

# **U.S. Horticultural Trade Under the Central American Free Trade Agreement**

**USDA  
Foreign Agricultural Service  
Horticultural & Tropical Products Division  
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# Central American Free Trade Agreement (CAFTA)

- **Negotiations concluded on January 25, 2004**
- **Includes five countries:**
  - **Costa Rica**
  - **El Salvador**
  - **Guatemala**
  - **Honduras**
  - **Nicaragua**
  - **On March 15, 2004, the U.S. & Dominican Republic Concluded Trade Talks Integrating the Dominican Republic into CAFTA. However, this presentation does not include data on the Dominican Republic.**
- **U.S. *gains* eventual duty-free, quota-free access on essentially all products into CAFTA countries**
- **CAFTA countries *maintain* and lock-in current duty-free treatment extended under Caribbean Basin Initiative benefits.**

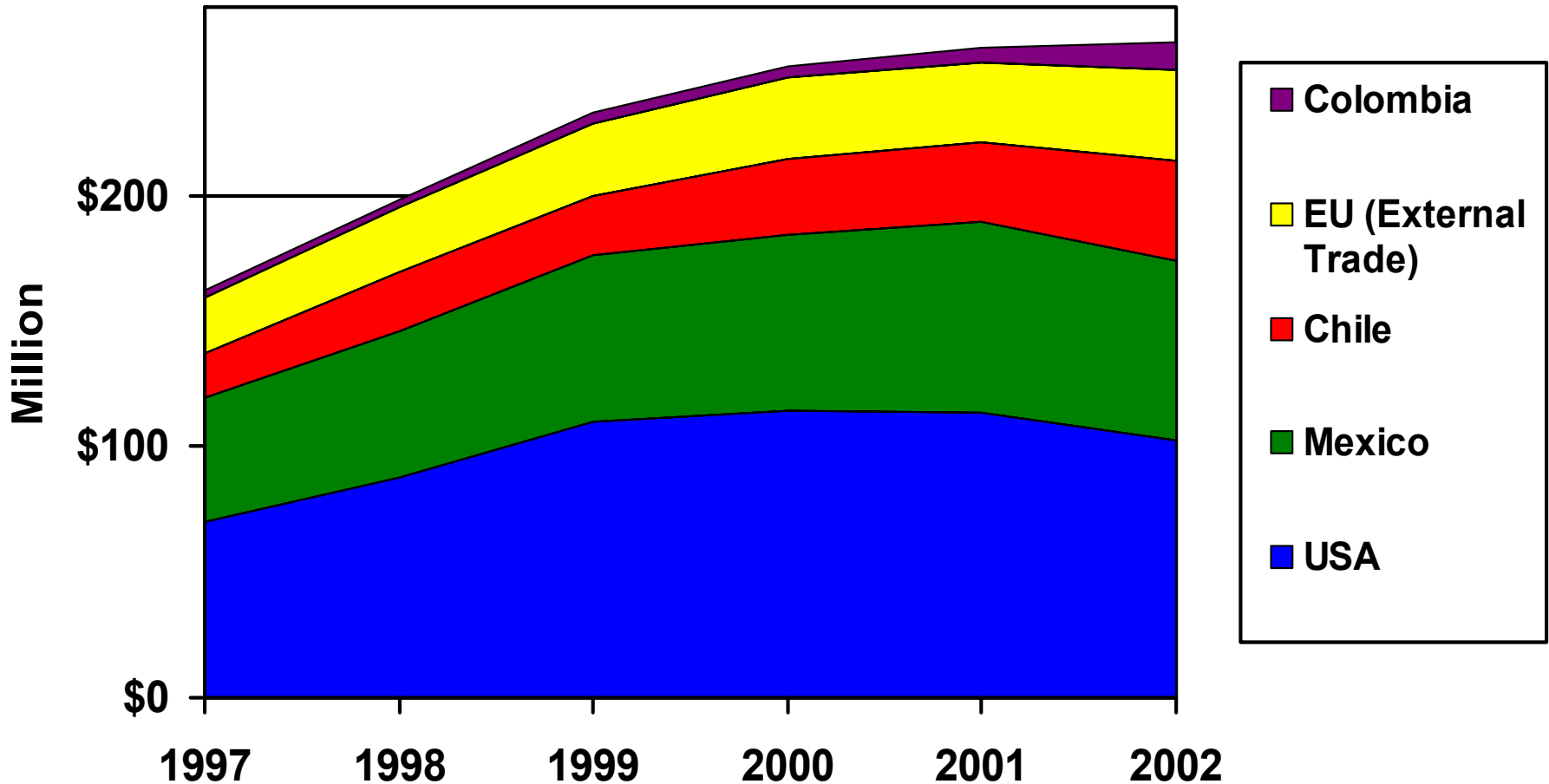
# **Central American Free Trade Agreement (CAFTA)**

- **Over 99 percent of agricultural imports from Central American (on a trade-weighted basis) enter the United States duty-free under MFN tariffs and CBI preferences. Thus, CAFTA results in limited additional import competition.**
- **Removing trade barriers between the United States and the CAFTA countries will create important new export opportunities for U.S. farmers, ranchers, and processors.**
- **CAFTA countries comprise roughly 34 million consumers with per capita annual incomes ranging from nearly \$2,000 to over \$8,500 (PPI 2001). This represents a significant growth market for U.S. producers.**

# **Agricultural Exports to CAFTA Countries**

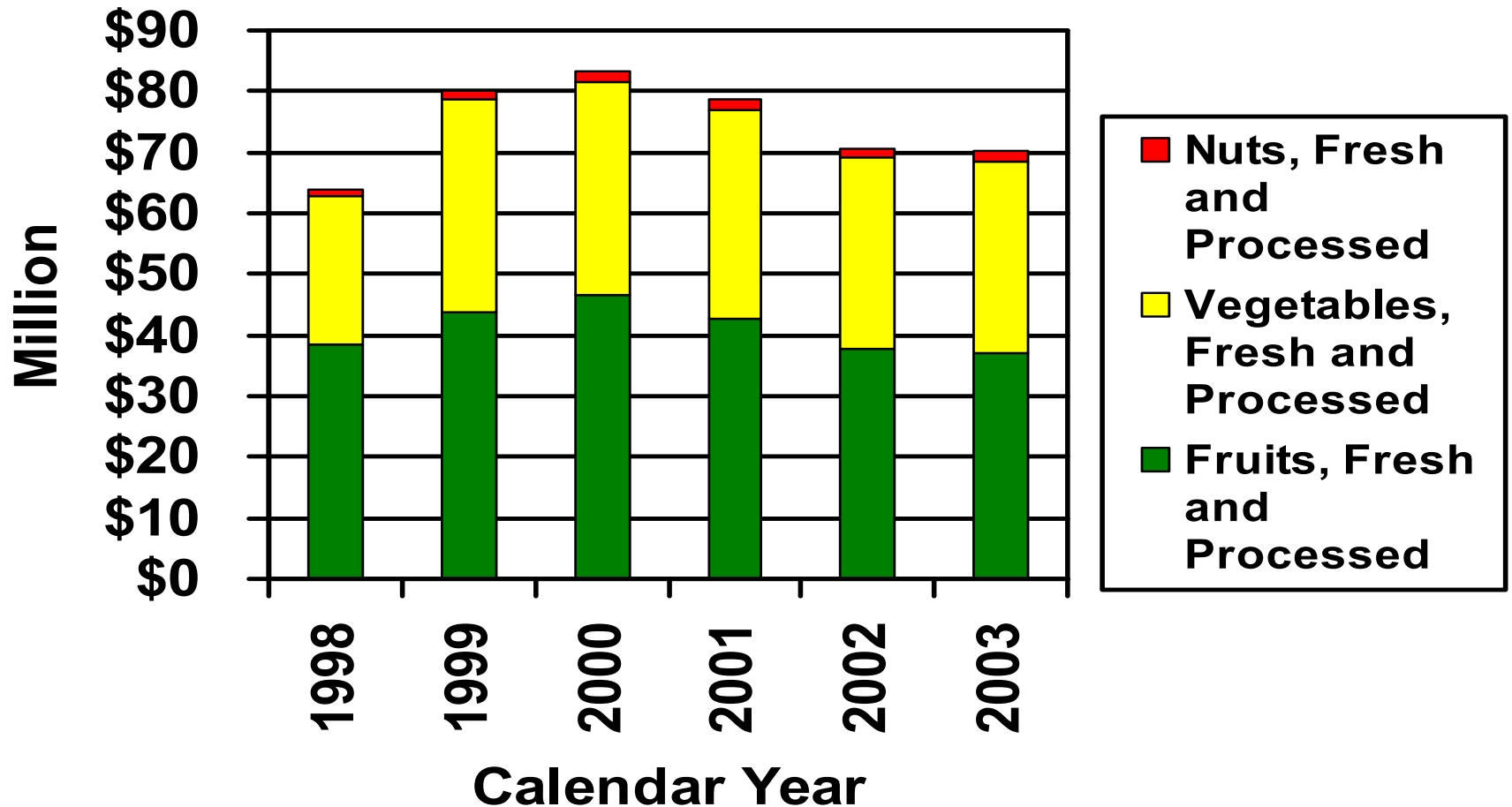
- **U.S. agricultural exports to CAFTA countries totaled over \$1.1 billion in 2003, of which horticultural exports totaled \$116 million.**
- **The average allowed tariff for the Central American countries under their WTO commitments are:**
  - 42% in Costa Rica
  - 41% in El Salvador
  - 49% in Guatemala
  - 35% in Honduras
  - 60% in Nicaragua
- **Eliminating these tariffs will create, in many cases, preferences for U.S. exporters over third-country suppliers.**

# Horticultural Exports to CAFTA Countries by Major Suppliers



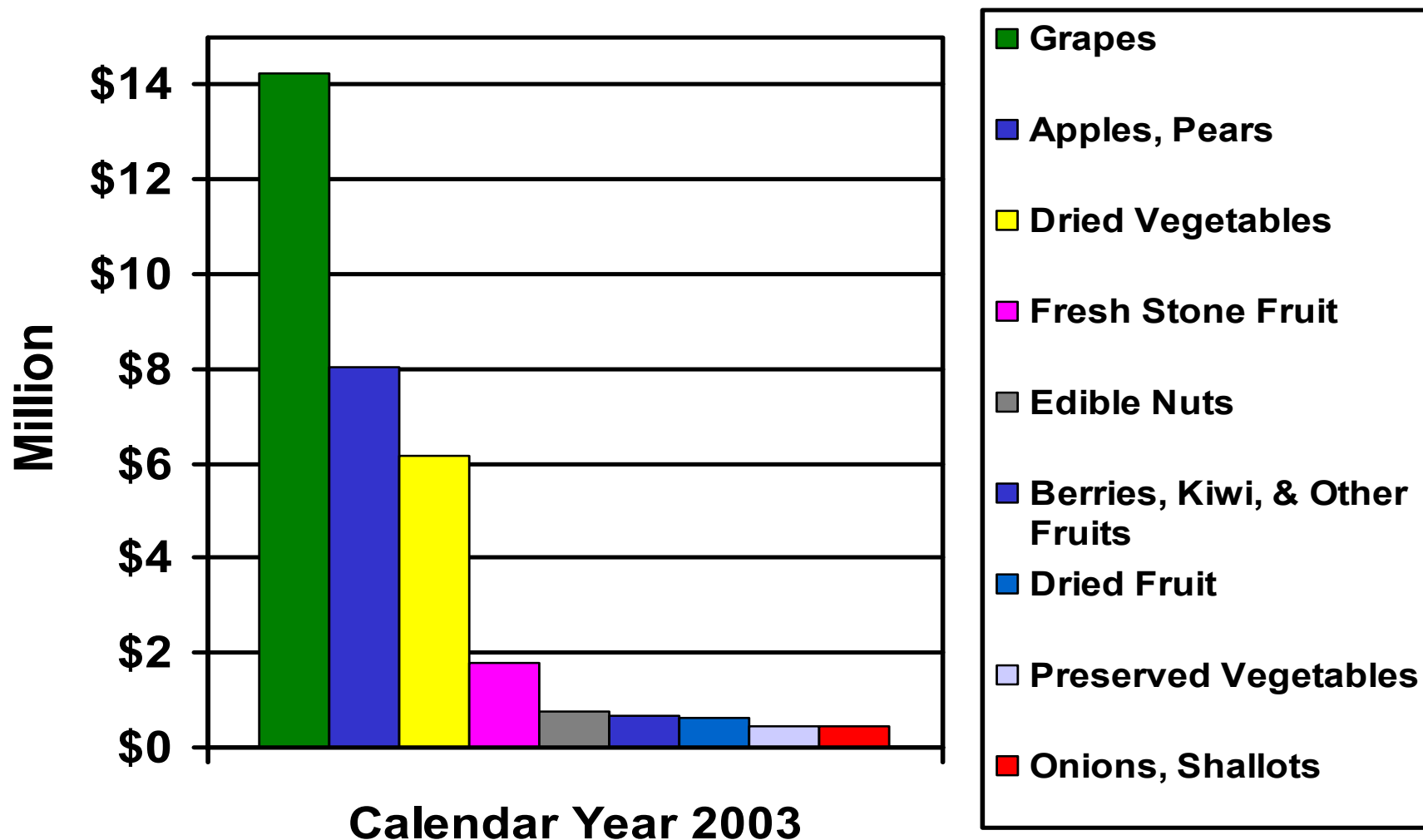
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.  
Source: Global Trade Atlas

# U.S. Exports of Fruits, Vegetables and Tree Nuts to CAFTA Countries



Source: Bureau of the Census, DOC

# Top U.S. Exports of Fruits, Vegetables, and Nuts to CAFTA Countries



Source: Bureau of the Census, DOC

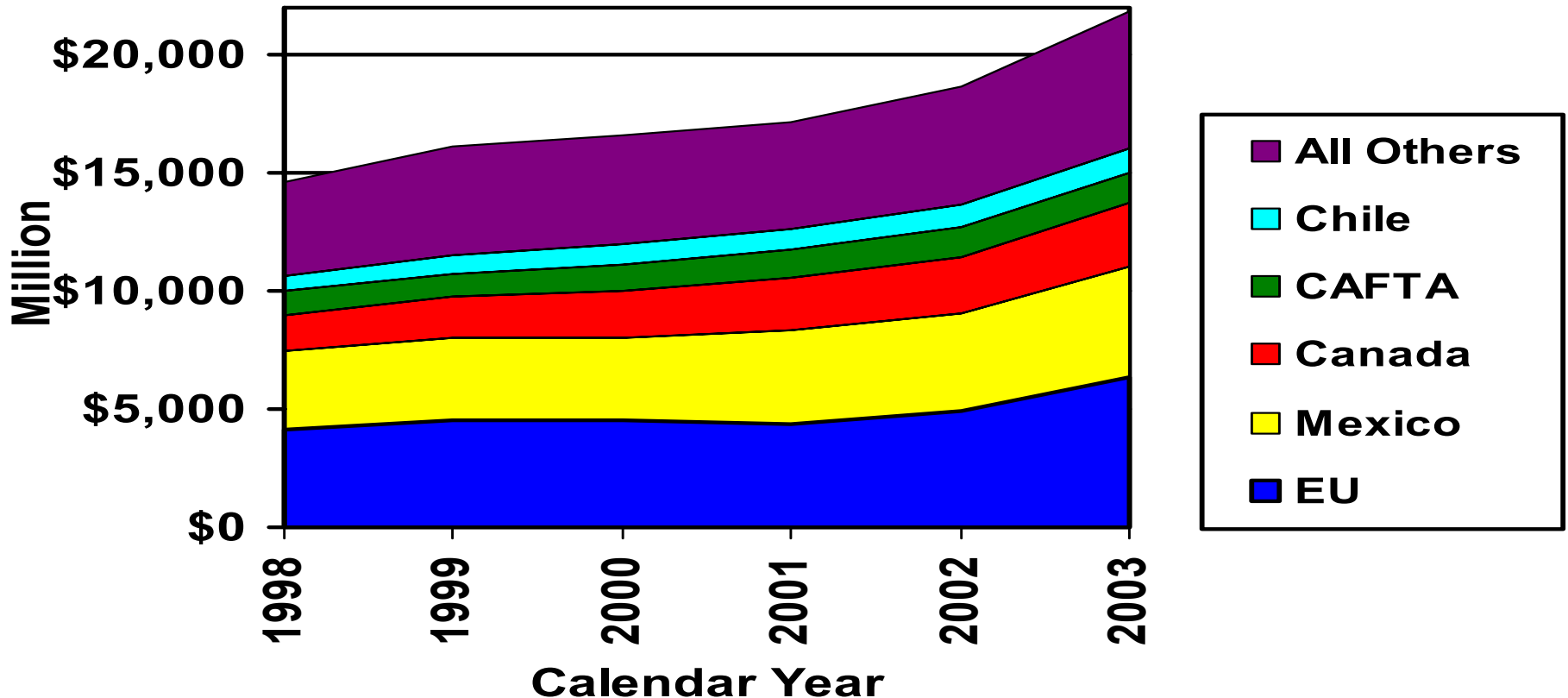
# **Agricultural Imports from CAFTA Countries**

- **Over 99 percent of agricultural imports from Central America (on a trade-weighted basis) enter the United States duty-free under MFN tariffs and CBI preferences.**
- **The United States imported over \$2 billion in agricultural products from Central America in 2003.**
- **The vast majority of these imports constitute non-competitive crops, such as coffee and tropical fruits.**
- **Horticultural product imports from CAFTA countries averaged \$1.26 billion over the past three years.**



# U.S. Horticultural Imports from all Countries

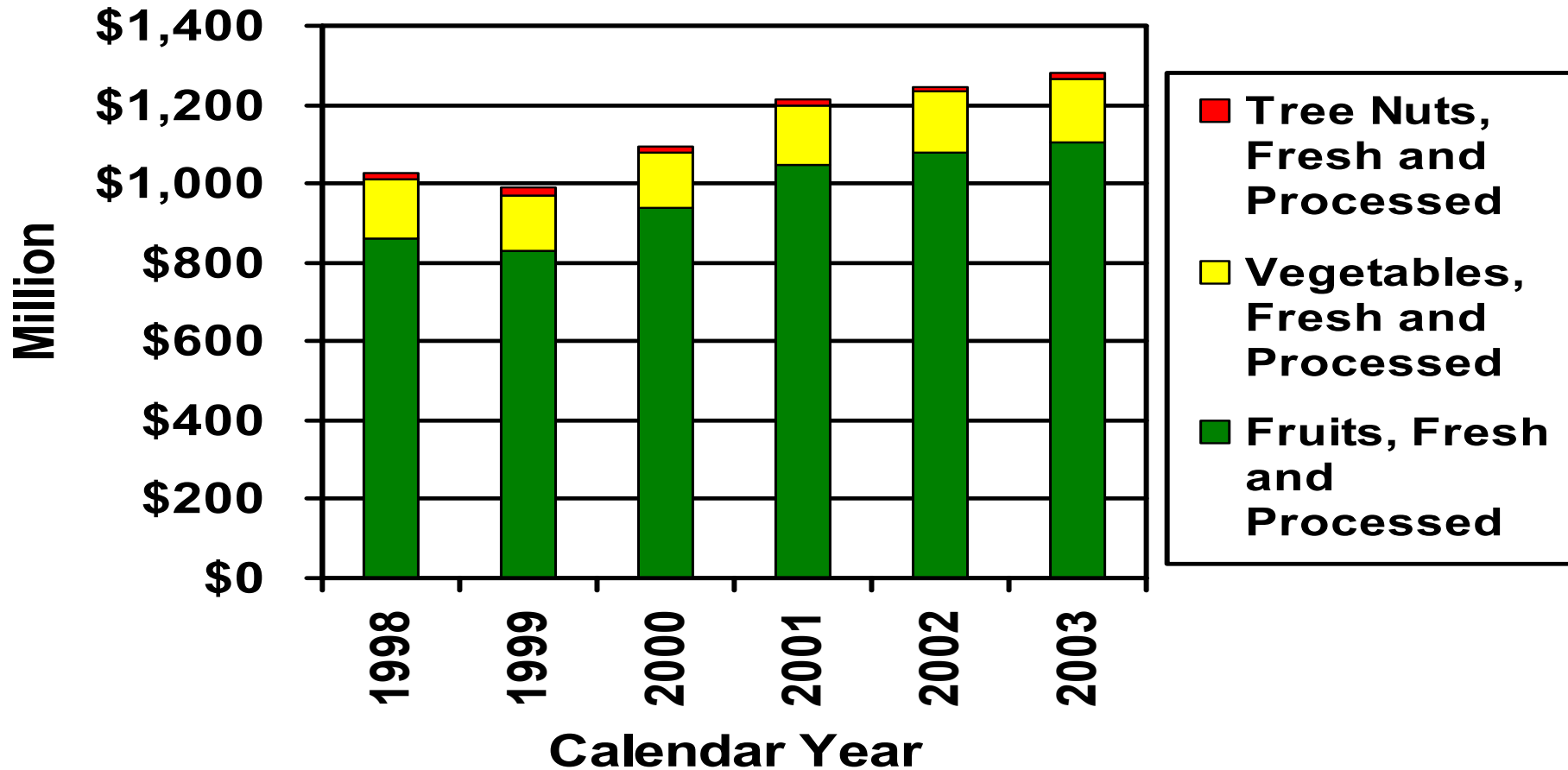
## CAFTA Share of Total Horticultural Import Market



Source: Bureau of the Census, DOC

Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

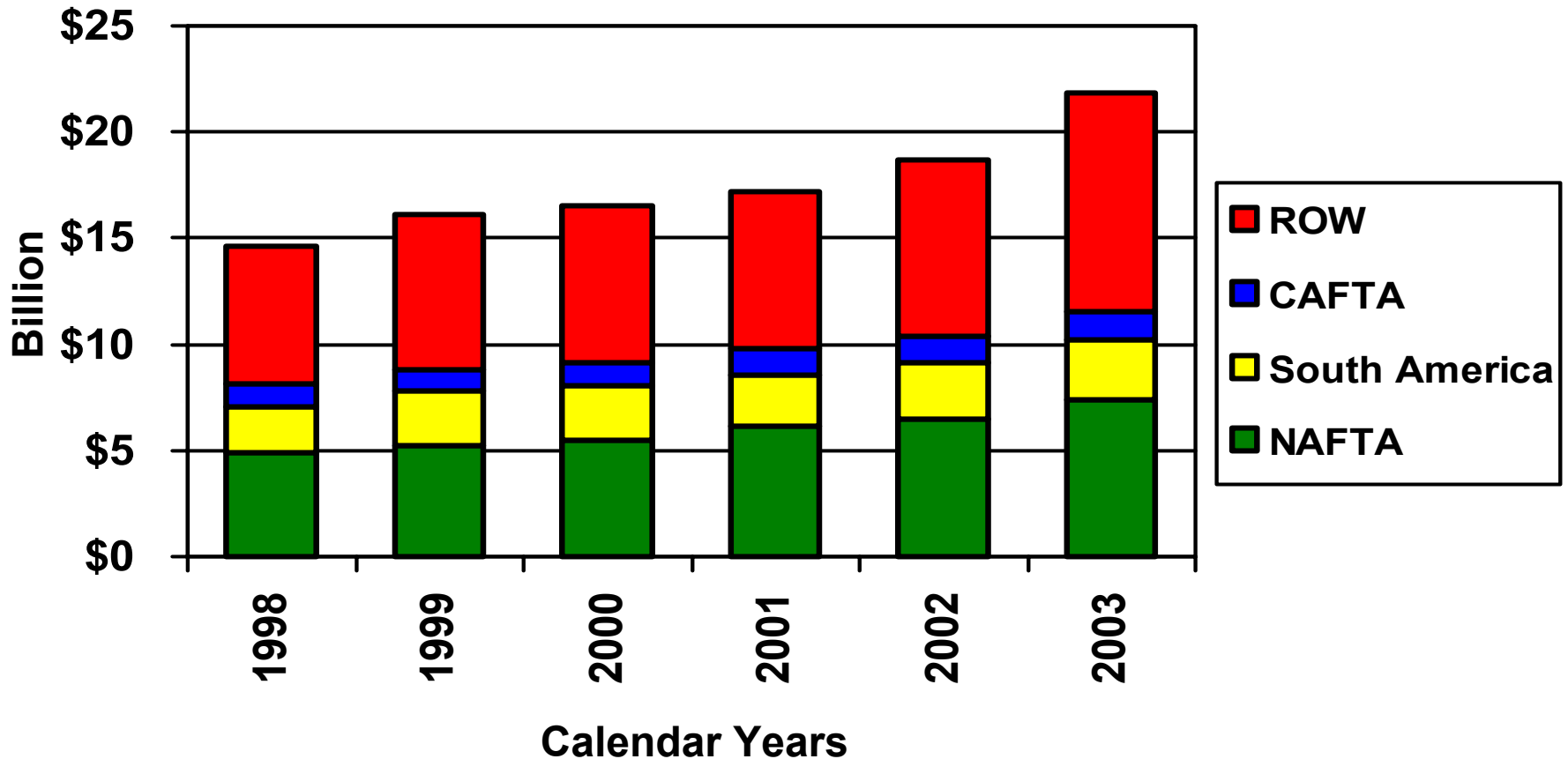
# U.S. Imports of Fruits, Vegetables and Tree Nuts from CAFTA Countries



Source: Bureau of the Census, DOC

# U.S. Horticultural Imports

## Western Hemisphere Trading Blocks



NAFTA includes Mexico and Canada. CAFTA is defined as the 5 countries of the proposed U.S.-Central America Free Trade Agreement (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua).

Source: Bureau of the Census, DOC

# Top U.S. Fruit and Vegetable Imports from CAFTA Countries

