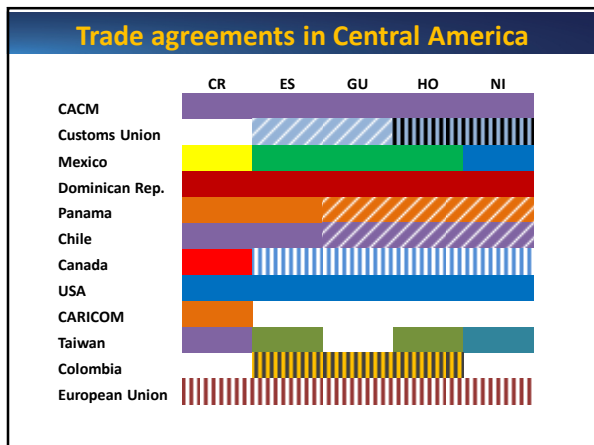
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CAFTA

- 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

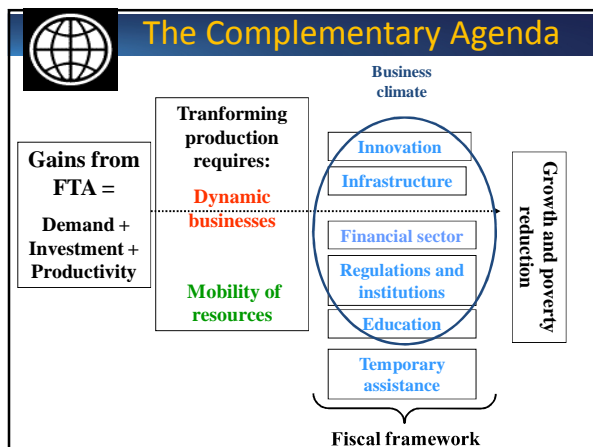


Reflections on Agricultural Trade

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

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



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

AgroCAFTA
 ASESORÍA
 APEN
 ODESEXCO
 ODEEXPORT
 PMA
 Asistencia de FECAEXCA a pymes
 sobre requerimientos técnicos
 CAFTA 2009 04
 10-10-09

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"