

# The Central American Free Trade Agreement: What's at Stake for California Specialty Crops?

by  
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Published by the  
California Agricultural Technology Institute  
December 2004

Design & layout by  
John Norton  
Publications Assistant

CATI Pub. #041201

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## Acknowledgments

This project was funded by a grant provided to the California Institute for the Study of Specialty Crops, California Polytechnic State University, San Luis Obispo, from the Governor's Buy California Initiative, the California Department of Food and Agriculture (CDFA) and the U.S. Department of Agriculture (USDA). The content of this publication does not necessarily reflect the views or policies of CDFA or USDA, nor does any mention of trade names, commercial products and organizations imply endorsement of them by CDFA or USDA. Additional funding was provided by the Center for Agricultural Business, California State University, Fresno as part of the International Programs Initiative.

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## What is CAFTA?

The United States and five Central American countries – Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua – began negotiations for a Central American Free Trade Agreement (CAFTA) on January 27, 2003. President Bush notified the U.S. Congress of his intent to enter into the CAFTA on February 13, 2004. If approved by Congress, under the Trade Promotion Authority granted to the President in 2002, CAFTA would most likely take effect in early 2005. Negotiations with the Dominican Republic were concluded on March 15, 2004 that would fully integrate that country into the CAFTA. In addition, negotiations are under way with Panama, which when completed will conclude the establishment of free trade agreements between the United States and almost all of the countries in Central America.<sup>1</sup>

The CAFTA is intended to help foster economic growth and improved living standards in the Central American region by reducing and eliminating barriers to trade and investment. It essentially converts the non-reciprocal and discretionary benefits that these countries get from the Caribbean Basin Initiative (CBI) into permanent and reciprocal access to the U.S. market. Though covering all trade, the agricultural component is one of the most important aspects of the FTA. The main agricultural provisions of CAFTA are summarized in Table 1.<sup>2</sup> The key to the agricultural agreement is market access, with relatively few provisions in the areas of export subsidies and sanitary and phytosanitary regulations. Domestic subsidies are not covered by the agreement.

The CAFTA will create improved market opportunities for U.S. agricultural products and related goods and services. Agricultural trade barriers in the Central American countries are higher than those for manufactured goods. The average bound tariff rates on U.S. agricultural products entering CAFTA vary by country from 35 percent in Honduras, 41 percent in El Salvador, 42 percent in Costa Rica, 49 percent in Guatemala and 60 percent in Nicaragua. Although the applied rates are lower, ranging from 11 percent in Guatemala and Nicaragua to 13 percent for El Salvador, they are not permanent and can be increased to the bound level without consultation with trading partners. Sweeteners, fruits and vegetables have the highest bound rates, ranging from 45-65 percent. CAFTA locks in the lower applied duty rates for many products and ensures that permanent U.S. access to the market is preserved. However, the short-term impact on U.S. exports of the CAFTA may be modest as the terms of the agreement

<sup>1</sup>Belize has not joined the Central American Common Market but is a member of CARICOM, reflecting its connection with the British Caribbean countries. But its economy is becoming more dependent on Mexico and the CACM countries, and would probably benefit from any further integration in the area.

<sup>2</sup>Details for each country are available on the USTR website: [www.ustr.gov](http://www.ustr.gov).

are phased-in over time, and for some commodities commitments are backloaded. Increased market access for Central American goods to the United States will also be a consequence of CAFTA. However, the impact here is likely to be even more limited, as most CAFTA countries have had permanent duty-free access to the U.S. market since the late 1960s under the Generalized System of Preferences (GSP), and, since 1990, under provisions of the Caribbean Basin Initiative (CBI) and the Caribbean Basin Economic Recovery Act (CBERA) that implements the CBI. The CBI was enhanced in 2000 under the terms of the Caribbean Basin Trade Partnership Act (CBTPA) to give access more equivalent to that enjoyed by Mexico under the NAFTA. In fact, approximately 99 percent of CAFTA exports already enter the U.S. market duty free. Duties are paid only on over-quota imports as part of the U.S. tariff-rate quota regimes for sugar, dairy, cotton, meats, and peanuts.

The purpose of this study is to outline the factors that will provide opportunities and challenges to Californian agriculture as a result of the CAFTA. In particular, the study focuses on the potential increased export market opportunities and increased import competition for California specialty crops.

The report begins with a discussion of the general economic environment of the region and the individual country food balance profiles, along with a detailed look at existing two-way trade in agricultural products between CAFTA countries, the United States and other trading partners. The existing trade policy environment for each country is then discussed, outlining the importance of CAFTA relative to other preferential trading arrangements currently in effect for the countries of the region. A discussion of the relationship of CAFTA to existing commitments within the World Trade Organization follows, along with some observations about the way in which these commitments are like to be affected by the current WTO round. As a way of providing more specific indications of the likely impact of CAFTA, we focus on the impact of market access changes on the competitiveness of U.S. producers in CAFTA markets and that of Central American producers in the U.S. domestic market. This provides a measure of the potential benefit to the United States of increased market access under the provisions of the CAFTA relative to other countries that trade in the region. The report concludes with an assessment of the potential of the agreement for California agriculture.

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**Table 1: CAFTA  
Agricultural  
Provisions Summary**

<i>Tariff Elimination</i>	
General Approach: All products go to zero Linear cuts from applied rates Staging: Immediate, 5, 10, and 12/15 years Backloaded cuts for some sensitive products	
<i>Tariff-Rate Quotas</i>	
Limited to sensitive products Zero in-quota duty TRQs In addition to existing WTO quota commitments Country-specific TRQ's	
<i>Safeguards</i>	
Applies to limited number of products Volume-based Expires once duties are eliminated	
<i>Export Subsidies</i>	
No export subsidies on intra-CAFTA trade unless other countries use them	
<i>Domestic Support Programs</i>	
Pursue jointly in the WTO	
<i>Selected Commodity Details</i>	
<b>Beef</b>	
Central American Commitment:	U.S. Commitment:
Immediate duty-free access for "prime" and "choice" cuts  Other cuts phased-out over 15 years  Duties on other products, including offals, phased-out over 5-10 years	Total initial TRQ of 20,940 MT, growing 5% annually  In addition to existing U.S. WTO quota  Country-specific TRQ  CAFTA TRQs open only after WTO quota fills
<b>Pork</b>	
Central American Commitment:	U.S. Commitment:
Tariff phase-out over 15 years  Total initial TRQ of 9,450 MT, growing 5-15% annually  Immediate duty-free access for bacon and some offal products	Current zero duty is locked in immediately
<b>Poultry</b>	
Central American Commitment:	U.S. Commitment
CA-4: TRQ (leg quarters) established at greater of 21,810 MT or 5% of regional production Tariff phase-out 18 years Costa Rica: 300 MT TRQ (leg quarters), growing at 10% annually Tariff phase-out 17-years Other products phased out more quickly, many within 10 years	Current zero duty is locked in immediately

<b>Dairy</b>	
<b>Reciprocal Arrangement</b>	
Total initial TRQ of nearly 6,000 MT, growing at 5% annually Tariff phase out over 20 years Tariff cuts backloaded Safeguards	
<b>Horticultural Products</b>	
Central American Commitment:	U.S. Commitment:
Immediate duty-free access for many U.S. priority products Duties on most other products phased out over 5-10 years French fries: CA-4: Immediate duty-free access for frozen french fries Costa Rica: "Canada Parity" Costa Rica: TRQ for fresh onions and potatoes No out-of-quota duty phase-out	Current zero duty is locked in immediately
<b>Rice</b>	
Central America Commitment:	U.S. Commitment:
Tariffs eliminated over 18 years (Costa Rica 20 years) Tariff cuts backloaded Safeguard Initial rough rice TRQ – 343,000 MT, growing 2-5% annually Initial milled rice TRQ – 39,750 MT, growing 5% annually	Current zero duty is locked in immediately
<b>Corn</b>	
Central America Commitment:	U.S. Commitment:
<i>Yellow corn:</i> duty phase-out over 15 years Initial TRQ of approximately 1 million MT Costa Rica – immediate duty-free <i>White corn:</i> Initial TRQ of 83,000 MT, growing 2% annually No out-of-quota duty phase-out Costa Rica – no TRQ, linear 15 year phase-out	Current zero duty is locked in immediately
<b>Sugar</b>	
Central America Commitment:	U.S. Commitment:
Duty phased out over 15 years	Additional initial TRQ of 97,000 MT TRQ grows by 2% in perpetuity; No out-of-quota duty reduction

**Source: [www.ustr.gov/trade\\_agreements/bilateral/CAFTA-DR](http://www.ustr.gov/trade_agreements/bilateral/CAFTA-DR)**



## The Economics of the CAFTA Countries

The essence of a free trade agreement is to open up the economies partner countries to greater exchange of goods and services. The opening up of new markets in the Central American region will be advantageous to Californian agriculture. But in terms of increased markets for California specialty crops, expectations need to be tempered by the realities of the current level of economic development of the countries in the region (see economic and demographic data in Appendix Summary Table 1). As indicated in Table 2, only Costa Rica and the Dominican Republic have per capita incomes of more than \$5,000 per person. In several of the countries in the region, the majority of the population currently live below established poverty levels. Income levels in Honduras and Nicaragua are among the lowest in the Americas. El Salvador and Guatemala fall some-where between the extremes in the region, but Guatemala, in particular, has a considerable percent of its people living in poverty.

Agriculture is of crucial importance to all the six countries in the region. The large proportion of the population engaged in agriculture, particularly in Guatemala, Honduras and Nicaragua (countries that have more than 57 percent of the region's total population), suggests that advancement in per-capita incomes in these countries will come slowly, as higher paying off-farm employment opportunities develop. Trade can help, but other policies will need to be in place. Additional educational programs to increase literacy rates may be necessary in order for businesses to take advantage of increased trade opportunities and/or to attract foreign investment. While CAFTA will likely stimulate economic development and increase the standard of living in the region, the pace of change will doubtlessly be slow.

**Table 2: Economic and Demographic Data on CAFTA Countries**

Country	Population (million)	GDP/person	Below Poverty Level (%)	Literacy (%)	Agricultural Population (%)
<i>Costa Rica</i>	3.9	\$8,300	20.6	96	20
<i>El Salvador</i>	6.5	\$4,600	48	80.2	30
<i>Guatemala</i>	13.9	\$3,900	75	70.6	50
<i>Honduras</i>	6.7	\$2,500	53	76.1	34
<i>Nicaragua</i>	5.1	\$2,200	50	67.5	42
<i>Dominican Republic</i>	8.7	\$6,300	25	84.7	17
<i>Total/Average</i>	44.8	\$4,633	45.3	79.2	32.2

**Source: Appendix Summary Table 1.**

Though the economies of Central American countries have become more integrated over the past four decades, each is still distinct. In addition to income disparities, there are differences in political and economic orientation. The Dominican Republic has little in common with the five countries of the Central American region besides language. This section provides a brief sketch of the economies of each of the six partner countries of CAFTA, their trade policies and their agricultural production and trade patterns.

**Costa Rica** is the most developed of the Central American nations, with the status of a middle-income country by international standards. It has been the recipient of much investment from overseas countries in the region and has a reasonable infrastructure. Economic growth has been steady if not dramatic in recent years, and the economy has become more market oriented. Structural problems remain, however, and in common with the other countries of the region, Costa Rica has to tried to diversify its overseas markets and secure access in order to continue its economic development. It has made extensive use of "free zones", enclaves that can import raw materials and intermediate goods free of tariffs and operate under special fiscal regimes.<sup>3</sup> The main export items from these zones are textiles and electronics. Costa Rica still has important exports of tropical agricultural goods, notably coffee, sugar and bananas, and has successfully exported beef to the U.S. Import sensitive commodities include rice and beans, as well as maize.

The economy of **El Salvador** has also undergone structural adjustment and liberalization, though it is less developed than that of Costa Rica. Growth has been slow, despite the end of internal strife in the early 1990s. As with Costa Rica, there has been an attempt to boost the economy and generate jobs and foreign exchange through export processing zones, mainly producing textiles, though the integration of these zones with the local economy is weak. Remittances from Salvadoreans working abroad comprises an important share of national income. Traditional exports include coffee and sugar, along with shrimp.

**Guatemala** has the largest population of the Central American countries and has been able to sustain moderate economic growth in the period since internal conflict was ended in 1996. However, population has also grown, and per capita incomes have not risen significantly. As in other countries of the region, Guatemala has a policy of duty-free zones where products such as textiles are manufactured and exported, largely to the United States. In addition, traditional agricultural exports of coffee, sugar and bananas make up over 50 percent of Guatemala's export earnings.

**Honduras** suffers from slower growth than some of its neighbors, and poverty levels are among the highest in the region. Diversification has occurred through the establishment of free-trade zones (FTZs) selling

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<sup>3</sup>These free-trade zones are similar to the maquila sectors in Mexico and are encouraged by special treatment under US customs procedures if inputs are of US origin.

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mainly clothing to the United States, but traditional exports of coffee and bananas, together with newer export products such as shrimp, are still the mainstay of the economy. Remittances from Hondurans living abroad are also important to the balance of payments.

The economy of **Nicaragua** has experienced relatively slow growth in recent years and per capita incomes have fallen at times. External debt has been a problem for the economy, and, along with Honduras, the country has been designated a Heavily-indebted Poor Country. It has developed free-trade zones and begun to participate in the export market for light manufactured goods, but still relies on agricultural exports for much of its foreign exchange.

The **Dominican Republic** (DR) is one of the faster growing economies of the region. Though its population is smaller than that of Guatemala, the total size of the economy is larger. The size of the Dominican economy also makes the country a major player in the Caribbean region. Exports from the free-trade zones, largely but not exclusive of clothing and apparel, together with tourism, dominate the exports of the DR. Agricultural exports are less important than in many of the Central American countries, and they are not so heavily weighted toward the traditional commodities. However, sugar and coffee are still major export industries.

## U.S. Agricultural Trade with CAFTA

**T**he U.S. trade relationship with the Central American countries is somewhat asymmetric. The United States supplies about 40 percent of all imports by CAFTA countries, but this is only one percent of total U.S. exports. Similarly, the United States takes 50 percent of all the exports of the Central American countries, but this is only one percent of total U.S. imports. So access to the U.S. market is essential for the countries of the region, and the impact of changes in trade regime can have significant impacts on their economies. By contrast, the Central American region is of less direct economic interest to the United States, though the broader trade relationship is of some significance.

U.S. trade with CAFTA countries has exhibited strong growth over the last decade. U.S. total merchandise exports to CAFTA increased 86 percent from 1994-2003, reaching \$15.1 billion in 2003 (including the Dominican Republic). U.S. merchandise imports doubled to \$16.9 billion. U.S. agricultural exports to CAFTA countries increased 76 percent, from \$888 million to \$1.57 billion over the same period, while U.S. agricultural imports from the region grew by one third, from \$1.8 billion to \$2.35 billion. The overall U.S. trade deficit reflects the Central American countries' tropical product exports which exceed their current purchases of temperate and Mediterranean goods from the United States.

The Dominican Republic is the largest CAFTA market for U.S. agricultural products, with \$442 million in imports in 2003. Guatemala is second, with imports of \$349 million, followed by Costa Rica (\$242 million), El Salvador (\$238 million), Honduras (\$200 million), and Nicaragua (\$95 million). Costa Rica is the region's largest agricultural supplier to the United States, with sales of \$865 million in 2003. Guatemala is second in export sales to the United States (\$763 million), followed by the Dominican Republic (\$280 million), Honduras (\$221 million), Nicaragua (\$114 million), and El Salvador (\$105 million).

Grains and feeds, soybeans and its products, animal and vegetable fats, consumer-ready foods, meat and edible offal, raw hides and skins and cotton are major U.S. exports to the CAFTA countries. In 2003 these products accounted for 80 percent of all U.S. agricultural exports to the region. Corn, wheat and rice are the major grain exports. Beef and veal, poultry meat, and live poultry are the major animal and animal products exports. The major consumer-ready exports to CAFTA are prepared fruits and vegetables, beverages, canned foods, dried soups and broths, protein concentrates, seasonings, condiments, confectionery goods, ice cream, edible ice, herbal teas, and concentrated fruit juices. Although bulk commodities account for the largest share of U.S. exports, intermediate and consumer-ready products are becoming more prominent in CAFTA countries.

Bananas, pineapples, frozen fruits and nuts, coffee, sugar, frozen vegetables and fruit preparations, and live plants are the major U.S. imports from CAFTA, accounting for 83 percent of total agricultural imports from the region in 2003. Avocados, mangoes, fresh and frozen peas, cucumbers, dry beans, mixed vegetables, sweet potatoes, raspberries and blackberries, lemons and limes and onions are among the most important fruit and vegetable imports from the Central American region.<sup>4</sup>

## The CAFTA in Perspective

**B**efore turning to the specific implications for Californian specialty crops as a result of CAFTA, it is useful to put the agreement in the broader perspective of U.S. and Central American trade policies. First, CAFTA must be analyzed in the context of existing trade agreements between the United States and other countries of the region, along with agreements still under consideration. Secondly, it has to be viewed in light of the degree of integration of the Central American economies among themselves, principally through the Central American Common Market (CACM). Thirdly, an analysis of CAFTA should consider the effects of free-trade agreements that non-CAFTA countries currently have with the Central American countries, as well as pacts under negotiation. Fourthly,

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<sup>4</sup>Details on trade flows are to be found in Appendix Tables 4-7.

the agreement must be put in the context of the WTO, as current negotiations in the Doha Round both condition what may happen under CAFTA and influence the impact of CAFTA itself.

### U.S. Negotiations with Other Countries

The United States is currently in the midst of trade negotiations with other countries aimed at creating Free Trade Areas (FTAs). The first of these recent FTAs was signed with Israel in 1985 as a U.S. expression of political and economic support for that country. The FTA with Canada followed in 1989, largely at the request of Canada, and was designed to consolidate existing sector agreements, encourage U.S. investment and give Canadian firms some protection from aggressive use of trade remedy (anti-dumping and countervailing duty) provisions. Mexico requested similar access, to assure overseas investors of its access to the large U.S. market, and the United States agreed for political as well as economic reasons. Canada opted to join the United States and Mexico in the trilateral North American Free Trade Agreement (NAFTA), which incorporated the earlier bilateral with Canada. Meanwhile, discussions began on a broader initiative to expand economic relations with other Latin American countries, leading ultimately to the declaration at Miami in 1994 of the intention of 34 countries to work toward a Free Trade Area of the Americas (FTAA) by 2005. A Free Trade Area with Jordan was negotiated in 2001, again as a show of political support and economic assistance.

The development of the FTAA slowed at the end of the decade as Brazil chose to strengthen its economic ties with South American countries before negotiating with the NAFTA countries. The MERCOSUR arrangement between Brazil, Argentina, Uruguay and Paraguay had been in existence since 1991. Chile, Peru and Bolivia became associate members, benefiting from free trade but not adopting the common tariff. The MERCOSUR countries began to approach the other Andean Pact countries, notably Colombia and Venezuela, and made overtures to the CARICOM states (the former British colonies in the Caribbean). Mexico and Chile had meanwhile signed a number of bilateral (and trilateral) trade agreements with other countries in the region.

The United States began to negotiate more bilaterals in 2002 as an expression of a policy of "competitive liberalization" as articulated by USTR. This policy consisted of offering swift negotiations to any country that was willing to conform to the terms consistent with the mandate of the U.S. administration as specified in the Trade Promotion Authority. The list of willing trade partners included Singapore, the South African Customs Union (SACU) and Australia, to be joined later by Morocco and Bahrain. Talks with Thailand, Colombia, Ecuador and Peru are due to start later this year.<sup>5</sup> The list in Table 3 shows the FTAs that are either in operation or are

<sup>5</sup>SACU includes the Republic of South Africa as well as Botswana, Namibia, Lesotho, and Swaziland.

**Table 3: Current Regional and Bilateral Trade Agreements Involving the U.S.**

<i>Country/Agreement</i>	<i>Date/Status</i>
Israel	1985 (Agricultural Agreement 1996-2001)
Canada	1986 (Grandfathered into NAFTA)
NAFTA (Mexico and Canada)	1994
Jordan	2001
Singapore	2004
Chile	2004
Australia	2005
CAFTA (Costa Rica, Honduras, Nicaragua, El Salvador, Guatemala)	Negotiations concluded January 2004: awaiting submission of implementing legislation to U.S. Congress
Dominican Republic (added to CAFTA)	Negotiations concluded March 2004: awaiting submission of implementing legislation to U.S. Congress
Panama (to be added to CAFTA)	Negotiations began April 2004
Morocco	Negotiations concluded in March 2004: implementation legislation passed U.S. Congress. Awaiting ratification by Moroccan Parliament
Bahrain	Negotiations concluded in May 2004: awaiting submission of implementing legislation to U.S. Congress
SACU (South African Customs Union: Botswana, Namibia, Lesotho, Swaziland and South Africa)	Negotiations began in June 2003
Thailand	Negotiations began in June 2004
Colombia, Ecuador and Peru	Negotiations began in May 2004
Bolivia	Expected to join Colombia, Ecuador and Peru talks later
Oman	Notification to Congress of intent to negotiate, November 2004
United Arab Emirates	Notification to Congress of intent to negotiate, November 2004

**Source:** [www.ustr.gov](http://www.ustr.gov)

In addition to the special trade relations that the United States has, or is negotiating, with these 26 countries, there are several other agreements and initiatives that affect market access for goods entering into the United States. Table 4 lists the most significant of these broader agreements. Though some of these broader schemes are still under discussion, the scope of the geographical coverage means that most of the countries in the world have some preferential access to the U.S. market, at least for non-sensitive goods.



**Table 4: Wider Initiatives in U.S. Trade Policy**

<i>Initiative</i>	<i>Countries</i>	<i>Status</i>
Generalized Scheme of Preferences (GSP)	Developing countries	Non-reciprocal preferences for goods from developing countries, established 1974
FTAA	The Americas (except Cuba)	Negotiations in late stages, but progress slowed by disagreements on scope of the FTAA
Enterprise for ASEAN Initiative (EAI)	ASEAN	Thailand talks seen as a model for other countries in the region
ATPA/ATPDEA	Andean Pact	Recently renewed: gives "super GSP" treatment to exports from Andean countries in the expectation that this will reduce the flow of illegal substances
APEC	Pacific Rim	APEC members support the WTO round but are proceeding with regional trade agreements among themselves
Middle East FTA Initiative (MEFTA)	Middle East	Bahrain and Morocco trade agreements seen as a model for other countries in the region
CBI/U.S.-Caribbean Basin Partnership Act	Caribbean Basin	1983, renewed in 2000, giving duty-free access for many products
AGOA	Sub-Saharan Africa	2000, grants mostly duty-free access for African countries that pass test of good governance
TEP	EU	1998, provides framework for transatlantic cooperation, particularly in the areas of standards and technical regulations

**Source: Authors' Compilation**

What agricultural provisions do these FTAs contain? All of the FTAs have provisions for tariff reductions that affect many food and agricultural goods. However, with few exceptions, the agreements control trade in a range of products considered politically sensitive to one or both partners. For the U.S., these sensitivities include sugar, citrus fruits, peanuts and dairy products, and for the partners the list includes corn and beans along with rice. The broader agreements are generally less permissive in the area of agricultural imports, with the possible exception of the African Growth and Opportunity Act (AGOA), which allows some products to enter both duty and quota free.

The two agreements that come closest to the terms of CAFTA with respect to agriculture, and which are of most interest to California agriculture, are NAFTA and the more recent FTA with Chile. How do the provisions in these two agreements compare to those in CAFTA? Table 5 gives a summary of the main similarities and differences.

**Table 5: Comparison of NAFTA, Chile-FTA, and Australia-FTA arrangements for agriculture with those in the CAFTA**

	NAFTA	Chile	Australia	CAFTA
Tariff Cuts	Some tariffs eliminated: Others staged over 5, 10 and 15 years	Some tariffs eliminated: Others staged over 4, 8, 10 and 12 years Some cuts delayed for 2 and 4 years	Most tariffs eliminated: Others staged over 4, 10 and 18 years	Some tariffs eliminated: Others staged over 5, 10 and 15 years Other cuts delayed for 6 or 10 years: duty free after 15 or 20 years
TRQs	Introduced during transition period for sensitive products	No use of TRQs introduced	TRQs for avocados, cotton, peanuts, tobacco, beef and dairy products into the U.S. expanded Above-quota duties for beef phased out over 18 year period Current Sugar TRQs not increased: no cuts in above-quota tariff	TRQs for sensitive products in Annex 3.3 Rules on administration of TRQs (in addition to GATT Article XIII)
Agricultural Safeguards	TRQs allowed as special safeguard for horticultural crops (Annex 703.3)	Additional duties linked to price trigger (Article 3.18) for goods listed in Annex 3.18 Total duties not to exceed MFN rate Safeguard not operative after 12 years, or when zero-duty stage reached	Additional customs duties linked to price trigger for horticultural products (Annex 3-A Section A) and to quantity triggers for beef (Annex 3-A section B); price triggers used for beef in 19th year of agreement (Annex 3-A section C) Safeguard not operative when zero-duty stage reached	Additional duties linked to trigger quantities (Article 3.14) for products listed in Annex 3.14. Total duties not to exceed MFN rate Safeguard not operative when zero-duty stage reached
Other safeguards	Safeguards (Chapter 8A): snapback to previous year's tariff on bilateral trade or MFN tariff	Trade Remedies (Chapter 8) GATT 1994 Article XIX Safeguards	Safeguards (Chapter 9) GATT 1994 Article XIX Safeguards	Trade Remedies (Chapter 8) GATT 1994 Article XIX Safeguards



**Table 5 (cont.)**

	NAFTA	Chile	Australia	CAFTA
Export Subsidies	<p>Agreement to avoid use of export subsidies on bilateral trade unless third countries subsidized exports to NAFTA markets</p> <p>Agreement to work together for elimination in the GATT</p>	<p>Agreement to avoid use of export subsidies on bilateral trade unless third countries subsidized exports to Chile or the U.S.</p> <p>Agreement to work together for elimination in the WTO</p>	<p>Agreement to avoid use of export subsidies on bilateral trade unless third countries subsidized exports to Australia</p> <p>Agreement to work together for elimination in the WTO</p>	<p>Agreement to avoid use of export subsidies on bilateral trade unless third countries subsidized exports to CAFTA markets</p> <p>Agreement to work together for elimination in the WTO</p>
Domestic Support	<p>Agreement to work together in GATT for the reduction of domestic support levels and shift to less trade-distorting instruments</p>	<p>Agreement to work together in WTO for the reduction of domestic support levels and shift to less trade-distorting instruments</p>	<p>Agreement to work together in WTO for the reduction of domestic support levels and shift to less trade-distorting instruments</p>	<p>Agreement to work together in WTO for the reduction of domestic support levels and shift to less trade-distorting instruments</p>
SPS measures	<p>Precursor of WTO SPS Agreement (Chapter 7B)</p>	<p>Affirm commitment to SPS Agreement</p>	<p>Work to resolve trade conflicts over SPS barriers</p>	<p>Affirm commitment to SPS Agreement</p>
Dispute Settlement	<p>Dispute settlement mechanism for matters arising from Agreement (Chapter 20)</p> <p>Separate procedures for review of anti-dumping and countervail actions (Chapter 19)</p>	<p>Dispute settlement mechanism for matters arising from Agreement (Chapter 22)</p> <p>Working Group on Agricultural Trade</p>	<p>Dispute settlement mechanism for matters arising from Agreement (Chapter 21)</p> <p>Provision for monetary penalties</p>	<p>Dispute settlement mechanism for matters arising from Agreement</p>
Institutions	<p>Committee on Agricultural Trade</p> <p>Working Group on Agricultural Subsidies</p> <p>Advisory Committee on Private Commerce Disputes regarding Agricultural Goods</p>	<p>Committee on Sanitary and Phytosanitary Matters</p>	<p>Committee on Agriculture</p> <p>Standing Technical Working Group on Animal and Plant Health Measures</p>	<p>Committee on Agricultural Trade</p> <p>Agricultural Review Commission</p> <p>Committee on Sanitary and Phytosanitary Matters</p>

**Source: Authors' compilation from FTA texts**

## Economic Integration in Central America

The Central American countries have had formal trade relations with each other for 43 years. The Central American Free Trade Association was launched in 1961 and became the Central American Common Market in 1963. The CACM proved durable – surviving decades of political turmoil in the region – but fell short of its original aims. The integration received a boost in the 1990s with the signing of the Tegucigalpa Protocol and the Guatemala Protocol.<sup>6</sup> Most trade is now duty free within the CACM, with the notable exception of some sensitive products. Agricultural goods are generally included in the free trade provision, but among the sensitive products that cannot be traded freely within the CACM are coffee and sugar.<sup>7</sup>

As appropriate for a common market, there is a common external tariff schedule for the CACM countries. But for many years the uniformity of this tariff was mostly elusive, as different members pursued their own trade regimes. However, efforts by El Salvador and Guatemala in 1996, and later by Honduras and Nicaragua, to harmonize their tariff schedules, has improved the situation. In May 2003, 77 percent of the tariff schedule was effectively harmonized among the five CACM countries.

In general, tariffs on agricultural goods remain higher than those on manufacture goods. One significant feature of the agricultural import regime in these countries is the use of price bands for sensitive agricultural products. Additional duties are levied when the import price falls below a particular threshold, usually calculated on the basis of the average of the past five-year monthly prices (with extremes discarded). Such price bands have been used by Chile and by the Andean Pact countries. However, some aspects of the Chilean scheme have been ruled to be WTO-illegal. Accordingly, there may be some changes in the CACM scheme to avoid challenge. The products that are subject to price bands include basic grains such as maize and sorghum, as well as rice.

The CACM has no common agricultural policy and relatively few domestic support programs. However, some export sectors benefit from parastatal agencies that handle marketing and promotion and can sometimes have preferential access to capital. No explicit export subsidies are paid, and all of the CACM countries support the elimination of export subsidies in the WTO round and the restriction of domestic subsidies in developed countries. Costa Rica is a member of the Cairns Group of small agricultural exporters that has, since 1986, been pressuring the United States and the EU to reduce protection.

<sup>6</sup>The Tegucigalpa Protocol of 1991 amended the legal framework of the CACM and provided for trade policy coordination and the introduction of common standards and a dispute settlement mechanism. The Guatemala Protocol of 1993 defined the objectives of the CACM, to move toward an economic union. Both took effect in 1995.

<sup>7</sup>Wheat flour was originally on the list, but has been removed in 2002.

## Trade Agreements of the CAFTA Countries

**H**ow is the CAFTA influenced by free trade agreements that the Central American countries have with other countries? And how might CAFTA be affected by other negotiations that the countries are engaged in? Table 6 shows the range of trade agreements that the CACM countries and the Dominican Republic have with other countries. In common with many countries in the hemisphere, they are members of several interlocked FTAs.

The main trade agreements that have come into operation are those between CACM countries and Mexico and between the CACM countries and the Dominican Republic. The first is particularly important for the "Northern Triangle" countries – Honduras, Guatemala and El Salvador – as these are more closely tied in to the Mexican market. (Costa Rica and Nicaragua had less comprehensive FTAs with Mexico since 1995 and 1998, respectively). The FTA between CAFTA and the DR is much less significant for the CACM countries, but it helps to link the DR with the Spanish-speaking countries of the region to complement the links with the English-speaking Caribbean through their FTA with CARICOM and their inclusion in the Lomé/Cotonou Agreements with the EU.<sup>8</sup> Agricultural goods are included in the FTAs between the CACM and Mexico and that between the DR and the CACM. However, sensitive products are tightly controlled.

Talks with Canada and Chile are at an advanced stage but are presumably dependent in part on the outcome of the CAFTA ratification process.<sup>9</sup> If all three are agreed upon, then with the CACM-Mexico agreement there will be progressive trade liberalization among the majority of the North and Central American economies, including most of the agricultural sectors. Integration with the economies of the Caribbean and South America will be advanced by the inclusion of the DR and the CACM and U.S. agreement with Chile, but most of the Caribbean islands still will only have CBI access, and the large economies of Latin America, Brazil and Argentina will not have preferential access into the U.S. market.<sup>10</sup>

In addition to the reciprocal free trade agreements described above, the countries of Central America and the Dominican Republic also enjoy preferential access into developed-country markets. This access is often quota controlled for sensitive products. The main programs of this

<sup>8</sup>The potential significance for the Dominican Republic of the FTA with CARICOM was increased by the membership of Haiti in CARICOM in July 2002. The land border between DR and Haiti could encourage trade when Haiti resumes normal political and economic relations with its neighbor.

<sup>9</sup>Chile has a free trade relationship with Costa Rica and El Salvador, but the talks with other CACM countries are lagging. Canada has no active discussions with these countries at the moment, but would be able to conclude the arrangements for an FTA rapidly if the CAFTA came into existence.

<sup>10</sup>Conclusion of the FTAA would close the loop and incorporate all these bilateral and regional agreements. If the talks between the EU and MERCOSUR are concluded later this year, there is the possibility that there will be renewed pressure to conclude the FTAA negotiations to avoid reverse discrimination against US goods in the largest South American markets.

nature are listed in Table 7. Access into the EU market is a prime consideration for all of these countries, and the inclusion of the Dominican Republic in the Lomé/Cotonou agreements has been important in its trade development. Similarly, the benefits of the enhanced Generalized System of Preferences of the EU for the Central American countries has been beneficial. But in addition to all these agreements, the countries of the region are all negotiating the Free Trade Area of the Americas that would integrate all the various regional trade pacts in the Americas and give broad access into the U.S. market.

**Table 6: CAFTA-DR Trade Policy Initiatives**

<i>CACM</i>	<i>Dominican Republic</i>
Chile: due to be concluded	No agreement with Chile
Mexico: signed in June 2000	No agreement with Mexico
Dominican Republic: agreed in 1998, entered into effect 2001	CACM: in operation since October 2001
Panama: talks ongoing	No agreement with Panama
Canada: talks ongoing	No agreement with Canada
US: CAFTA agreed	U.S.: joined CAFTA
CARICOM: no talks	CARICOM: FTA with DR in operation since December 2001
EU: talks agreed in May 2003 but have yet to start	EU: negotiation of a Regional Economic Partnership Agreement (FTA) as a part of Cotonou Agreement
MERCOSUR: framework agreement in 1998, but with no tariff preferences	No active discussions between DR and MERCOSUR
Andean Pact: negotiations between three CACM countries and the AP countries started in 2001	No active discussions with Andean Pact countries
LAIA Partial Scope Agreements with Venezuela and Colombia (and between Guatemala and Cuba)	No LAIA Partial Scope Agreements

**Source: Authors' compilation**

**Table 7: CAFTA and DR Preferential Arrangements**

	<i>CACM</i>	<i>Dominican Republic</i>
GSP	Preferential Access to most developed country markets subject to TRQs for some products	Preferential Access to most developed country markets subject to TRQs for some products
CBI	Preferential Access to U.S. market subject to TRQs for some products	Preferential Access to U.S. market subject to TRQs for some products
Lomé/Cotonou		Preferential Access under extension of Lomé Agreement until 2008
EU- "Super" GSP	Preferential Access to EU markets to encourage diversification away from illicit crops (along with Andean countries)	
WTO	Special and Differential Treatment in WTO as developing countries	Special and Differential Treatment in WTO as a developing country

**Source: Authors' compilation**

### Current State of the WTO Negotiations

The negotiation of bilateral and regional trade agreements is proceeding in parallel with a round of WTO talks aimed at continuing the process of strengthening the multilateral trade system. Agriculture is at the top of the agenda, and the intention is to continue the liberalization of agricultural markets started in the Uruguay Round of 1986-1994. Despite a setback at the Ministerial Meeting in Cancún in September 2003, a framework for detailed negotiations was agreed upon on August 1, 2004. This allowed for the continuation of negotiations during 2005 and the possible completion of talks by 2006. Though this timetable may be somewhat optimistic for a round that has yet to pick up any political momentum, the prospect of the expiry of the U.S. 2002 Farm Bill, the need for further reforms in the EU's Common Agricultural Policy, and increased pressure from WTO dispute settlement decisions could be enough to energize the trade talks in the next two years.

The main features of the Framework Agreement for agriculture are given in Table 8. The conditions of market access would be improved by means of tariff cuts, using a formula reflecting the level of current tariffs, but the Framework Agreement would allow all countries to shelter some "sensitive products" from sharp cuts in tariffs. In addition, there could be a tariff cap imposed with the option of increasing TRQs to have an equivalent effect in improving market access. Developing countries successfully pushed for the creation of a category of "special products" that would be

subject to lower levels of tariff cuts. The Framework Agreement mentions the reduction of in-quota tariffs as part of the achievement of a balanced result, but it confines the expansion of TRQs to the sensitive products. The fate of the special agricultural safeguard (SSG) is not certain: the Framework Agreement calls for the introduction for developing countries of a Special Safeguard Mechanism (SSM), but acknowledges that the SSG is still under negotiation. One question for the current round has been whether to eliminate the use of export subsidies altogether or to continue reducing them as in the Uruguay Round. The Framework Agreement calls for the negotiation of a credible date for eliminating export subsidies and similar export aids, though that date may be several years away. The Framework Agreement calls for a harmonization of levels of trade-distorting domestic support and substantial cuts in the AMS, the Blue Box and the *de minimis* levels.

The WTO talks will change the CAFTA in several ways. First, an agreement on the elimination of export subsidies and the obligation to phase out all such subsidies, including the export subsidy component of export credit, will make the commitment on export subsidies in the CAFTA redundant. Secondly, the WTO agreement will impose further cuts in domestic subsidies, in particular, those that are most trade-distorting (amber box support), thus relieving somewhat a source of contention between the Central American countries and the United States. Many of the safeguards and the slow transition periods in CAFTA are to counter the perceived impacts of subsidized production from the United States. But the most important impact of a WTO agreement on CAFTA will be on the level of tariffs and hence on the degree of preference bestowed by the CAFTA provisions. The discussion in later sections of the paper on the impact on Californian agriculture attempts to point out where the impacts of CAFTA may be significantly modified by a successful WTO round.

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**Table 8: Summary of Main Agricultural Provisions of WTO Framework Agreement**

<i>Market Access</i>	
Tariff cuts	<p>Substantial improvement in market access through tariff reductions from bound rates.</p> <p>Single approach for all countries: tiered formula to ensure progressivity, taking into account different tariff structures. Types of reduction commitments within bands and number of bands to be negotiated.</p> <p>Role of a tariff cap to be evaluated.</p> <p>Designation of an appropriate number of Sensitive Products.</p> <p>Mix of tariff cuts and TRQ expansion for Sensitive Products</p>
TRQs	<p>Reduce in-quota tariffs and improve administration (as part of balance of concessions).</p> <p>Some TRQ expansion for all sensitive products.</p>
Safeguards	<p>Future of special agricultural safeguard (SSG) under negotiation.</p> <p>Establish new special safeguard mechanism (SSM) for developing countries.</p>
Special and Differential Treatment	<p>Proportionately less tariff reductions for developing countries, with longer implementation period.</p> <p>Developing countries may designate Special Products on criteria of food and livelihood which would be subject to more flexible treatment.</p> <p>Fullest possible liberalization of trade in tropical products and alternatives to illicit narcotic crops.</p>
Other	<p>Tariff escalation reduced by formula to be agreed upon.</p> <p>Erosion of preferences to be addressed using Harbinson Para 16 as reference.</p>
<i>Export Competition</i>	
Export Subsidies	<p>Eliminate export subsidies by a credible end-date.</p> <p>Schedule and modalities of reductions to be agreed upon.</p>
Export credits	<p>Eliminate export credits, guarantees and insurance programs with repayment period of more than 180 days.</p>
Food Aid	<p>Eliminate food aid that is not in conformity with disciplines to be agreed upon. Disciplines will be aimed at preventing commercial displacement.</p> <p>Other food aid issues (role of international organizations, humanitarian and development issues and provision of aid in grant form) will be discussed in negotiations.</p>
State Trading Enterprises	<p>Eliminate trade distorting practices of state trading enterprises.</p> <p>Further negotiation on issue of use of monopoly powers.</p>
Special and Differential Treatment	<p>Longer implementation periods for reductions and elimination.</p> <p>Developing countries to continue to benefit from Article 9.4 exceptions.</p> <p>Appropriate provisions for export credits in line with Decision on Least Developed and Net-food Importing Countries.</p> <p>Developing countries to receive special consideration in negotiation of disciplines on STEs.</p> <p>Ad hoc temporary financing arrangements relating to exports to developing countries may be agreed in exceptional circumstances.</p>



**Table 8 (cont.)**

Export Restrictions	Strengthen disciplines on export prohibitions and restrictions.
<i>Domestic Support</i>	
Overall Trade-Distorting Support	Move to harmonize trade-distorting support in developed countries (Total AMS plus <i>de minimis</i> plus Blue Box levels) by use of tiered formula: greater efforts to reduce support by countries with higher TDS payments. Reduce overall trade-distorting support substantially: down-payment (20 percent) in first year.
Amber box	Reduce Total aggregate measures of support (AMS) substantially by use of tiered formula: greater efforts to reduce support by countries with higher amber box payments. Cap product-specific AMS levels at historical averages. Reductions in Total AMS should lead to product-specific reductions.
Blue box	Redefine to include payments with production limiting requirement and those with no production required: include payments based on fixed areas and yields and headage as well as payments based on less than 85 percent of base production. Cap payments to five percent of agricultural production from start of implementation period.
Green box	Review green box criteria and improve surveillance and monitoring.
<i>De minimis</i> level	Negotiate the reduction of the level of <i>de minimis</i> support.
Special and Differential Treatment	Developing countries have longer implementation periods. Developing countries have lower reduction coefficients and higher <i>de minimis</i> levels. Developing countries retain the use of Article 6.2.

**Source: Authors' compilation based on WTO (2004).**

## Analysis of Impacts of CAFTA

The most important provisions in CAFTA, as with most other bilateral, regional or multilateral trade agreements are those that increase market access. California growers will be better able to sell into markets that reduce tariff barriers, and others will have greater access into California markets, as well as into markets in other states. But along with tariff cuts are other aspects of market access: relaxation or reassignment of tariff-rate quotas where they exist, or their introduction when they are negotiated as a part of a market access deal; trade remedies such as safeguards that limit market access in times of import surge; and other conditions that affect the cost of selling into a foreign market or that influence the costs of others selling into domestic markets.

The impact of an FTA is in essence to change the tariff heading for goods coming from a particular country. In the simplest example, consider



a country with a two-part tariff schedule: one "column" for preferred partners, say in a free trade area, and one for all other WTO members (MFN schedule). Entry into a free-trade area with a country moves the applicable tariff from the MFN column to the tariff-free column.<sup>11</sup> The impact of that on market access will depend on (a) how competitive the newly-preferred supplier is relative to other suppliers, both preferred and non-preferred; (b) how great the degree of preference implied by the free trade area is; and (c) how much export capacity does the newly-preferred country have. With a high degree of preference, even high-cost suppliers can make inroads into a market, but if they have limited capacity, the result may not be significant. With a low degree of preference, only the low cost suppliers will be able to make use of the new market opportunities.

CAFTA countries already have preferred access for a wide range of goods under the CBI scheme and also under the GSP. The impact of CAFTA on these countries will be to grant them wider access, at least for sensitive products that have been excluded from the other market access schemes. They will in effect "catch up" with Mexico in term of access into the U.S. market, except in one or two sectors such as sugar. Thus, the impact on potential imports into the United States can be best judged by comparing current access for the Central American countries with their access under CAFTA. This is done in the next section of this report. But for this potential impact to be realized, there has to be the capacity in these countries to expand exports. Our analysis identifies which products the Central American countries might be able to supply to the United States, based on their current production. To take this analysis further would require detailed investigation into the possibilities for investment and expansion in these sectors and the competitiveness of such new production. This is not attempted in the present study.

With respect to market access in the CAFTA countries, U.S. goods gain preference relative to those countries that do not have a free trade arrangement with CAFTA members. This means that the competitiveness will be a function of the current trade agreements that these countries have with other countries. The California suppliers, along with those in other states, would move (over a transition period) from supplying at MFN tariffs to having duty-free access. The advantage of this depends on which other suppliers already enjoy such privileges and whether the United States can out-compete these and other suppliers.

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<sup>11</sup>See Table 9 for ranking of preferences among CAFTA countries and DR.

## Net Effect on California Specialty Crop Agriculture

The analysis of the data assembled in regard to the issues discussed in the previous section suggests that the effects on California agriculture can be grouped under three headings: 1) additional preferences in California markets relative to other suppliers; 2) additional supplies to the U.S. market as a result of improved access by Central American producers relative to others; and 3) increased access to remedies if trade disruptions occur. These impacts are considered in more detail in this section.

### Additional Export Market Opportunities

As discussed earlier, the effective impact of CAFTA in providing additional export market opportunities for California specialty crops will be the change in the additional preferences that California gains for its exports to the member countries relative to those of our competitor countries in those markets. In general terms, the gains in preference that will result from the CAFTA can be illustrated in terms of where U.S. goods will fit in the basic tariff access structure currently in place. For example, the three major categories used to describe the level of access afforded individual countries in the CAFTA region, in order of preference, are 1) duty free, where imports enter the member countries with zero tariff; 2) preferred access, where imports enter the member countries with a tariff less than those of other countries; and 3) most favored nation status, where imports enter the member countries with tariffs equal to those of all other countries not included in the first two categories. In this format the potential benefits for California specialty crops will be their shift to a higher-level preference category (Table 9).

In order to gain a more precise understanding of what benefits may accrue to California specialty crop exporters as a result of the CAFTA, a more detailed analysis of the specific changes in tariffs currently in place for those products is necessary. In practice, a tariff is a tax on imports; the price a domestic purchaser pays for imported goods exceeds the amount the foreign exporter receives by the amount of tariff payment. For the simplest case of a specific tariff, the domestic price of importer ( $P_d$ ) is expressed as  $P_d = N + T$  where  $N$  is the foreign price of some good (or net price) and  $T$  is the specific tariff levied upon it. Assume three exporters serve one import market. Exporter A has tariff free access, exporter B faces a reduced tariff (on a transition path to free access or with a preferential tariff rate), and C faces the MFN tariff levels.

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**Table 9: Ranking of Preference in CAFTA Markets**

	<i>Before CAFTA/DR</i>	<i>After CAFTA/DR</i>
<b>Central America</b>		
Duty Free	CAFTA countries Chile Mexico DR	CAFTA countries Chile Mexico DR U.S.
Preferential Access	Venezuela Colombia	Venezuela Colombia
MFN Access	Canada Caribbean Brazil EU U.S.	Canada Caribbean Brazil EU
<b>DR</b>		
Duty Free	CAFTA countries Caribbean	CAFTA countries Caribbean U.S.
Preferential Access		
MFN Access	Andean Group Canada Chile Mexico Venezuela Colombia Brazil EU U.S.	Andean Group Canada Chile Mexico Venezuela Colombia Brazil EU

**Source: Authors' compilation based on WTO (2004).**

If the domestic price in the importer is Pd for all three suppliers, and the specific tariffs are Ta, Tb and Tc, then the net price (N) for the exporters is

$$N_a = P_d - T_a = P_d$$

$$N_b = P_d - T_b$$

$$N_c = P_d - T_c$$

Thus the preference margins (where Mab is the margin for A relative to B) are

$$M_{ab} = N_a - N_b = T_b$$

$$M_{ac} = N_a - N_c = T_c$$

$$M_{bc} = N_b - N_c = (P_d - T_b) - (P_d - T_c) = T_c - T_b$$

As a proportion of net price, these are

$$M_{ab}/N_a = T_b/P_d$$

$$M_{ac}/N_a = T_c/P_d$$

$$M_{bc}/N_b = (T_c - T_b)/(P_d - T_b)$$

Alternatively, tariffs are often ad-valorem (TA): a specified percentage of the price paid to the foreign exporter. In this case domestic price is:  $P_d = N(1 + TA)$ , thus  $P_d$  consists of the payment to the foreigner,  $N$ , plus the import tax  $N \cdot TA$ . When a tariff is ad-valorem, above expressions are changed to

$$N_a = P_d / (1 + TA_a) = P_d$$

$$N_b = P_d / (1 + TA_b)$$

$$N_c = P_d / (1 + TA_c)$$

And the preference margins are expressed as the following:

$$M_{ab} = N_a - N_b = P_d - \frac{P_d}{1 + TA_b} = P_d \left( 1 - \frac{1}{1 + TA_b} \right)$$

$$M_{ac} = N_a - N_c = P_d - \frac{P_d}{1 + TA_c} = P_d \left( 1 - \frac{1}{1 + TA_c} \right)$$

$$M_{bc} = N_b - N_c = \frac{P_d}{1 + TA_b} - \frac{P_d}{1 + TA_c}$$

As a proportion of net price, these are

$$M_{ab}/N_a = \left( 1 - \frac{1}{1 + TA_b} \right)$$

$$M_{ac}/N_a = \left( 1 - \frac{1}{1 + TA_c} \right)$$

$$M_{bc}/N_b = P_d \left( \frac{1}{1 + TA_b} - \frac{1}{1 + TA_c} \right) \cdot \frac{1 + TA_b}{P_d} = 1 - \frac{1 + TA_b}{1 + TA_c}$$

These margins can be interpreted either as higher prices (more profits) for the preferred exporter or higher costs which would be offset by the preference (or a combination of both). Similarly, a negative preference (e.g.  $M_{ba}$ ) is the amount by which costs in B have to be less than in A to allow them to be competitive, or lower profit in that market. In this analysis we do not try to distinguish between the cost and profit interpretations. Thus the preference index would be the margin as a proportion (or percent) of the net price. This would vary by commodity and over time, and could in principle be calculated for any pair of countries.

Let us denote the preference index as  $\ddot{O}$  then

$$\ddot{O}_{ab} = M_{ab}/N_a = \left( 1 - \frac{1}{1 + TA_b} \right)$$

$$\ddot{O}_{ac} = M_{ac}/N_a = \left( 1 - \frac{1}{1 + TA_c} \right)$$

$$\ddot{O}_{bc} = M_{bc}/N_b = Pd \left( \frac{1}{1+T_{Ab}} - \frac{1}{1+T_{Ac}} \right) * \frac{1+T_{Ab}}{Pd} = 1 - \frac{1+T_{Ab}}{1+T_{Ac}}$$

Let us consider the case of CAFTA by considering three countries: A, United States, and ROW. Country A has a free trade agreement with Central American countries and faces zero tariff rate; the United States faces MFN rate before the free trade agreement ( $TA_{us}^0$ ) but free trade access after the CAFTA ( $TA_{us}^1$ ), and the ROW faces the MFN tariff levels. Thus, before the CAFTA, preference index for the United States relative to country A ( $\ddot{O}_{us^0a}$ ) and the ROW ( $\ddot{O}_{us^0row}$ ) is expressed as the following:

$$\ddot{O}_{us^0a} = M_{us^0a} / N_{us^0} = Pd \left( \frac{1}{1+TA_{us}^0} - 1 \right) * \frac{1+TA_{us}^0}{Pd} = -TA_{us}^0$$

$$\ddot{O}_{us^0row} = M_{us^0row} / N_{us^0} =$$

$$Pd \left( \frac{1}{1+TA_{us}^0} - \frac{1}{1+TA_{row}} \right) * \frac{1+TA_{us}^0}{Pd} = 0$$

since ( $TA_{us}^0 = TA_{row}$ )

And after the CAFTA they are

$$\ddot{O}_{us^1a} = M_{us^1a} / N_{us^1} = (Pd - Pd)/Pd = 0$$

$$\ddot{O}_{us^1row} = M_{us^1row} / N_{us^1} = \left( 1 - \frac{1}{1+TA_{row}} \right)$$

The above four indexes are used to examine the preferences of the United States relative to other exporters for the some of the California specialty crops discussed in Appendix Summary Table 7 by selecting those with consistent MFN tariff rates from the Appendix Summary Table 8. Out of 16 commodities, 11 are selected for this examination<sup>12</sup>. For example, Costa Rica imports fresh grapes with MFN rates of 14 percent. Thus, before the CAFTA, preference index for the United States relative to country A with zero tariff ( $\ddot{O}_{us^0a}$ ) and the ROW which faces MFN rate ( $\ddot{O}_{us^0row}$ ) is expressed as the following:

$$\ddot{O}_{us^0a} = M_{us^0a} / N_{us^0} =$$

$$Pd \left( \frac{1}{1+0.14} - 1 \right) * \frac{1+0.14}{Pd} = Pd \left( \frac{1}{1.14} - 1 \right) * \frac{1.14}{Pd} = (-0.1228)(1.14) = -0.14 = -TA_{us}^0$$

$$\ddot{O}_{us^0row} = M_{us^0row} / N_{us^0} = 0$$

$$\text{since } (TA_{us}^0 = TA_{row} = 14\%)$$

<sup>12</sup>Those commodities which have consistent tariff rates over the different tariff lines are selected.

And after the CAFTA they are

$$\Delta \text{US}^a = \text{Mus}^a / \text{Nus}^a = (P_d - P_d) / P_d = 0$$

$$\Delta \text{US}^{\text{row}} = \text{Mus}^{\text{row}} / \text{Nus}^{\text{row}} = (1 - 1/1.14) = 1 - 0.8772 = 0.1228$$

According to the TRAINS data, Costa Rica imported around \$ 3.9 million of fresh grapes from the world in 2001. More than 70 percent of Costa Rica's fresh grape imports were supplied by the United States, followed by Chile with around 27 percent. On October 18, 1999 Central America and Chile signed a free trade agreement which entered into force on February 15, 2002 for Costa Rica and June 3, 2002 for El Salvador. Thus, Chile enjoys duty-free status for its exports to Costa Rica for this commodity. In this example CAFTA brings positive changes in the preferential index for the United States by 14 percent relative to those competitor countries already having free trade accesses such as Chile and Costa Rica and 12.28 percent relative to other exporters who face the MFN tariff level. The results for the other commodities selected for analysis are presented in Table 10.

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**Table 10: Estimated Preference Index for the Imports of Selected California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports				ROW	Tariff MFN (%)	Before CAFTA		After CAFTA		Changes	
			Total (US\$'000)	U.S. (%)	Leading countries, excluding U.S. (%)	ROW (%)			Index US/Free (%)	Index US/MFN (%)	Index US/Free (%)	Index US/MFN (%)	Index US/Free (%)	Index US/MFN (%)
GRAPE, FRESH	80610	Costa Rica	3,881	70.98	Chile	27.46	1.56	14	-14	0	0	12.28	14	12.28
		Dominican Republic	4,147	80.13	Chile	19.87	0	20	-20	0	0	16.67	20	16.67
		El Salvador	5,526	65.58	Chile	29.96	4.46	15	-15	0	0	13.04	15	13.04
		Guatemala	6,777	80.35	Chile	17.93	1.72	15	-15	0	0	13.04	15	13.04
		Honduras	2,619	83.33	Chile	13.54	3.13	15	-15	0	0	13.04	15	13.04
		Nicaragua	467	64.29	Costa Rica	27.18	8.33	15	-15	0	0	13.04	15	13.04
GRAPE, DRIED	80620	Costa Rica	711	43.47	Chile	43.9	12.63	0	0	0	0	0.00	0	0.00
		Dominican Republic	1,382	39.99	Argentina	33.93	4.08	20	-20	0	0	16.67	20	16.67
		El Salvador	174	79.41	Mexico	6.84	13.75	0	0	0	0	0.00	0	0.00
		Guatemala	383	12.68	Mexico	50.1	37.22	0	0	0	0	0.00	0	0.00
		Honduras	206	83.87	Mexico	12	4.13	1	-1	0	0	0.99	1	0.99
		Nicaragua	286	65.58	Mexico	12.59	21.83	0	0	0	0	0.00	0	0.00
PEACHES, NECTARINES,	80930	Costa Rica	1,026	54.29	Chile	45.71	0	14	-14	0	0	12.28	14	12.28
		Dominican Republic	67	89.41	Chile	10.59	0	20	-20	0	0	16.67	20	16.67
		El Salvador	693	53.07	Chile	37.74	9.19	15	-15	0	0	13.04	15	13.04
		Guatemala	931	59.58	Chile	39.77	0.65	15	-15	0	0	13.04	15	13.04
		Honduras	148	57.13	Chile	30.34	12.33	15	-15	0	0	13.04	15	13.04
		Nicaragua	23	42.57	Costa Rica	52.33	5.1	15	-15	0	0	13.04	15	13.04
FRUITS, FRESH NES	81090	Costa Rica	257	3.25	Nicaragua	94.87	1.78	14	-14	0	0	12.28	14	12.28
		Dominican Republic	370	99.98	Tobago	0.02	0	20	-20	0	0	16.67	20	16.67
		El Salvador	430	4.78	Guatemala	63.33	29.87	15	-15	0	0	13.04	15	13.04
		Guatemala	42	25.39	El Salvador	20.02		15	-15	0	0	13.04	15	13.04
		Honduras	15	5.63	Nicaragua	17.57	37.02					0	0	0.00
		Nicaragua	7	0	Nicaragua	81.13	13.24	15	-15	0	0	13.04	15	13.04
		Nicaragua	7	0	Costa Rica	87.91	12.09	15	-15	0	0	13.04	15	13.04
OLIVE OIL, VIRGIN	150910	Costa Rica	464	48.11	Spain	37.42	14.47	9	-9	0	0	8.26	9	8.26
		Dominican Republic	1,095	4.06	Spain	82.82	13.12	20	-20	0	0	16.67	20	16.67
		El Salvador	233	19.03	Spain	53.89	27.08	10	-10	0	0	9.09	10	9.09
		Guatemala	517	12.43	Italy	43.01		10	-10	0	0	9.09	10	9.09
		Honduras	137	67.64	Spain	38.28	4.28	10	-10	0	0	0	0	0.00
		Nicaragua	24	22.61	Spain	26.55	5.81	10	-10	0	0	9.09	10	9.09
		Nicaragua	24	22.61	Spain	72.11	5.28	5	-5	0	0	4.76	5	4.76
OLIVE OIL, REFINED	150990	Costa Rica	832	2.61	Spain	92.79	4.6	9	-9	0	0	8.26	9	8.26
		Dominican Republic	2,626	0	Spain	99.16	0.84	20	-20	0	0	16.67	20	16.67
		El Salvador	129	41.75	Italy	57.07	1.18	10	-10	0	0	9.09	10	9.09
		Guatemala	920	8.03	Spain	86.65	5.32	10	-10	0	0	9.09	10	9.09
		Honduras	91	30.4	Spain	65.97	3.63	10	-10	0	0	9.09	10	9.09
		Nicaragua	194	20.27	Spain	58.95	20.78	5	-5	0	0	4.76	5	4.76
VEGETABLES NES FRZ	200490	Costa Rica	265	74.92	Canada	21.52	3.56	14	-14	0	0	12.28	14	12.28
		Dominican Republic	196	61.9	Spain	33.83	4.27	20	-20	0	0	16.67	20	16.67
		El Salvador	70	71.85	Guatemala	25.89	2.26	15	-15	0	0	13.04	15	13.04
		Guatemala	85	97.54	Spain	2.17	0.29	15	-15	0	0	13.04	15	13.04
		Honduras	123	58	Mexico	29.14	2.86	15	-15	0	0	13.04	15	13.04
		Nicaragua	92	94.69	Costa Rica	2.43	2.88	15	-15	0	0	13.04	15	13.04
ASPARAGUS, PREPARED	200560	Costa Rica	588	83.19	Peru	6.36	10.45	14	-14	0	0	12.28	14	12.28
		Dominican Republic	34	16.76	Spain	83.24	0	20	-20	0	0	16.67	20	16.67
		El Salvador	134	62.64	Spain	35.17	2.19	15	-15	0	0	13.04	15	13.04
		Guatemala	148	51.09	Peru	37.41	11.5	15	-15	0	0	13.04	15	13.04
		Honduras	35	96.32	Spain	3.68	0	15	-15	0	0	13.04	15	13.04
		Nicaragua	21	88.32	Spain	6.22	5.46	15	-15	0	0	13.04	15	13.04
VEG NES, MIXES, PREP	200590	Costa Rica	860	49.15	Nicaragua	28.44	22.41	14	-14	0	0	12.28	14	12.28
		Dominican Republic	629	30.41	Spain	55.1	14.49	20	-20	0	0	16.67	20	16.67
		El Salvador	625	41.78	Guatemala	43.69	12.53	15	-15	0	0	13.04	15	13.04
		Guatemala	692	80.97	Spain	13.21	6.82	15	-15	0	0	13.04	15	13.04
		Honduras	613	63.94	Guatemala	24.17	11.89	15	-15	0	0	13.04	15	13.04
		Nicaragua	191	68.65	Spain	10.1	21.25	15	-15	0	0	13.04	15	13.04
CITRUS OTHER, PREP	200830	Costa Rica	16	14.37	China	85.63	0	14	-14	0	0	12.28	14	12.28
		Dominican Republic	16	82.28	Spain	17.72	0	20	-20	0	0	16.67	20	16.67
		El Salvador	0	98.84	Mexico	1.16	0	15	-15	0	0	13.04	15	13.04
		Guatemala	2	59.2	Panama	40.1	0	15	-15	0	0	13.04	15	13.04
		Honduras	1	100	N.A.	0	0	15	-15	0	0	13.04	15	13.04
		Nicaragua	18	100	N.A.	0	0	15	-15	0	0	13.04	15	13.04
PEACHES, PREP	200870	Costa Rica	821	67.94	Chile	12.71	19.35	14	-14	0	0	12.28	14	12.28
		Dominican Republic	253	6.21	Spain	30.34	0	20	-20	0	0	16.67	20	16.67
				Argentina	30.09									
				Chile	17.07	16.29								
		El Salvador	314	19.07	Chile	48.69		15	-15	0	0	13.04	15	13.04
		Spain	23.98	8.26										
		Guatemala	614	33.49	Chile	34.21		15	-15	0	0	13.04	15	13.04
		Spain	29.51	2.79										
		Honduras	160	53.43	Spain	41.84	4.73	15	-15	0	0	13.04	15	13.04
		Nicaragua	16	62.75	Spain	12.07	25.18	15	-15	0	0	13.04	15	13.04

Source: Extracted from the UNCTAD, TRAINS data. Data coverage for tariff/imports is 2002 for Nicaragua, others are 2001.

Trying to assign a quantitative estimate of the additional preferences gained from the CAFTA is beyond the scope of this report. Those efforts that have been undertaken include reports by the American Farm Bureau (AFBF) and the U.S. International Trade Commission.<sup>13</sup> In its report the AFBF suggests that U.S. aggregate fruit and vegetable imports by CAFTA countries would increase by \$44 million and \$35 million above baseline estimates respectively by 2024, approximately a 2 percent increase

<sup>13</sup>"Implications of a Central American Free Trade Agreement on U.S. Agriculture", American Farm Bureau Federation, Economic Analysis and Trade Team, 2004; USITC Publication 3717, August 2004: U.S. -Central American- Dominican Republic Free Trade Agreement: Potential Economywide and selected Sectoral Effects.

per year over the analysis period. The USITC study estimates that for trade in fruits, vegetables and nuts, U.S. imports will decline by 1.84 percent and U.S. exports will increase by 14.23 percent after full implementation of the agreement.<sup>14</sup>

All quantitative estimates of potential export gains from the proposed CAFTA should be subject to a number of caveats. It is important to understand the limiting nature of the assumptions behind such estimates. The relative advantage that California importers gain from tariff relief will depend on the existing tariff levels applied to competitor imports, some of whom may have their own preferential trading agreements with CAFTA countries. In this regard the course of negotiations between CACM countries and Chile, as Chile is the prominent competitor for most California specialty crop exports to CAFTA countries. It is also likely that some California specialty crop imports by CAFTA countries are influenced by seasonal availability, and an increasing price advantage alone will not necessarily lead to increased imports of those commodities. In addition, it is difficult to anticipate how competitors will react to increased competitive pressures resulting from the preferential treatment California specialty crops gain from the proposed CAFTA. An aggressive pricing strategy by competing suppliers may dampen anticipated gains. The available export supply of California specialty crops may also have an impact on exporters' ability to increase commodity flows to CAFTA countries. If exportable surplus is static, increased imports to CAFTA countries implies a decrease in shipments to other markets. Depending on how lucrative other markets are, product may or may not be diverted to the CAFTA markets. To provide more precise estimates requires a great deal more information than can be assembled within the scope of this project, such as seasonal import patterns, per capita consumption trends, production trends, etc.

### **Additional Competition in Domestic Markets**

In contrast to the opportunities available to California specialty crop exporters, increased competition from CAFTA country imports is not likely to be immediately apparent. This is due primarily to the existence of preferential access already available to CAFTA countries under the Caribbean Basin Initiative and related agreements. An overview of the structure of imports of California specialty crops into CAFTA countries is presented in Appendix Summary Table 5. Principle CAFTA-country exports such as frozen vegetables and melons already enter the U.S. duty free and hence will receive no effective increase in preference as a result of changes in tariff schedules resulting from a potential CAFTA.<sup>15</sup>

<sup>14</sup>Office of the U.S. Trade Representative, "CAFTA - Agriculture, Specific Fact Sheet", <http://www.ustr.gov/new/fta/Cafta/2004-04-09-agriculture-specific.pdf>

<sup>15</sup>USITC, Pub. 3717 Table 4.4, decline in imports attributed to reallocation of resources in CAFTA countries and the DR to take advantage of increased export opportunities in other sectors.



The potential negative effects of any free trade agreement are closely watched by advisory committees established by the USTR. In the case of the CAFTA and specialty crop agriculture, the comments of the Agricultural Technical Advisory Committee (ATAC) for fruits and vegetables reinforce the conclusion that little initial increase in competition from CAFTA countries is expected: "The U.S.-CAFTA is considered by many on the committee to be an excellent agreement that will provide immediate economic benefits to their specialty crop commodities (almonds, apples, cherries, peaches, pears, table grapes, and walnuts). For others on the committee the agreement is unlikely to have much of an economic impact, either positive or negative. There is not currently any import-sensitive commodity group from the horticultural sector that has expressed concern with the agreement to the committee."<sup>16</sup>

It is more likely that increased competition from CAFTA exports of specialty crops will result in a longer-term increase in production and diversification of crop production in member countries. One of the potential benefits to CAFTA countries is the anticipated increase in investment, income and employment resulting from the enhanced business climate, resulting from the permanent status of trade reforms, resulting from the agreement. As indicated from the report of the USTR, Advisory Committee for Trade Policy and Negotiations, "We believe the CAFTA will substantially improve market access in Central America for American farm products, industrial and other non-agricultural goods, and services. We also believe it will expand two-way trade opportunities and will benefit employment and living standards for all parties. We further believe the agreement will reinforce the commitment of the Central American countries to democracy and greater economic openness. It will contribute to the political stability and economic integration of the region and will provide a strong incentive for further trade liberalization in the Western Hemisphere, as well as adding to the imperative of the Free Trade Agreement of the Americas' negotiations."<sup>17</sup>

Developments that lead to increased competition for California specialty crops from CAFTA imports will be the result of many factors that characterize the dynamic market for fresh and processed fruits and vegetables. In particular is the increasing tendency for California grower-shippers to obtain products from other countries during the off-season, sometimes via joint ventures. This enables shippers to extend shipping seasons and sell products produced in several locations via one marketing organization, maintaining a year-round presence in the marketplace. It is expected that increased opportunities in this area will result from CAFTA. In some cases these efforts lead to complementary imports and prove to be

<sup>16</sup><http://www.ustr.gov/new/fta/Cafta/advisor/atac-fruit.pdf>, Report of the Agricultural Technical Advisory Committee on Trade in Fruits and Vegetables, March 19, 2004.

<sup>17</sup>The Report of the Advisory Committee for Trade Policy and Negotiations (ACTPN), March 12, 2004, <http://www.ustr.gov/new/fta/Cafta/advisor/actpn.pdf>

of potential benefit in expanding markets for California specialty crops.<sup>18</sup>

### Trade Remedies

**M**ost countries in the Americas have domestic legislation in the area of trade remedies – anti-dumping and countervailing duty provisions against unfair trade and safeguards against import surges.<sup>19</sup> The willingness to open up sensitive areas such as agriculture to imports within an FTA is dependent up on the degree of comfort afforded domestic producers by such trade remedies. Such trade remedies are explicitly allowed under the WTO trade rules, but their implementation is constrained so as to reduce the risk of the use of such remedies to restrict trade unduly. These rules apply to all WTO members and thus govern trade between the United States and the Central American countries.

Agriculture has its own set of trade rules on safeguards and subsidies, specified in the Uruguay Round Agreement on Agriculture (URAA).<sup>20</sup> To encourage countries to “tariffy” their non-tariff barriers, the Uruguay Round provided for a special agricultural safeguard for those products that were tariffed (most of which were in the developed countries). Countries in the Americas have few products eligible for WTO special safeguards. Some have used variable tariffs embodied in price band mechanisms, though the legality of those has now been successfully challenged in the WTO.<sup>21</sup> Agricultural subsidies have, until now, been covered exclusively by the URAA, and have not been subject to extensive trade litigation<sup>22</sup>

The regulation of trade remedies in FTAs has also become an essential part of these agreements, so as to assure producers that action can be taken in cases of market disruption and yet prevent abuse by trading partners and maintain the political balance struck in trade negotiations. Thus, FTA trade remedy provisions must toe the line between too easy and too onerous conditions for the imposition of contingent duties.

<sup>18</sup>Year-around sourcing by California marketers is controversial because some growers believe it benefits competing producers. Work by Alston et al. (1997) indicates that year-around sourcing has actually increased demand for California table grapes, most likely because the year-around availability reinforces consumer buying habits (Alston, J.M., J.A. Chalfant, J.E. Christian, E. Meng and N.E. Piggott. “The California Table Grape Commission’s Promotion Program: An Evaluation,” Giannini Foundation Monograph No. 43, University of California, Division of Agriculture and Natural Resources, November 1997).

<sup>19</sup>In the case of safeguards, trade remedies can be applied against all imports, even against “fair” imports, if those imports are determined to have caused or threaten to cause serious injury to a domestic industry.

<sup>20</sup>Agricultural trade was covered by the original GATT rules on trade remedies. Under the GATT’s trade remedy provisions (Article VI for anti-dumping and countervailing duties and Article XIX for import safeguards) no distinction was made between agricultural and non-agricultural products, although there was a special recognition that, in certain circumstances, price or income stabilization programs for “primary commodities” were presumed not to result in material injury to other countries in the sense of Article VI.

<sup>21</sup>The Chilean system was challenged by Argentina and was found to be inconsistent with the WTO in certain respects, and the FTA instituted a safeguard system (on bilateral trade) designed to replace it. The WTO Dispute Settlement Panel found that the Chilean Price Band scheme was inconsistent with Article 4.2 of the Agreement on Agriculture that outlaws variable levies (WT/DS207/R, 3 May 2002). The Appellate Body agreed with the panel in this respect, while modifying other parts of the report (WT/DS207/AB/R, 23 September 2002).

<sup>22</sup>With the expiry of the Peace Clause (Article 13 of the URAA), the possibility of legal challenge to agricultural subsidies has increased.

Recent FTAs negotiated by the United States have been built on the provisions built in to the NAFTA (following those in the Canada-U.S. FTA). These extend somewhat these multilateral rules, to add to the ability of countries to respond to market disruption. In particular, recent FTAs have elaborated safeguards for agriculture that allow governments to add additional levies at the border in times of import surges or world price volatility. The extent to which the mechanism chosen in the case of the Central American countries is considered adequate will be an important factor in the political acceptability of the CAFTA. This section compares the proposed CAFTA trade remedies with those of other agreements.

### Safeguards

General trade remedies specified within an FTA typically focus on safeguards and allow for a temporary increase in import protection beyond the levels negotiated in a staged schedule of tariff reductions within an FTA but bounded by the MFN tariff (applying to non-partners). When the transition period to free trade has ended, these safeguard provisions generally cease, though existing WTO-legal trade remedies are still available. Agricultural safeguards follow similar lines but are generally easier to apply and do not require compensation of exporters. Such safeguards are triggered either by price movements or by import surges. A price-triggered safeguard was included in the U.S.-Chile agreement to deal specifically with sensitive agricultural imports.<sup>23</sup> The Agricultural Safeguard Measure contains a specific mechanism for imposing additional import duties on a list of goods (specified in an Annex) if the unit price of the good enters the party's markets as a level below a set trigger price (also in the Annex). The additional duties are limited so as not to be higher than the prevailing MFN rate or the MFN rate in force when the Agreement went into effect. However, the additional duties are modulated by the extent by which the unit import price falls below the trigger price (see Table 11). In effect, the tariff on bilateral trade reverts to the MFN level only when prices have dropped to very low levels. In other cases, some degree of preference remains.<sup>24</sup> The special agricultural safeguard cannot be used in conjunction with the general safeguard included in each agreement and is limited to the transition period identified in the respective agreements.

In the case of the U.S.-Australia FTA, the agricultural safeguard is commodity and country specific: a price-based safeguard applies to Australian exports of horticultural products to the U.S., and a quantity-based safeguard applies to Australian exports of beef.<sup>25</sup> No special agricultural

<sup>23</sup>The U.S.-Australia FTA has similar provisions for a price-based safeguard for horticultural products, but includes both a quantity-based and a price-based trigger for beef.

<sup>24</sup>As the MFN tariff is reduced in WTO negotiations, these regional price-based safeguards will become less effective (and also less disruptive).

safeguard applies to U.S. exports to Australia, other than those incorporated in the WTO.

A safeguard for agricultural goods has also been incorporated into the CAFTA, but this is only quantity-triggered (Table 12). In the first years of the agreement the safeguard allows the duty to revert back to MFN levels if there is an import surge relative to quantities entered in the schedule. However, the safeguard quantities are only specified for the Central American countries. No specific safeguard is provided for import surges from Central America into the U.S. market, but the quantities involved are unlikely to be disruptive, and duties on most products are already at zero. The one exception is for sugar, where the United States may grant compensation to Central American sugar exporters in lieu of market access commitments over the period of transition for the agreement.

**Table 11: Provisions for Price-triggered Agricultural Safeguard under U.S.-Chile FTA**

<i>Extent to which the import price is below the trigger price</i>	<i>Additional duty imposed</i>
Up to 10 percent	None
10 to 40 percent	30 percent of the difference between the MFN rate and the preferential tariff rate
40 to 60 percent	50 percent of the difference between the MFN rate and the preferential tariff rate
60 to 75 percent	70 percent of the difference between the MFN rate and the preferential tariff rate
Over 75 percent	100 percent of the difference between the MFN rate and the preferential tariff rate

**Source: U.S.-Chile FTA accessed at USTR website**

<sup>25</sup>In year 19 of the agreement, the U.S. beef market will be protected by a price-based safeguard until all trade barriers are removed.

**Table 12: Provisions for Quantity-triggered Agricultural Safeguard under CAFTA**

	<i>Years 1-5</i>	<i>Years 6-10</i>	<i>Years 11-14</i>
Additional duties for agricultural products	Up to 100 percent of difference between MFN and applicable bilateral tariff	Up to 75 percent of difference between MFN and applicable bilateral tariff	Up to 50 percent of difference between MFN and applicable bilateral tariff
	<i>Years 1-15</i>	<i>Years 16-18</i>	<i>Years 19-20</i>
Dairy	Up to 100 percent of difference between MFN and applicable bilateral tariff	Up to 75 percent of difference between MFN and applicable bilateral tariff	Up to 50 percent of difference between MFN and applicable bilateral tariff
	<i>Years 1-14</i>	<i>Years 15-16</i>	<i>Year 17</i>
Poultry, Rice	Up to 100 percent of difference between MFN and applicable bilateral tariff	Up to 75 percent of difference between MFN and applicable bilateral tariff	Up to 50 percent of difference between MFN and applicable bilateral tariff

**Source: CAFTA, accessed at USTR website**

As with the staging of tariff cuts, much of the negotiation of the agricultural part of the agreement with the Central American countries revolved around choosing the commodities to include in the safeguard system. Such safeguard systems have limited but potentially useful value in helping to avoid market disruption. But they are not a long-run solution to the problem of lack of competitiveness. Limiting the operation of the safeguard to the transition period and the maximum duty to the MFN rate implies that these devices are temporary. Tariff cuts in the WTO reduce the extent to which extra duties can keep up market prices. Price-based safeguards can have benefits if realistic prices are chosen and if these can be updated. Quantity-based systems are less responsive to market changes and can distort competition over time. Though not usually classified as a trade remedy, the operation of a TRQ has some of the same properties as a safeguard. Import surges are less likely if trade is subject to TRQs. Weak world prices also may not lead to an increase in imports if the above-quota tariff is still high, though they could translate into lower prices on the domestic market. NAFTA made considerable use of TRQs, with the within-quota tariff falling over time and the quantity expanding. By contrast, the Chile FTA did not specify TRQs, being content to reduce tariffs according to stages, and the Australia FTA used TRQs only on certain products. CAFTA introduced TRQs for some sensitive products of concern to the parties, and these therefore complement the role of safeguards during the transition period.

## Anti-dumping and Countervailing Duties

Trade remedies other than safeguards are not a major part of recent FTAs. Under the WTO, anti-dumping duties and countervailing (anti-subsidy) duties may also be used to offset on a country-specific basis so-called "unfair" competition if imports cause, or threaten to cause, material injury to a domestic industry.<sup>26</sup> In the U.S., an often-used type of trade remedy is to bring an anti-dumping case, through the U.S. International Trade Commission and the Department of Commerce, when foreign firms are apparently selling at below cost. Such cases are expensive and require a considerable amount of information to be collected to be successful. But in egregious cases the imposition of anti-dumping duties is an effective way of ensuring competition. As with other forms of trade remedy, the problem is to prevent such practices from themselves being used to restrict legitimate trade. Since the Uruguay Round, there has been a marked increase in the use of anti-dumping actions, indicating that this line may have been crossed. The most frequent users have been concentrated in Latin America (e.g., Brazil, Mexico and Argentina). As the number of cases increases so their relevance for agricultural trade may become more marked.

Exporters of agricultural products often complain about subsidies, either those granted by importing countries that restrict trade by favoring domestic producers or those granted by competitors that distort competition in third markets. Importing countries complain about subsidies granted by exporters, either in their domestic market or on trade (see section on export subsidies and domestic support). A country may assess countervailing duties if a foreign government is deemed to be providing a subsidy and if domestic sectors are harmed or threatened. Countervailing duties are relatively rare in agricultural markets, except on trade between Canada and the United States. One reason is that most subsidies have, until this year, been covered by the Peace Clause in the WTO's Agreement on Agriculture, which shelters them from countervail.<sup>27</sup> However, the Peace Clause expired at the end of 2003. Trade remedies such as countervailing duties can be used to mitigate the impact of such subsidies even when the subsidies are not in violation of FTA (or WTO) rules. However, the problems of demonstrating injury or serious prejudice have always made it difficult to use these rules against agricultural subsidies. The evidence for serious prejudice through the depression of world market prices has proved particularly difficult to sustain in GATT jurisprudence. It remains to be seen

<sup>26</sup>The WTO distinguishes between anti-dumping actions that primarily target individual firms and countervailing duty actions that aim to offset government subsidies. This distinction has some legal significance: subsidies are potentially illegal under the WTO, whereas dumping, a private commercial action, is not illegal in the WTO. So WTO rules cover both the conditions under which subsidies are allowed and the procedures that countries must follow when responding to subsidies granted by other countries and to dumping by foreign firms.

<sup>27</sup>The Peace Clause protected countries – using subsidies which complied with the Uruguay Round Agriculture Agreement – from being challenged under other WTO agreements.



whether the outcome of the WTO cases on U.S. cotton subsidies and EU sugar policies change the possibilities of using litigation to reduce trade-distorting subsidies.

NAFTA, negotiated before the WTO came into existence, made some attempt to augment the existing GATT trade remedy provisions, but more recent FTAs have essentially relied on the WTO rules to govern the use of anti-dumping and countervailing duties. There are no specific provisions for anti-dumping actions under the Chile and the Australia FTA, other than reaffirming the rights of the parties to use WTO rules. In the case of CAFTA, the situation is complicated by the beneficial treatment that the CBI countries are afforded under U.S. law. This effectively precludes them from challenging U.S. anti-dumping decisions under the CAFTA dispute settlement procedure. However, Central American countries retain their WTO rights and obligations.

## Dispute Settlement

The main locus for resolving agricultural trade disputes between CAFTA countries is likely to remain the WTO Dispute Settlement Mechanism. In common with other FTAs negotiated with the United States, none of the Parties gives up their rights to file and pursue complaints in Geneva.<sup>28</sup> Agricultural conflicts relating to abuse of trade rules were frequently litigated in GATT in the past, but generally did not result in much change in policies. Agricultural rules in the URAA have recently been examined in the more structured legal processes of the WTO. With some prominent cases before panels, litigation could become a more potent venue for resolving trade disputes in agricultural markets.

The Dispute Settlement Understanding (DSU) introduced by the Uruguay Round strengthened the dispute settlement process in a number of ways, including removing the ability of individual countries to block the formation of a panel or the adoption of a panel report. It also introduced an appellate body to review, on request, the legal basis for panel findings. The resulting shift in emphasis from political to legal resolutions to conflicts has led to an increased use of the process in non-agricultural areas.

FTAs since NAFTA (and its precursor, the Canada-U.S. FTA) have included a separate dispute settlement mechanism for matters arising from the operation of the FTA itself. Provisions of an FTA are not, of course, enforceable in the WTO, though some trade conflicts may include a combination of WTO and FTA potential violations. These dispute settlement provisions involve the establishment of institutions and procedures to adjudicate the trade conflicts.

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<sup>28</sup>This is true of other FTAs as well: only the EU prohibits individual members from pursuing trade disputes among themselves within the WTO.

In the case of NAFTA, the dispute settlement provisions in Chapter 20 allow for disagreements over the extent to which the parties are conforming to their obligations to be subject to a timely process. This includes using the good offices of the NAFTA Commission to resolve the differences, consultation among the parties, a request for the establishment of a panel, a roster of panel members, and the desirability of using alternative dispute resolution methods. These provisions are mirrored in the U.S.-Chile and the U.S.-Australia FTAs.<sup>29</sup> The U.S.-Australian agreement introduces the novelty of financial penalties for violations as an alternative to trade sanctions.

The WTO dispute settlement mechanism is often used when members differ in the interpretation of their contractual rights and obligations to take trade remedies. So trade remedies themselves can become the subject of further litigation at the multilateral level. WTO panels are called upon to decide on several stages of trade remedy proceedings, including 1) the legality of the original action, 2) the procedures used by national authorities in determining remedies, and 3) the allowable sanctions that can be imposed in cases where countries are found not to comply with WTO rules. FTA dispute settlement procedures follow a similar path when the dispute involves trade remedies. NAFTA set up a separate chapter (Chapter 19) to deal specifically with trade remedy disputes (following the lines of Chapter 18 of the Canada-U.S. FTA), to complement the general provisions for dispute settlement in Chapter 20. By contrast, more recent agreements, including CAFTA, have somewhat weakened this review process by restricting the use of their own dispute settlement provisions in cases involving anti-dumping and countervailing duties.



## Conclusion

CAFTA is a reflection of current trade policy of the United States, emphasizing the negotiation of bilateral trade agreements leading to essentially free trade with regional partners as well as keeping up the traditional support for further liberalization of the multilateral trade regime. The eventual goal of the bilateral agreements with countries in the hemisphere is to conclude a Free Trade Area of the Americas. But the CAFTA is a relatively minor part of this overall strategy, as the South American countries are more significant as markets and competitors.

The negotiation of CAFTA was also in the interests of the Central American countries and plays a more significant role in their trade policy. The primary benefit of CAFTA is that it would lock in to a trade treaty the unilateral preferences that had been granted by the United States under

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<sup>29</sup>Much of the political pressure for dispute settlement procedures stems from the desire to be able to enforce environmental and labor provisions embodied in the NAFTA side-agreements and made an integral part of the more recent FTAs.




the Caribbean Basin Initiative two decades ago. Such unilateral preferences are always vulnerable to changes in U.S. policy. As a result, few U.S. interests will be adversely affected, and opposition has centered on a few products (textiles and sugar) where additional competition is possible.

The predominant feature of the CAFTA itself is that most of the adjustment will fall on the Central American countries and the Dominican Republic: the United States has granted liberal access for exports from these countries for many years, whereas the United States has not had free access onto their markets. Tariffs on agricultural goods into these markets are still high, even though generally well below the rates "bound" in the WTO. The United States has insisted that reductions towards free access start from these applied rather than the higher bound rates. But this does not mean that U.S. exporters of farm products will immediately profit from CAFTA. The Central American markets are too small to be a lucrative prize for U.S. business and agriculture. Moreover, access will only come over time. For some sensitive commodities, including agricultural goods, long transition periods of up to twenty years have been negotiated.

The main impact of CAFTA on U.S. agricultural producers, and of exporters of specialty crops from California, is on the degree of preference relative to the major competitors. The United States will regain parity in market access with Mexico and with producers within the Central American Common Market and obtain an (perhaps temporary) advantage over South American and European suppliers. This benefit is difficult to quantify, as it can hinge on marketing strategies as well as trade policies. But there will be some benefit in Central American markets for those who are set up to take advantage of the possibility. The degree of preference, however, will be eroded by tariff cuts in the WTO over the next decade and by any advance toward a general FTAA.

Relative to other agreements, the impact of CAFTA is likely to be modest. NAFTA was much more significant, as it opened up markets to Mexican producers and market opportunities in Mexico for U.S. exporters. The rapid pace of economic reforms in Mexico accentuated the market changes, though economic instability in that country masked some of the impacts. The other free trade pact that has some similarities is that with Chile. The U.S.-Chile free trade agreement envisages much more rapid dismantlement of mutual trade barriers and does not attempt to control quantities imported over the transitions period. But since Chile is a Southern Hemisphere producer, direct competition for non-processed goods is limited. And Chile can act as a useful link for trade and investment with the larger economies of South America. So CAFTA is clearly patterned on U.S.-Chile but with more sensitivity to import interests and less ambition.

Adjustment costs in the United States are likely to be minimal. As a result, trade remedies are less central to the FTA from the viewpoint of the United States. Surges of imports from the Central American region are



unlikely, and any market growth will be as a result of the increasing sophistication of exporting firms in the region rather than the changes in trade barriers. Accordingly, trade remedy arrangements are unlikely to be used, in contrast to the situation with Mexico a decade ago, when imports under NAFTA of some products increased rapidly. Import surges are, however, of concern to the countries of Central America and the Dominican Republic. The trade remedies specified in the CAFTA compliment the long transition period and the gradual expansion of tariff-rate quotas.<sup>30</sup>

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<sup>30</sup>In that respect, the provisions to safeguard Central American farmers against sudden pressure from U.S. exports, in sensitive domestic markets, is similar to that negotiated on behalf of U.S. farmers in the U.S.-Australian FTA.

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Summary Table 1

	Costa Rica			El Salvador			Guatemala		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
<b>People</b>									
Population, total	3.7 million	3.9 million	3.9 million	6.0 million	6.3 million	6.4 million	10.8 million	11.7 million	12.0 million
Population growth (annual %)	2.1	1.6	1.8	1.8	1.6	1.7	2.6	2.6	2.6
National poverty rate (% of population)	..	..	..	..	..	..	..	..	..
Life expectancy (years)	..	..	77.6	..	..	70.1	..	..	65.5
Fertility rate (births per woman)	2.6	..	2.3	..	..	2.9	..	..	4.3
Infant mortality rate (per 1,000 live births)	..	..	9	..	..	33	..	..	36
Under 5 mortality rate (per 1,000 children)	..	..	11	..	..	39	..	..	49
Births attended by skilled health staff (% of total)	98	98	..	..	..	..	..	..	..
Child malnutrition, weight for age (% of under 5)	..	..	..	11.8	..	..	..	..	..
Child immunization, measles (% of under 12 mos)	83	82	94	99	82	93	79	91	92
Prevalence of HIV (female, % ages 15-24)	..	0.3	..	..	0.4	..	..	0.8	..
Illiteracy total (% age 15 and above)	4.8	4.3	4.2	22.4	20.8	20.3	32.9	30.8	30.1
Illiteracy female (% of age 15 and above)	4.7	4.2	4.1	25.2	23.4	22.9	40.4	38.2	37.5
Primary completion rate, total (% age group)	..	90.5	..	..	85.6	..	..	58.7	..
Primary completion rate, female (% age group)	..	92	..	..	85.5	..	..	54.6	..
Net primary enrollment (% relevant age group)	..	90.6	..	81	88.9	..	76.5	85	..
Net secondary enrollment (% relevant age group)	..	50.7	..	39.6	46	..	21.3	27.9	..
<b>Environment</b>									
Surface area (sq. km)	51,100.00	51,100.00	51,100.00	21,040.00	21,040.00	21,040.00	108.9 thousand	108.9 thousand	108.9 thousand
Forests (1,000 sq. km)	..	..	..	..	..	..	..	..	..
Deforestation (average annual % 1990-2000)	..	..	..	..	..	..	..	..	..
Freshwater resources per capita (cubic meters)	..	..	28,513.50	..	..	2,773.90	..	..	9,106.10

	Costa Rica			El Salvador			Guatemala		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
CO2 emissions (metric tons per capita)	1.4	..	..	1	..	..	0.9	..	..
Access to improved water source (% of total pop.)	..	..	..	..	..	..	..	..	..
Access to improved sanitation (% of urban pop.)	..	..	..	..	..	..	..	..	..
Energy use per capita (kg of oil equivalent)	746.8	898.8	..	625.6	676.7	..	584	626	..
Electricity use per capita (kWh)	1,386.50	1,557.20	..	561.3	595	..	322.1	357.6	..
<b>Economy</b>									
GNI, Atlas method (current US\$)	13.1 billion	15.4 billion	16.1 billion	11.2 billion	13.0 billion	13.6 billion	17.9 billion	19.8 billion	21.0 billion
GNI per capita, Atlas method (current US\$)	3,590.00	3,970.00	4,070.00	1,860.00	2,070.00	2,110.00	1,660.00	1,700.00	1,760.00
GDP (current \$)	14.1 billion	16.4 billion	16.8 billion	12.0 billion	13.8 billion	14.3 billion	19.4 billion	21.0 billion	23.3 billion
GDP growth (annual %)	8.4	1.1	3	3.7	1.7	2.1	5	2.3	2.2
GDP implicit price deflator (annual % growth)	12.1	8.4	9.1	3.9	3.4	1.3	9.5	7.5	8
Value added in agriculture (% of GDP)	12.8	8.6	8.4	12	9.4	8.7	23.4	22.6	22.5
Value added in industry (% of GDP)	29.8	29.8	29.1	28.2	29.5	30.3	20	19.6	19.3
Value added in services (% of GDP)	57.3	61.6	62.4	59.8	61	61	56.6	57.8	58.2
Exports of goods and services (% of GDP)	47.4	41.6	42.4	24.8	25.8	26.7	18.2	18.8	16.5
Imports of goods and services (% of GDP)	50.1	44.5	47.4	37.1	41.8	41.2	26.3	28.9	27.8
Gross capital formation (% of GDP)	20.5	20.1	21.9	17.6	16.7	16.4	17.4	17.7	18.7
Current revenue, excluding grants (% of GDP)	20.3	22.2	..	14.9	2	..	..	..	..
Overall budget balance, including grants (% of GDP)	-1.2	-1.2	..	-1.4	-0.3	..	..	..	..
<b>Technology and infrastructure</b>									
Fixed lines and mobile telephones (per 1,000 people)	221.6	305.4	361.5	86.8	235.6	241	58.2	162.8	202
Telephone average cost of local call (US\$ per three minutes)	0	0	0	0.1	0.1	..	0.1	0.1	..
Personal computers (per 1,000 people)	78.1	170.2	197.2	..	21.9	25.2	8.3	12.8	14.4

	Costa Rica			El Salvador			Guatemala		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
Internet users	100,000.00	384.0 thousand	800.0 thousand	25,000.00	150.0 thousand	300.0 thousand	50,000.00	200.0 thousand	400.0 thousand
Paved roads (% of total)	21	22	..	19.8	..	..	31	..	..
Aircraft departures	36,900.00	32,300.00	26,400.00	19,400.00	26,100.00	19,400.00	6,500.00	..	..
<b>Trade and finance</b>									
Trade in goods as a share of GDP (%)	83.3	70.7	73.8	53.4	57.2	57.3	37.3	38.5	35.7
Trade in goods as a share of goods GDP (%)	..	..	..	132.7	146.7	146.9	..	..	..
High-technology exports (% of manufactured exports)	43.7	36.4	36.6	7.7	7.5	6.1	7.1	7.6	7
Net barter terms of trade (1995=100)	104	95	..	92	80	..	94	83	..
Foreign direct investment, net inflows in reporting country (current US\$)	613.1 million	453.6 million	661.9 million	1.1 billion	250.3 million	207.9 million	672.8 million	455.5 million	110.2 million
Present value of debt (current US\$)	..	..	5.1 billion	..	..	6.2 billion	..	..	4.5 billion
Total debt service (% of exports of goods and services)	7.6	9.7	8.9	9.9	6.8	7.7	9.4	9.1	7.5
Short-term debt outstanding (current US\$)	690.3 million	1.2 billion	1.5 billion	849.4 million	1.3 billion	991.0 million	899.7 million	948.7 million	932.0 million
Aid per capita (current US\$)	8.1	0.6	1.3	30.1	37.6	36.4	21.6	19.4	20.7

Source: Extracted from the World Development Indicators database, August 2003

Summary Table 1

	Honduras			Nicaragua			Dominican Republic		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
<b>People</b>									
Population, total	6.1 million	6.6 million	6.8 million	4.8 million	5.2 million	5.3 million	8.1 million	8.5 million	8.6 million
Population growth (annual %)	2.7	2.6	2.5	2.7	2.6	2.6	1.7	1.6	1.5
National poverty rate (% of population)	..	..	..	47.9	..	..	28.6	..	..
Life expectancy (years)	..	..	66.1	..	..	68.7	..	..	67.2
Fertility rate (births per woman)	..	..	4	..	..	3.4	..	..	2.6
Infant mortality rate (per 1,000 live births)	..	..	32	..	..	32	..	..	32
Under 5 mortality rate (per 1,000 children)	..	..	42	..	..	41	..	..	38
Births attended by skilled health staff (% of total)	..	55.7	..	64.6	66.9	..	..	..	97.8
Child malnutrition, weight for age (% of under 5)	..	16.6	..	12.2	9.6	..	..	..	..
Child immunization, measles (% of under 12 mos)	98	95	97	99	99	98	95	98	92
Prevalence of HIV (female, % ages 15-24)	..	1.5	..	..	0.1	..	..	2.8	..
Illiteracy total (% age 15 and above)	26.3	24.4	23.8	34.2	33.2	32.9	17.2	16	15.6
Illiteracy female (% of age 15 and above)	26.4	24.3	23.7	34	32.9	32.6	17.2	16	15.6
Primary completion rate, total (% age group)	..	69.5	..	..	68.8	74.7	..	95.4	..
Primary completion rate, female (% age group)	..	70.4	..	..	73.6	79	..	100	..
Net primary enrollment (% relevant age group)	..	87.4	..	77.9	81.9	..	88.3	97.1	..
Net secondary enrollment (% relevant age group)	..	..	..	..	37	..	39.5	40.8	..
<b>Environment</b>									
Surface area (sq. km)	112.1 thousand	112.1 thousand	112.1 thousand	130.0 thousand	130.0 thousand	130.0 thousand	48,730.00	48,730.00	48,730.00
Forests (1,000 sq. km)	..	..	..	..	..	..	..	..	..
Deforestation (average annual % 1990-2000)	..	..	..	..	..	..	..	..	..
Freshwater resources per capita (cubic meters)	..	..	14,109.20	..	..	35,511.00	..	..	2,438.20



	Honduras			Nicaragua			Dominican Republic		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
CO2 emissions (metric tons per capita)	0.8	..	..	0.7	..	..	2.8	..	..
Access to improved water source (% of total pop.)	..	..	..	..	..	..	..	..	..
Access to improved sanitation (% of urban pop.)	..	..	..	..	..	..	..	..	..
Energy use per capita (kg of oil equivalent)	544	488.4	..	530.5	536.4	..	904.5	920.6	..
Electricity use per capita (kWh)	448	508.3	..	259.8	267.8	..	657.4	822.3	..
<b>Economy</b>									
GNI, Atlas method (current US\$)	4.5 billion	6.0 billion	6.3 billion	1.8 billion	3.1 billion	3.8 billion	15.1 billion	..	..
GNI per capita, Atlas method (current US\$)	740	910	930	380	600	710	1,870.00	..	..
GDP (current \$)	5.3 billion	6.4 billion	6.6 billion	2.1 billion	4.0 billion	4.0 billion	16.0 billion	..	21.7 billion
GDP growth (annual %)	2.9	2.6	2.5	4.1	3	1	7.3	2.9	4.1
GDP implicit price deflator (annual % growth)	11.6	4.5	6.2	13	3.9	5.3	4.9	8.7	6.4
Value added in agriculture (% of GDP)	19.1	14	13.5	32.4	17.7	18	11.5	11.4	11.8
Value added in industry (% of GDP)	30.7	31.3	30.7	22.1	26	25	33.6	33.2	32.7
Value added in services (% of GDP)	50.2	54.7	55.8	45.5	56.2	57	54.9	55.4	55.5
Exports of goods and services (% of GDP)	46.6	37.9	37.3	36.8	23.4	22.9	30.6	23.9	25.9
Imports of goods and services (% of GDP)	54.3	54.7	53	80.5	49.4	49	39.5	32.1	34.7
Gross capital formation (% of GDP)	30.1	29.8	27.8	33.8	32.1	32.1	23.4	23.4	23.3
Current revenue, excluding grants (% of GDP)	..	..	..	31.8	18	..	16.7	..	..
Overall budget balance, including grants (% of GDP)	..	..	..	-1	-6.3	..	0.6	..	..
<b>Technology and infrastructure</b>									
Fixed lines and mobile telephones (per 1,000 people)	45.5	83.7	96.9	34	59.8	69.7	120.1	256.7	317.1
Telephone average cost of local call (US\$ per three minutes)	0.1	0.1	0.1	0	0.1	0.1	..	0.1	0.1
Personal computers (per 1,000 people)	8	12.2	13.6	19.2	24.9	27.9			

	Honduras			Nicaragua			Dominican Republic		
	1998	2001	2002	1998	2001	2002	1998	2001	2002
Internet users	18,000.00	90,000.00	168.6 thousand	15,000.00	75,000.00	90,000.00	20,000.00	186.0 thousand	300.0 thousand
Paved roads (% of total)	20.4	..	..	9.4	..	..	78.7	..	..
Aircraft departures	..	..	..	800	..	..	1,400.00	..	..
<b>Trade and finance</b>									
Trade in goods as a share of GDP (%)	77.3	66.2	64.1	57.8	59.1	59.7	78.5	65.6	65
Trade in goods as a share of goods GDP (%)	135.2	126.7	126.7	..	135	138.9	173.9	147	146
High-technology exports (% of manufactured exports)	2.6	0.8	2.1	5.4	3.3	5.1	1.3	1.3	..
Net barter terms of trade (1995=100)	118	102	..	87	71	..	103	104	..
Foreign direct investment, net inflows in reporting country (current US\$)	99.0 million	195.0 million	142.9 million	218.2 million	150.2 million	173.7 million	699.8 million	1.1 billion	961.1 million
Present value of debt (current US\$)	..	..	3.1 billion	..	..	2.9 billion	..	..	6.0 billion
Total debt service (% of exports of goods and services)	20.5	11.2	12.3	24.1	26.2	11.7	4.2	5.9	6.4
Short-term debt outstanding (current US\$)	536.6 million	329.2 million	523.7 million	735.0 million	673.7 million	554.3 million	865.7 million	1.3 billion	2.0 billion
Aid per capita (current US\$)	52.2	102.5	64	125.3	178.8	96.9	15	12.7	18.2

Source: Extracted from the World Development Indicators database, Aug

**Summary Table 2****Ten Largest Agricultural Commodities by Production, and its Structure of Imports/Exports for the Year 2001**

<b>Item</b>	<b>Production Mt</b>	<b>Imports Mt</b>	<b>Exports Mt</b>
<b><i>United States of America</i></b>			
Maize	241484896	334761	48476522
Soyabeans	78671472	127524	28938234
Milk - Excluding Butter	75025000	4381363	2278683
Wheat	53261980	3450112	27403392
Sugar Cane	31376800	3279	4943
Sugar Beet	23372710	17	2122
Potatoes	19862270	2256323	1831982
Poultry Meat	16813300	23910	3134363
Sorghum	13069510	48	6187519
Bovine Meat	11983000	1541042	1149810
<b><i>Costa Rica</i></b>			
Sugar Cane	3670000	0	30
Bananas	2130000	303	1960052
Milk - Excluding Butter	802118	34234	41022
Pineapples	555000	634	405167
Oranges, Mandarines	436564	19394	283516
Sugar (Raw Equivalent)	358000	8341	152515
Rice (Milled Equivalent)	200100	53906	12773
Cassava	173000	61	168474
Coffee	167493	491	131646
Palm Oil	149868	4617	79076
<b><i>Dominican Republic</i></b>			
Sugar Cane	4645332		
Sugar (Raw Equivalent)	482260	46750	190134
Rice (Milled Equivalent)	482020	55002	0
Bananas	445413		130632
Milk - Excluding Butter	410052	63404	0
Poultry Meat	203438	2200	0
Tomatoes	203016	0	446
Plantains	190000		6055
Coconuts - Incl Copra	140000		37084
Pineapples	136862	0	2956
<b><i>El Salvador</i></b>			
Sugar Cane	4877241		0
Maize	571471	473397	25015
Sugar (Raw Equivalent)	474281	6797	334136
Milk - Excluding Butter	387873	187104	7719
Sorghum	150529	542	7
Coffee	112201	1951	94752
Coconuts - Incl Copra	88275	42689	0
Beans	74934	18335	2109

**Summary Table 2****Ten Largest Agricultural Commodities by Production, and its Structure of Imports/Exports for the Year 2001**

<b>Item</b>	<b>Production Mt</b>	<b>Imports Mt</b>	<b>Exports Mt</b>
Plantains	66000	48845	0
Bananas	65000	61460	0
<b>Guatemala</b>			
Sugar Cane	16934900		0
Sugar (Raw Equivalent)	1669900	11520	1135850
Maize	1091480	540230	31185
Bananas	898000	2632	873829
Coffee	275700	4975	247721
Milk - Excluding Butter	270000	226916	2902
Plantains	266500	0	76975
Potatoes	226578	16100	78817
Tomatoes	174950	17174	47615
Poultry Meat	144000	14891	471
<b>Honduras</b>			
Sugar Cane	4117000		
Milk - Excluding Butter	593766	132602	4661
Maize	516079	248696	3266
Bananas	515844	10680	431830
Sugar (Raw Equivalent)	366787	7933	90326
Plantains	260000	9800	2250
Coffee	205545	373	148204
Oranges, Mandarines	120000	51879	89675
Palm Oil	94000	9065	37038
Poultry Meat	80333	8587	2
Sorghum	74718	208	100
<b>Nicaragua</b>			
Sugar Cane	3144591	0	16
Maize	419863	34787	7007
Sugar (Raw Equivalent)	334430	2743	196546
Milk - Excluding Butter	247076	41171	105398
Beans	176832	3386	22865
Rice (Milled Equivalent)	164216	47969	39
Sorghum	88881	362	82
Oranges, Mandarines	72000	8545	97
Coffee	66799	567	84403
Bananas	63937	564	44061

Source: Extracted from the Food Balance Sheet, FAO, 2001

**Summary Table 3**  
**California Specialty Crops for the CAFTA Study**

Com Code	Commodity Description	from 10 digits		FAS Description	6 digits
		HTS			
TOM	TM3/1-7/14&9/1-11/14	070200	1	TOMATOES, FRESH	70200
ONI	ONION SETS,FR/CH	070310	2	ONIONS AND SHALLOTS	70310
GAR	GARLIC,FRSH/CHLD	070320	3	GARLIC, FRESH	70320
CAU	CLFLWR,6/5-10/15	070410	4	CAULIFLOWERS FRESH	70410
BRO	BROCCOLI FRSH/CH	070490	5	<b>EDIBLE BRASSICAS NES</b>	<b>70490</b>
LET	HD LET,6/1-10/31	070511	6	CABBAGE LETTUCE	70511
LET	LETTUCE6/1-10/31	070519	7	LETTUCE, FRESH	70519
CAR	CARROT,RED SIZE	070610	8	<b>CARROTS AND TURNIPS</b>	<b>70610</b>
ART	GLOBE ARTICHOKE	070910	9	GLOBE ARTICHOKE, FR	70910
ASP	ASPRG,9/15-11/15	070920	10	ASPARAGUS, FRESH	70920
CEL	CELERY FR/CH	070940	11	CELERY, FRESH	70940
MUS	MUSHROOMS,AGARIC	070951	12	MUSHROOMS, FRESH	70951
PEP	PEPPRS NES,FR/CH	070960	13	PEPPERS, FRESH	70960
SPI	SPINACH,NEW ZEAL	070970	14	SPINACH FRESH	70970
OLI	OLIVES,FRSH/CHLD	070990	15	<b>VEGETABLES, FRESH</b>	<b>70990</b>
SPI	SPINACH RAW/COOK	071030	16	SPINACH, FROZEN	71030
TOM	TOM3/11-7/14 9/1	071080	17	<b>VEGETABLES, FROZEN</b>	<b>71080</b>
ONI	ONION,PRES,INED	071110	18	ONIONS, PRESERVED	71110
OLI	OLIVES N/PT PR/PD	071120	19	OLIVES, PRESERVED	71120
ONI	ONION,PRES,INED	071190	20	<b><u>VEGIES OTHER PRESERV</u></b>	<b>71190</b>
ONI	ONION PWDR/FLOUR	071220	21	<b><u>ONIONS, DRIED</u></b>	71220
MUS	MS,AGR, AR/SN DR	071231	22	MUSHROOMS, AGARICUS D.	71231
CAR	CARROTS, DRIED	071290	23	<b><u>VEGETABLES NES DRIED</u></b>	71290
ALM	ALMONDS,IN SHELL	080211	24	ALMONDS, IN SHELL	80211
ALM	ALMONDS,SHELLED	080212	25	ALMONDS, NO SHELL	80212
WLN	WLNTS,FR,DR,N/SH	080231	26	WALNUTS, IN SHELL	80231
WLN	WLNTS,FR,DR,SHLD	080232	27	WALNUTS, NO SHELL	80232
PST	PSTCH,FR,DR,N/SH	080250	28	PISTACHIOS	80250
DAT	DATES WH,W/O PIT	080410	29	DATES	80410
FIG	FIGS,WH,FRSH/DRD	080420	30	FIGS	80420
AVO	AVOCADOS,FR,DRD	080440	31	<b>AVOCADOS</b>	<b>80440</b>
ORA	LEMONS,FRESH	080510	32	<b>ORANGES</b>	<b>80510</b>
LEM	LEMONS, FRESH/DR	080530	33	<b>LEMONS AND LIMES</b>	<b>80530</b>
LEM	LEMONS, FRESH/DR	080550	34	<b>LEMONS/LIMES, FRESH/DF</b>	<b>80550</b>
GPS	GPS,FR,4/1-6/30	080610	35	<b><u>GRAPES, FRESH</u></b>	80610
RAI	CURRNT,RAISIN NS	080620	36	<b><u>GRAPES, DRIED</u></b>	80620
CAN	CANTLOP,8/1-9/15	080719	37	<b>MELONS, FRESH</b>	<b>80719</b>
PEA	PEACH,6/1-11/30	080930	38	<b><u>PEACHES, NECTARINES,</u></b>	80930
PLM	PLUM FR,1/1-5/31	080940	39	PLUMS, SLOES, FRESH	80940
STR	STRAWBERRIES, FR	081010	40	STRAWBERRIES, FRESH	81010
KIW	KIWI FRUIT,FRESH	081050	41	KIWIFRUIT, FRESH	81050
OTH	FRUIT,NES,FRESH	081090	42	<b><u>FRUITS, FRESH NES</u></b>	81090
STR	STRBRY,FRZ,<1.2L	081110	43	STRAWBERRIES, FRZ	81110
STR	STBRY,PRES,INED	081220	44	STRAWBERRIES PRESERV	81220
PRE	FIGS,PRES,INED	081290	45	<b>FRUITS AND NUTS, PRE</b>	<b>81290</b>
PRU	PRUNES BRIN/DRD	081320	46	PRUNES, DRIED	81320

**Summary Table 3**  
**California Specialty Crops for the CAFTA Study**

Com Code	Commodity Description	from 10 digits		FAS Description	6 digits
		HTS			
PEA	PEACHES, DRIED	081340	47	FRUITS, DRIED NES	81340
PEP	DR BEL PEP NT/GD	090420	48	<b>CAPSICUM OR PIMENTA</b>	<b>90420</b>
OLI	OLV OL VRG<18KCT	150910	49	<u>OLIVE OIL, VIRGIN</u>	150910
OLI	OLV OL,RF<18KCT	150990	50	<u>OLIVE OIL, REFINED</u>	150990
OLI	OLV-RS OL&BLN IN	151000	51	OLIVE OIL, BLENDS	151000
ONI	ONIONS,BRINE,PKL	200120	52	ONIONS, VINEGAR	200120
ART	ARTICHOKES,BRINE	200190	53	<b>VEG, FRUIT, VINEGAR</b>	<b>200190</b>
TOM	TOM,WH,P/P,<1.4K	200210	54	TOMATOES,WHOLE,PREP	200210
TOM	TOM,PR/PS,NESOI	200290	55	<u>TOMATOES NES, PREP</u>	200290
CAR	CARRTS,PR/PS, FZ	200490	56	<b><u>VEGETABLES NES FRZ</u></b>	<b>200490</b>
ASP	ASPARAGUS,PR,PRS	200560	57	<u>ASPARAGUS, PREPARED</u>	200560
OLI	OL GR NPT>8KG	200570	58	OLIVES, PREPARED	200570
PRP	CARROTS,PR,PRES	200590	59	<b><u>VEG NES, MIXES, PREP</u></b>	<b>200590</b>
NUT PRE	PSTCHS,PREP,PRES	200819	60	<b>NUTS, SEEDS PREP</b>	<b>200819</b>
ORA	ORANGE PEEL,P/PS	200830	61	<u>CITRUS OTHER, PREP</u>	200830
PEA	PCH,PP <1.4 KG	200870	62	<u>PEACHES, PREP</u>	200870
STR	STRWBRY,PRE,PRS	200880	63	STRAWBERRIES, PREP	200880
AVO	AVOCADOS, PREP.	200899	64	<b>FRUIT OTHER, PREP</b>	<b>200899</b>
GPJ	GRP JU,MUST,NCON	200960	65	<u>GRAPE JUICE</u>	200960
GPJ	GRAPE JU NOT CON	200961	66	GRAPE JUICE, BRIX <= 20	200961
GPJ	GRAPE JU NES FZ	200969	67	GRAPE JUICE, NESOI	200969

Note: (Mushroom Agaricus Pres (071151): No imports data; Exports, value starts from 2002,

Melons, Fresh (080710) till 1995; from 1996 - (080719))

Commodity with bold letter indicates the U.S. imports from CAFTA countries > 1% of U.S. total imports

Commodity with underline indicates the U.S. exports to CAFTA countries > 1% of U.S. total exports

Total of 67 commodities examined, 17 bolds and 16 underlined.

**Summary Table 4**

**Overview of the U.S. Trade of California Specialty Crops**

Average 2001-2003

( 1000 dollars)

COMMODITY	Com code	IMPORTS			EXPORTS		
		WORLD TOTAL	CAFTA TOTAL	ROW	WORLD TOTAL	CAFTA TOTAL	ROW
AGRICULTURAL TOTAL	124	42988485.00	5.10%	94.90%	55441815.67	2.80%	97.20%
SPECIALTY TOTAL		5566195.00	4.40%	95.60%	4441547.67	0.74%	99.26%
TOMATOES, FRESH	70200	854579.67	0.00%	100.00%	142571.00	0.35%	99.65%
ONIONS AND SHALLOTS	70310	159837.67	0.68%	99.32%	105267.33	0.69%	99.31%
GARLIC, FRESH	70320	45621.67	0.04%	99.96%	9648.00	0.06%	99.94%
CAULIFLOWERS FRESH	70410	4257.00	0.00%	100.00%	58441.33	0.00%	100.00%
EDIBLE BRASSICAS NES	70490	56541.00	1.04%	98.96%	133711.00	0.00%	100.00%
CABBAGE LETTUCE	70511	18434.67	0.25%	99.75%	94358.67	0.01%	99.99%
LETTUCE, FRESH	70519	11729.00	0.02%	99.98%	129803.67	0.00%	100.00%
CARROTS AND TURNIPS	70610	24539.33	1.72%	98.28%	85602.00	0.09%	99.91%
GLOBE ARTICHOKEs, FR	70910	1311.33	0.00%	100.00%	3103.33	0.11%	99.89%
ASPARAGUS, FRESH	70920	133588.33	0.32%	99.68%	38302.00	0.00%	100.00%
CELERY, FRESH	70940	11829.67	0.05%	99.95%	46638.00	0.00%	100.00%
MUSHROOMS, FRESH	70951	52729.33	0.00%	100.00%	11297.67	0.00%	100.00%
PEPPERS, FRESH	70960	505119.00	0.35%	99.65%	75122.67	0.00%	100.00%
SPINACH FRESH	70970	7475.00	0.00%	100.00%	23748.67	0.00%	100.00%
VEGETABLES, FRESH	70990	248873.00	4.25%	95.75%	103961.33	0.14%	99.86%
SPINACH, FROZEN	71030	3345.33	0.00%	100.00%	4215.33	0.59%	99.41%
VEGETABLES, FROZEN	71080	228383.33	12.76%	87.24%	33397.33	0.31%	99.69%
ONIONS, PRESERVED	71110	38.33	0.00%	100.00%	1782.67	0.64%	99.36%
OLIVES, PRESERVED	71120	3156.00	0.00%	100.00%	2400.67	0.04%	99.96%
VEGIES OTHER PRESERV	71190	7374.67	5.84%	94.16%	2119.00	1.29%	98.71%
ONIONS, DRIED	71220	2252.33	0.04%	99.96%	66644.33	1.84%	98.16%
MUSHROOMS, AGARICUS DI	71231	8199.67	0.00%	100.00%	925.33	0.00%	100.00%
VEGETABLES NES DRIED	71290	88206.67	0.13%	99.87%	58048.00	2.10%	97.90%
ALMONDS, IN SHELL	80211	28.00	0.00%	100.00%	135728.00	0.14%	99.86%
ALMONDS, NO SHELL	80212	2476.00	0.00%	100.00%	677208.00	0.03%	99.97%
WALNUTS, IN SHELL	80231	38.00	0.00%	100.00%	83691.00	0.19%	99.81%
WALNUTS, NO SHELL	80232	893.67	0.00%	100.00%	108566.33	0.05%	99.95%



**Summary Table 4**

**Overview of the U.S. Trade of California Specialty Crops**

Average 2001-2003

( 1000 dollars)

COMMODITY	Com code	IMPORTS			EXPORTS		
		WORLD TOTAL	CAFTA TOTAL	ROW	WORLD TOTAL	CAFTA TOTAL	ROW
PISTACHIOS	80250	1606.00	0.00%	100.00%	79801.00	0.08%	99.92%
DATES	80410	4488.00	0.00%	100.00%	12084.00	0.18%	99.82%
FIGS	80420	7275.67	0.00%	100.00%	7261.67	0.21%	99.79%
AVOCADOS	80440	125121.67	8.85%	91.15%	1869.33	0.91%	99.09%
ORANGES	80510	45321.67	1.36%	98.64%	323700.67	0.03%	99.97%
LEMONS AND LIMES	80530	23406.00	1.13%	98.87%	24552.67	0.00%	100.00%
LEMONS/LIMES, FRESH/DRI	80550	62068.67	1.00%	99.00%	52306.67	0.01%	99.99%
GRAPES, FRESH	80610	643025.33	0.00%	100.00%	390244.33	3.95%	96.05%
GRAPES, DRIED	80620	12460.67	0.13%	99.87%	153519.33	1.34%	98.66%
MELONS, FRESH	80719	198633.67	72.50%	27.50%	54913.33	0.02%	99.98%
PEACHES, NECTARINES,	80930	51788.00	0.00%	100.00%	114553.00	1.14%	98.86%
PLUMS, SLOES, FRESH	80940	29722.33	0.74%	99.26%	58108.67	0.71%	99.29%
STRAWBERRIES, FRESH	81010	53948.67	0.00%	100.00%	145366.67	0.01%	99.99%
KIWIFRUIT, FRESH	81050	33028.67	0.00%	100.00%	7592.33	0.91%	99.09%
FRUITS, FRESH NES	81090	46261.67	0.17%	99.83%	22629.33	3.63%	96.37%
STRAWBERRIES, FRZ	81110	46799.00	0.21%	99.79%	21985.67	0.17%	99.83%
STRAWBERRIES PRESERV	81220	2.00	0.00%	100.00%	26.00	0.00%	100.00%
FRUITS AND NUTS, PRE	81290	2168.67	1.00%	99.00%	1463.33	0.14%	99.86%
PRUNES, DRIED	81320	1117.33	0.00%	100.00%	136954.67	0.30%	99.70%
FRUITS, DRIED NES	81340	45314.67	0.04%	99.96%	25925.67	0.23%	99.77%
CAPSICUM OR PIMENTA	90420	108326.00	2.47%	97.53%	12551.00	0.33%	99.67%
OLIVE OIL, VIRGIN	150910	261141.00	0.00%	100.00%	2367.00	12.38%	87.62%
OLIVE OIL, REFINED	150990	183044.33	0.00%	100.00%	1912.00	1.24%	98.76%
OLIVE OIL, BLENDS	151000	7874.33	0.35%	99.65%	803.00	0.50%	99.50%
ONIONS, VINEGAR	200120	424.67	0.78%	99.22%	273.67	0.85%	99.15%
VEG, FRUIT, VINEGAR	200190	166187.33	4.58%	95.42%	13030.33	0.56%	99.44%
TOMATOES,WHOLE,PREP	200210	7227.33	0.00%	100.00%	21794.33	0.20%	99.80%
TOMATOES NES, PREP	200290	11984.00	0.73%	99.27%	85034.67	2.03%	97.97%
VEGETABLES NES FRZ	200490	20513.67	10.48%	89.52%	45371.67	1.58%	98.42%

**Summary Table 4**

**Overview of the U.S. Trade of California Specialty Crops**

Average 2001-2003  
( 1000 dollars)

COMMODITY	Com code	IMPORTS			EXPORTS		
		WORLD TOTAL	CAFTA TOTAL	ROW	WORLD TOTAL	CAFTA TOTAL	ROW
ASPARAGUS, PREPARED	200560	4011.00	0.00%	100.00%	1333.67	22.54%	77.46%
OLIVES, PREPARED	200570	215472.67	0.01%	99.99%	3590.00	0.58%	99.42%
VEG NES, MIXES, PREP	200590	184550.00	1.26%	98.74%	66790.67	1.86%	98.14%
NUTS, SEEDS PREP	200819	48090.00	12.62%	87.38%	151648.67	0.83%	99.17%
CITRUS OTHER, PREP	200830	109740.67	0.12%	99.88%	20427.67	1.43%	98.57%
PEACHES, PREP	200870	35623.33	0.05%	99.95%	19068.00	2.46%	97.54%
STRAWBERRIES, PREP	200880	7193.33	0.00%	100.00%	8463.67	0.65%	99.35%
FRUIT OTHER, PREP	200899	234715.33	9.41%	90.59%	57080.67	0.44%	99.56%
GRAPE JUICE	200960	15058.00	0.58%	99.42%	21042.33	1.16%	98.84%
GRAPE JUICE, BRIX <= 20	200961	15174.00	0.41%	99.59%	7899.33	0.44%	99.56%
GRAPE JUICE, NESOI	200969	15428.00	0.32%	99.68%	29904.33	0.25%	99.75%

Source: Extracted from the USDA, FAS database.

**Summary Table 5: Structure of U.S. Imports of California Specialty Crops from CAFTA Countries**

COMMODITY	Com code	Average 2001-2003							CAFTA TOTAL	ROW
		WORLD TOTAL	COSTA RICA	DOMINICAN REPUBLIC	EL SALVADOR	GUATEMALA	HONDURAS	NICARAGUA		
AGRICULTURAL TOTAL	124	42988485.00	823925.33 (1.92)	264915.33 (0.62)	88834.33 (0.21)	685349 (1.59)	228757.33 (0.53)	102405 (0.24)	2194186.33 (5.10)	40794298.67 (94.90)
SPECIALTY TOTAL		5566195.00	75908.33 (1.36)	32389.33 (0.58)	2716.67 (0.05)	91505 (1.64)	41199.67 (0.74)	1350 (0.02)	245069 (4.40)	5321126 (95.60)
EDIBLE BRASSICAS NES	70490	56541.00	343.66 (0.61)	15.67 (0.03)	0.00	227 (0.40)	1.67 (0.00)	1.33 (0.00)	589.33 (1.04)	55951.67 (98.96)
CARROTS AND TURNIPS	70610	24539.33	420 (1.71)	1 (0.00)		0.67 (0.00)		1 (0.00)	422.67 (1.72)	24116.67 (98.28)
VEGETABLES, FRESH	70990	248873.00	8506 (3.42)	497.67 (0.20)	521 (0.21)	61.67 (0.02)	883.67 (0.36)	96.33 (0.04)	10566.33 (4.25)	238306.67 (95.75)
VEGETABLES, FROZEN	71080	228383.33	174.67 (0.08)	31.33 (0.01)	1465.33 (0.64)	27457.67 (12.02)	0.00	10.67 (0.00)	29139.67 (12.76)	199243.67 (87.24)
VEGIES OTHER PRESERV	71190	7374.67	237.67 (3.22)	28.33 (0.38)	0.00	163 (2.21)	1.67 (0.02)		430.67 (5.84)	6944 (94.16)
AVOCADOS	80440	125121.67	0.00	11073 (8.85)			0.00		11073 (8.85)	114048.67 (91.15)
ORANGES	80510	45321.67	2.33 (0.01)	615 (1.36)			0.00		617.33 (1.36)	44704.33 (98.64)
LEMONS AND LIMES	80530	23406.00	2.33 (0.01)	49.33 (0.21)	185.67 (0.79)	16.33 (0.07)	11.33 (0.05)	0.00	265 (1.13)	23141 (98.87)
LEMONS/LIMES, FRESH/DRIED	80550	62068.67	5 (0.01)	119.67 (0.19)	354.67 (0.57)	101.33 (0.16)	39 (0.06)		619.67 (1.00)	61449 (99.00)
MELONS, FRESH	80719	198633.67	50638.67 (25.49)	6292 (3.17)	2 (0.00)	58090 (29.24)	28526 (14.36)	452.67 (0.23)	144001.33 (72.50)	54632.33 (27.50)
FRUITS AND NUTS, PRE	81290	2168.67	4.33 (0.20)	1 (0.05)	0.00	16.33 (0.75)			21.67 (1.00)	2147 (99.00)
CAPSICUM OR PIMENTA	90420	108326.00	214 (0.20)	3 (0.00)	67.67 (0.06)	861.67 (0.80)	1274 (1.18)	260.67 (0.24)	2681 (2.47)	105645 (97.53)
VEG, FRUIT, VINEGAR	200190	166187.33	49 (0.03)	13.33 (0.01)	24.33 (0.01)	798.33 (0.48)	6732.67 (4.05)		7617.67 (4.58)	158569.67 (95.42)
VEGETABLES NES FRZ	200490	20513.67	70.33 (0.34)	1166.33 (5.69)	11 (0.05)	903 (4.40)	0.00		2150.67 (10.48)	18363 (89.52)
VEG NES, MIXES, PREP	200590	184550.00	682 (0.37)	828.33 (0.45)	2.67 (0.00)	431 (0.23)	280.33 (0.15)	94 (0.05)	2318.33 (1.26)	182231.67 (98.74)
NUTS, SEEDS PREP	200819	48090.00	10 (0.02)	5914.67 (12.30)	0.00	145 (0.30)	0.00	1.67 (0.00)	6071.33 (12.62)	42018.67 (87.38)
FRUIT OTHER, PREP	200899	234715.33	14250.33 (6.07)	3420.67 (1.46)	54.33 (0.02)	977.67 (0.42)	3368 (1.43)	11.33 (0.00)	22082.33 (9.41)	212633 (90.59)

Note: Total of 67 Specialty Crops, above 17 Commodities show the U.S. imports from CAFTA countries exceed 1 percent of total U.S. imports

Source: Extracted from the USDA, FAS database.

**Summary Table 6: Structure of U.S. Exports of California Specialty Crops to CAFTA Countries**

Average 2001-2003

( 1000 dollars & (% in the U.S. Total))

COMMODITY	Com code	WORLD TOTAL	DOMINICAN					CAFTA TOTAL	ROW	
			COSTA RICA	REPUBLIC	EL SALVADOR	GUATEMALA	HONDURAS			NICARAGUA
AGRICULTURAL TOTAL	124	55441815.67	222275.33 (0.40)	484472.67 (0.87)	229940 (0.41)	328014 (0.59)	193934.33 (0.35)	94120.33 (0.17)	1552756.67 (2.80)	53889059 (97.20)
SPECIALTY TOTAL		4441547.67	6842.33 (0.15)	8094 (0.18)	4349.67 (0.10)	8543 (0.19)	4148 (0.09)	683.67 (0.02)	32660.67 (0.74)	4408887 (99.26)
VEGIES OTHER PRESERV	71190	2119.00	3.33 (0.16)	3.33 (0.16)	1.33 (0.06)	6.33 (0.30)	13 (0.61)		27.33 (1.29)	2091.67 (98.71)
ONIONS, DRIED	71220	66644.33	12.33 (0.02)	395.33 (0.59)	184.33 (0.28)	614 (0.92)	21.67 (0.03)		1227.67 (1.84)	65416.67 (98.16)
VEGETABLES NES DRIED	71290	58048.00	58 (0.10)	217.67 (0.37)	140 (0.24)	757.67 (1.31)	30.67 (0.05)	15.33 (0.03)	1219.33 (2.10)	56828.67 (97.90)
GRAPES, FRESH	80610	390244.33	3191.67 (0.82)	2833.33 (0.73)	2738.67 (0.70)	4948 (1.27)	1551.67 (0.40)	134 (0.03)	15397.33 (3.95)	374847 (96.05)
GRAPES, DRIED	80620	153519.33	160.67 (0.10)	1168 (0.76)	120 (0.08)	280 (0.18)	174 (0.11)	161 (0.10)	2063.67 (1.34)	151455.67 (98.66)
PEACHES, NECTARINES, FRUITS, FRESH NES	80930 81090	114553.00 22629.33	597.33 (0.52) 23.67 (0.10)	97.67 (0.09) 309.33 (1.37)	225 (0.20) 1 (0.00)	369.33 (0.32) 1 (0.00)	22 (0.02) 486 (2.15)	0.00 0.00	1311.33 (1.14) 821 (3.63)	113241.67 (98.86) 21808.33 (96.37)
OLIVE OIL, VIRGIN	150910	2367.00	95.33 (4.03)	25.67 (1.08)	33.67 (1.42)	84 (3.55)	42.33 (1.79)	12 (0.51)	293 (12.38)	2074 (87.62)
OLIVE OIL, REFINED	150990	1912.00	10.67 (0.56)	0.00	5 (0.26)	5.33 (0.28)	1 (0.05)	1.67 (0.09)	23.67 (1.24)	1888.33 (98.76)
TOMATOES NES, PREP	200290	85034.67	64 (0.08)	864.67 (1.02)	219 (0.26)	527 (0.62)	45.67 (0.05)	9.67 (0.01)	1730 (2.03)	83304.67 (97.97)
VEGETABLES NES FRZ	200490	45371.67	104 (0.23)	228.67 (0.50)	208.33 (0.46)	43.33 (0.10)	128.33 (0.28)	6 (0.01)	718.67 (1.58)	44653 (98.42)
ASPARAGUS, PREPARED	200560	1333.67	194.67 (14.60)	6.33 (0.47)	31.33 (2.35)	54 (4.05)	13.33 (1.00)	1 (0.07)	300.67 (22.54)	1033 (77.46)
VEG NES, MIXES, PREP	200590	66790.67	92.67 (0.14)	121 (0.18)	7 (0.01)	55.67 (0.08)	930 (1.39)	37.67 (0.06)	1244 (1.86)	65546.67 (98.14)
CITRUS OTHER, PREP	200830	20427.67	172.67 (0.85)	65.33 (0.32)	2.33 (0.01)	33.33 (0.16)	19.33 (0.09)	0.00	293 (1.43)	20134.67 (98.57)
PEACHES, PREP	200870	19068.00	245 (1.28)	8.67 (0.05)	47.33 (0.25)	94.33 (0.49)	73.33 (0.38)	1 (0.01)	469.67 (2.46)	18598.33 (97.54)
GRAPE JUICE	200960	21042.33	49.33 (0.23)	118.33 (0.56)	16.67 (0.08)	20.67 (0.10)	39.33 (0.19)		244.33 (1.16)	20798 (98.84)

Note: Total of 67 Specialty Crops, above 16 Commodities show the U.S. exports to CAFTA countries exceed 1 percent of total U.S. exports

Source: Extracted from the USDA FAS database.

**Summary Table 7: Structure of Imports of California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	U.S. (%)	Leading countries, excluding U.S.	(%)	ROW (%)	
VEGIES OTHER PRESERV	71190	Costa Rica	16	27.86	China	70.69	1.45	
		Dominican Republic	8	45.29	Canada	54.71	0	
		El Salvador	17	19.26	Guatemala	68.5	12.24	
		Guatemala	456	0.62	China	87.83	11.55	
		Honduras	33	17.45	Taiwan	81.87	0.68	
		Nicaragua	5	0	Costa Rica	82.14	17.86	
		ONIONS, DRIED	71220	Costa Rica	322	71.58	Netherlands	13.14
		Dominican Republic	416	100	N.A.	0	0	
		El Salvador	423	59.05	Mexico	31.88	9.07	
		Guatemala	768	67.37	Costa Rica	25.53	7.1	
		Honduras	115	53.55	Mexico	16.07	30.38	
		Nicaragua	15	45.97	El Salvador	18.05	35.98	
VEGETABLES NES DRIED	71290	Costa Rica	385	57.87	China	9.49	32.64	
		Dominican Republic	896	20.03	Spain	34.73		
						Chile	20.79	24.45
		El Salvador	437	43.55	Switzerland	26.07	30.38	
		Guatemala	1246	47.69	Mexico	20.88	31.43	
		Honduras	134	64.53	Costa Rica	23.24	12.23	
		Nicaragua	39	38.16	El Salvador	44.64	17.2	
		GRAPES, FRESH	80610	Costa Rica	3881	70.98	Chile	27.46
		Dominican Republic	4147	80.13	Chile	19.87	0	
		El Salvador	5526	65.58	Chile	29.96	4.46	
		Guatemala	6777	80.35	Chile	17.93	1.72	
		Honduras	2619	83.33	Chile	13.54	3.13	
		Nicaragua	467	64.29	Costa Rica	27.18	8.53	
GRAPES, DRIED	80620							

**Summary Table 7: Structure of Imports of California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	U.S. (%)	Leading countries, excluding U.S.	(%)	ROW (%)
PEACHES, NECTARINES,	80930	Costa Rica	711	43.47	Chile	43.9	12.63
		Dominican Republic	1582	59.99	Argentina	35.93	4.08
		El Salvador	174	79.41	Mexico	6.84	13.75
		Guatemala	383	12.68	Mexico	50.1	37.22
		Honduras	206	83.87	Mexico	12	4.13
		Nicaragua	286	65.58	Mexico	12.59	21.83
		Costa Rica	1026	54.29	Chile	45.71	0
		Dominican Republic	67	89.41	Chile	10.59	0
		El Salvador	693	53.07	Chile	37.74	9.19
		Guatemala	931	59.58	Chile	39.77	0.65
		Honduras	148	57.13	Chile	30.34	12.53
		Nicaragua	23	42.57	Costa Rica	52.33	5.1

**Summary Table 7: Structure of Imports of California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	U.S. (%)	Leading countries, excluding U.S.	(%)	ROW (%)
FRUITS, FRESH NES	81090	Costa Rica	257	3.35	Nicaragua	94.87	1.78
		Dominican Republic	570	99.98	Trinidad and Tobago	0.02	0
		El Salvador	430	4.78	Guatemala	65.35	29.87
		Guatemala	42	25.39	El Salvador	20.02	
					Nicaragua	17.57	37.02
		Honduras	15	5.63	Nicaragua	81.13	13.24
		Nicaragua	7	0	Costa Rica	87.91	12.09
OLIVE OIL, VIRGIN	150910	Costa Rica	464	48.11	Spain	37.42	14.47
		Dominican Republic	1095	4.06	Spain	82.82	13.12
		El Salvador	233	19.03	Spain	53.89	27.08
		Guatemala	517	12.43	Italy	45.01	
					Spain	38.28	4.28
		Honduras	137	67.64	Spain	26.55	5.81
		Nicaragua	24	22.61	Spain	72.11	5.28
OLIVE OIL, REFINED	150990	Costa Rica	832	2.61	Spain	92.79	4.6
		Dominican Republic	2626	0	Spain	99.16	0.84
		El Salvador	129	41.75	Italy	57.07	1.18
		Guatemala	920	8.03	Spain	86.65	5.32
		Honduras	91	30.4	Spain	65.97	3.63
		Nicaragua	194	20.27	Spain	58.95	20.78
TOMATOES NES, PREP	200290	Costa Rica	2548	1.97	Chile	75.43	22.6
		Dominican Republic	1565	67.17	Italy	15.17	17.66
		El Salvador	936	36.91	Honduras	34.74	28.35
		Guatemala	3408	34.46	Chile	55.23	10.31
		Honduras	6071	12.09	Chile	81.71	6.2
		Nicaragua	1210	56.94	Chile	36.98	6.08



**Summary Table 7: Structure of Imports of California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	U.S. (%)	Leading countries, excluding U.S.	(%)	ROW (%)
VEGETABLES NES FRZ	200490	Costa Rica	265	74.92	Canada	21.52	3.56
		Dominican Republic	196	61.9	Spain	33.83	4.27
		El Salvador	70	71.85	Guatemala	25.89	2.26
		Guatemala	85	97.54	Spain	2.17	0.29
		Honduras	133	58	Mexico	39.14	2.86
		Nicaragua	92	94.69	Costa Rica	2.43	2.88
ASPARAGUS, PREPARED	200560	Costa Rica	588	83.19	Peru	6.36	10.45
		Dominican Republic	54	16.76	Spain	83.24	0
		El Salvador	134	62.64	Spain	35.17	2.19
		Guatemala	148	51.09	Peru	37.41	11.5
		Honduras	35	96.32	Spain	3.68	0
		Nicaragua	21	88.32	Spain	6.22	5.46

**Summary Table 7: Structure of Imports of California Specialty Crops by CAFTA Countries**

COMMODITY	Com code	Country	Imports	U.S.	Leading countries,	ROW	
			(US\$'000)	(%)	excluding U.S.		(%)
VEG NES, MIXES, PREP	200590	Costa Rica	860	49.15	Nicaragua	28.44	22.41
		Dominican Republic	629	30.41	Spain	55.1	14.49
		El Salvador	625	41.78	Guatemala	45.69	12.53
		Guatemala	292	80.97	Spain	12.21	6.82
		Honduras	613	63.94	Guatemala	24.17	11.89
		Nicaragua	191	68.65	Spain	10.1	21.25
CITRUS OTHER, PREP	200830	Costa Rica	16	14.37	China	85.63	0
		Dominican Republic	16	82.28	Spain	17.72	0
		El Salvador	0	98.84	Mexico	1.16	0
		Guatemala	2	59.9	Panama	40.1	0
		Honduras	1	100	N.A.	0	0
		Nicaragua	18	100	N.A.	0	0
PEACHES, PREP	200870	Costa Rica	821	67.94	Chile	12.71	19.35
		Dominican Republic	253	6.21	Spain	30.34	
					Argentina	30.09	
		El Salvador	314	19.07	Chile	17.07	16.29
					Chile	48.69	
		Guatemala	614	33.49	Spain	23.98	8.26
					Chile	34.21	
					Spain	29.51	2.79
		Honduras	160	53.43	Spain	41.84	4.73
		Nicaragua	16	62.75	Spain	12.07	25.18
GRAPE JUICE	200960	Costa Rica	1009	85.8	Mexico	9.85	4.35
		Dominican Republic	538	65.97	Italy	11.44	22.59
		El Salvador	171	62.23	Guatemala	12.76	25.01
		Guatemala	244	34.37	Mexico	39.32	26.31
		Honduras	112	82.33	Mexico	12.44	5.23
		Nicaragua	20	28.16	Mexico	47.9	23.94

Note: Total of 67 Specialty Crops, above 16 Commodities show the U.S. exports to CAFTA countries exceed 1 percent of total U.S. exports

Source: Extracted from the UNCTAD, TRAINS data.

**Summary Table 8: Tariff Structure for California Specialty Crops in CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	MFN Mean (%)	MFN Minimum (%)	MFN Maximum (%)	NTM Incidence (%)	# of Tariff Lines	Exports (US\$'000)
VEGIES OTHER PRESERV	71190	Costa Rica	16	9.3	0	14	0	3	0
		Dominican Republic	8	20	20	20	N.A.	2	0
		El Salvador	17	7.5	0	15	50	2	0
		Guatemala	456	7.5	0	15	100	2	0
		Honduras	33	8	1	15	0	2	0
		Nicaragua	5	7.5	0	15	100	2	0
ONIONS, DRIED	71220	Costa Rica	322	9.5	5	14	0	4	211
		Dominican Republic	416	20	20	20	N.A.	2	0
		El Salvador	423	10	5	15	0	2	31
		Guatemala	768	10	5	15	100	2	0
		Honduras	115	10	5	15	0	2	0
		Nicaragua	15	10	5	15	100	2	0
VEGETABLES NES DRIED	71290	Costa Rica	385	11	5	14	0	6	58
		Dominican Republic	896	15	8	20	N.A.	6	0
		El Salvador	437	10	5	15	0	2	0
		Guatemala	1246	10	5	15	100	2	8
		Honduras	134	10	5	15	0	2	0
		Nicaragua	39	10	5	15	100	2	0
GRAPES, FRESH	80610	Costa Rica	3881	14	14	14	0	1	29
		Dominican Republic	4147	20	20	20	N.A.	1	0
		El Salvador	5526	15	15	15	0	1	22
		Guatemala	6777	15	15	15	100	1	21
		Honduras	2619	15	15	15	0	1	1
		Nicaragua	467	15	15	15	100	1	0

**Summary Table 8: Tariff Structure for California Specialty Crops in CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	MFN Mean (%)	MFN Minimum (%)	MFN Maximum (%)	NTM Incidence (%)	# of Tariff Lines	Exports (US\$'000)
GRAPES, DRIED	80620	Costa Rica	711	0	0	0	0	1	7
		Dominican Republic	1582	20	20	20	N.A.	1	0
		El Salvador	174	0	0	0	0	1	0
		Guatemala	383	0	0	0	100	1	0
		Honduras	206	1	1	1	0	1	0
		Nicaragua	286	0	0	0	100	1	0
PEACHES, NECTARINES,	80930	Costa Rica	1026	14	14	14	0	1	5
		Dominican Republic	67	20	20	20	N.A.	1	0
		El Salvador	693	15	15	15	0	1	6
		Guatemala	931	15	15	15	100	1	0
		Honduras	148	15	15	15	0	1	0
		Nicaragua	23	15	15	15	100	1	0
FRUITS, FRESH NES	81090	Costa Rica	257	14	14	14	0	9	2
		Dominican Republic	570	20	20	20	N.A.	8	0
		El Salvador	430	15	15	15	0	9	8
		Guatemala	42	15	15	15	100	9	0
		Honduras	15	15	15	15	0	9	6
		Nicaragua	7	15	15	15	100	9	20
OLIVE OIL, VIRGIN	150910	Costa Rica	464	9	9	9	0	1	1
		Dominican Republic	1095	20	20	20	N.A.	1	0
		El Salvador	233	10	10	10	0	1	0
		Guatemala	517	10	10	10	100	1	0
		Honduras	137	10	10	10	0	1	0
		Nicaragua	24	5	5	5	100	1	0

**Summary Table 8: Tariff Structure for California Specialty Crops in CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	MFN Mean (%)	MFN Minimum (%)	MFN Maximum (%)	NTM Incidence (%)	# of Tariff Lines	Exports (US\$'000)
OLIVE OIL, REFINED	150990	Costa Rica	832	9	9	9	0	1	0
		Dominican Republic	2626	20	20	20	N.A.	1	0
		El Salvador	129	10	10	10	0	1	0
		Guatemala	920	10	10	10	100	1	0
		Honduras	91	10	10	10	0	1	0
		Nicaragua	194	5	5	5	100	2	3
TOMATOES NES, PREP	200290	Costa Rica	2548	9.5	5	14	0	4	0
		Dominican Republic	1565	18	14	20	N.A.	3	0
		El Salvador	936	10	5	15	0	2	35
		Guatemala	3408	10	5	15	100	2	169
		Honduras	6071	8	1	15	0	2	275
		Nicaragua	1210	10	5	15	100	2	8
VEGETABLES NES FRZ	200490	Costa Rica	265	14	14	14	0	1	0
		Dominican Republic	196	20	20	20	N.A.	1	0
		El Salvador	70	15	15	15	0	1	0
		Guatemala	85	15	15	15	100	1	1
		Honduras	133	15	15	15	0	1	0
		Nicaragua	92	15	15	15	100	1	0
ASPARAGUS, PREPARED	200560	Costa Rica	588	14	14	14	0	1	6
		Dominican Republic	54	20	20	20	N.A.	1	0
		El Salvador	134	15	15	15	0	1	0
		Guatemala	148	15	15	15	100	1	0
		Honduras	35	15	15	15	0	1	0
		Nicaragua	21	15	15	15	100	1	0

**Summary Table 8: Tariff Structure for California Specialty Crops in CAFTA Countries**

COMMODITY	Com code	Country	Imports (US\$'000)	MFN Mean (%)	MFN Minimum (%)	MFN Maximum (%)	NTM Incidence (%)	# of Tariff Lines	Exports (US\$'000)
VEG NES, MIXES, PREP	200590	Costa Rica	860	14	14	14	0	1	4
		Dominican Republic	629	20	20	20	N.A.	3	0
		El Salvador	625	15	15	15	0	1	4
		Guatemala	292	15	15	15	100	1	148
		Honduras	613	15	15	15	0	1	0
		Nicaragua	191	15	15	15	100	1	0
CITRUS OTHER, PREP	200830	Costa Rica	16	14	14	14	0	1	0
		Dominican Republic	16	20	20	20	N.A.	3	0
		El Salvador	0	15	15	15	0	1	0
		Guatemala	2	15	15	15	100	1	0
		Honduras	1	15	15	15	0	1	0
		Nicaragua	18	15	15	15	100	1	0
PEACHES, PREP	200870	Costa Rica	821	14	14	14	0	1	1
		Dominican Republic	253	20	20	20	N.A.	2	0
		El Salvador	314	15	15	15	0	1	1
		Guatemala	614	15	15	15	100	1	0
		Honduras	160	15	15	15	0	1	0
		Nicaragua	16	15	15	15	100	1	0
GRAPE JUICE	200960	Costa Rica	1009	5.6	0	14	0	5	0
		Dominican Republic	538	20	20	20	N.A.	1	0
		El Salvador	171	5	0	15	33	3	0
		Guatemala	244	5	0	15	100	3	5
		Honduras	112	5.7	1	15	0	3	11
		Nicaragua	20	5	0	15	100	3	0

Note: Total of 67 Specialty Crops, above 16 Commodities show the U.S. exports to CAFTA countries exceed 1 percent of total U.S. exports

Source: Extracted from the UNCTAD, TRAINS data. Data coverage for tariff/imports is 2002 for Nicaragua, others are 2001.

NTMs are; 1997 for El Salvador; 1998 for Costa Rica, Guatemala and Honduras; 2001 for Nicaragua.

**Annex I: Selected California Commodities 1/: Acreage, Production, Value and Leading Producing Counties, 2002**

Commodity	CA Share of U.S. Prod.	Harvested or Bearing Area	Production	Total Value 2/	California Rank		Harvest Season	Leading Counties 3/
	%	1,000 Acres	1,000 Tons	\$1,000	2001 #	2002 #		
<b>VEGETABLES</b>								
<b>Artichokes 4/</b>	<b>99</b>	<b>8.2</b>	<b>47.2</b>	<b>66,764</b>	<b>49</b>	<b>45</b>	<b>Continuous</b>	<b>Monterey, Riverside, San Mateo, Orange</b>
Asparagus	55	34.0	51.0	116,280	29	33	Feb. 15-June 30	San Joaquin, Monterey, Imperial, Fresno
Broccoli	92	115.0	805.0	488,442	14	13	Continuous	Monterey, Santa Barbara, San Luis Obispo, Imperial, Fresno
Carrots	76	79.1	1176.8	459,838	15	14	Continuous	Kern, Imperial, Monterey, Riverside
Cauliflower	86	37.0	277.5	167,491	27	29	Continuous	Monterey, Santa Barbara, Imperial, San Luis Obispo
Celery	95	25.0	887.5	227,130	18	22	Continuous	Ventura, Monterey, Santa Barbara, San Luis Obispo
Garlic 4/	84	27.0	236.2	138,146	32	31	Apr. 1-Sept. 15	Fresno, Kern
Lettuce, Head	71	129.0	2418.8	735,300 ---	---	---	Continuous	Monterey, Imperial, Fresno, Santa Barbara
Lettuce, Leaf	85	49.0	526.7	296,034 ---	---	---	Continuous	Imperial, Monterey, Fresno, Riverside, San Benito
Lettuce, Romaine	78	42.0	619.5	246,561 ---	---	---	Continuous	Monterey, Riverside, Ventura, Santa Clara
Lettuce, All	74	220.0	3565.0	1,277,895	5	4		Monterey, Imperial, Fresno, Santa Barbara, San Benito
Melons, Cantaloupe	58	54.9	672.6	223,287	19	23	May 15-Nov. 30	Fresno, Imperial, Merced, Riverside, Stanislaus
Mushrooms, Agaricus	15	0.5	64.2	170,159	30	28	Continuous	Monterey, Santa Clara, San Mateo, San Diego
Onions, All	32	43.8	1382.4	218,229	28	24	Apr. 1-Oct. 31	Fresno, Imperial, Kern, San Joaquin, Los Angeles
Peppers, Bell	43	21.0	346.5	197,987			July 1-Dec. 10	Kern, Ventura, Riverside, Fresno, San Joaquin
Spinach, Fresh Market	67	20.0	160.0	112,640	38	36	Continuous	Monterey, Riverside, Imperial, San Benito, Santa Barbara
Tomatoes, Fresh Market	31	38.5	577.5	293,370 ---	---	---	May 15-Dec. 31	Merced, San Joaquin, Fresno, San Diego, Stanislaus
Tomatoes, Processing	95	291.0	11056.0	632,403 ---	---	---	June 20-Nov. 10	Fresno, Yolo, San Joaquin, Colusa, Merced
Tomatoes, All	86	329.5	11633.5	925,773	9	9		Fresno, San Joaquin, Merced, Yolo, Colusa
<i>SUB TOTAL</i>				<i>4,790,061</i>				
<i>VEGETABLES: TOTAL VALUE</i>				<i>6,209,017</i>				
<b>FRUITS AND NUTS</b>								
<b>Almonds (Shelled) 4/</b>	<b>99</b>	<b>530.0</b>	<b>545.0</b>	<b>1,189,870</b>	<b>10</b>	<b>6</b>	<b>Aug. 1-Oct. 31</b>	<b>Kern, Stanislaus, Fresno, Merced, Madera</b>
Avocados	90	58.0	200.0	358,000	17	16	Continuous	San Diego, Ventura, Santa Barbara, Riverside
<b>Dates 4/</b>	<b>99</b>	<b>4.5</b>	<b>24.2</b>	<b>37,510</b>	<b>61</b>	<b>56</b>	<b>Oct. 1-Dec. 15</b>	<b>Riverside, Imperial</b>
<b>Figs 4/</b>	<b>99</b>	<b>12.9</b>	<b>54.4</b>	<b>18,012</b>	<b>66</b>	<b>65</b>	<b>June 10-Sept. 15</b>	<b>Madera, Merced</b>
<b>Grapes, Raisin 5/6/</b>	<i>7/</i>	<b>246.0</b>	<b>2833.0</b>	<b>438,458</b>			<b>May 15-Nov. 15</b>	---
Grapes, Table		88.0	739.0	456,944			May 25-Dec. 15	---
Grapes, Wine		486.0	3149.0	1,683,452			Aug. 5-Dec. 15	---
Grapes, All 5/	91	820.0	6721.0	2,578,854	2	2		Kern, Fresno, Tulare, Napa, Sonoma
<b>Kiwifruit 4/</b>	<b>99</b>	<b>4.5</b>	<b>26.1</b>	<b>18,097</b>	<b>65</b>	<b>64</b>	<b>Oct. 1-May 31</b>	<b>Tulare, Butte, Yuba, Fresno, Kern</b>
Lemons	87	49.5	695.4	287,026	22	20	Continuous	Ventura, Kern, Riverside, Tulare, Imperial
<b>Nectarines 4/</b>	<b>99</b>	<b>36.5</b>	<b>299.0</b>	<b>114,517</b>	<b>33</b>	<b>34</b>	<b>June 10-Sept. 5</b>	<b>Fresno, Tulare, Kings, Kern, Stanislaus</b>
<b>Olives 4/ 8/</b>	<b>99</b>	<b>36.0</b>	<b>103.0</b>	<b>60,725</b>	<b>37</b>	<b>49</b>	<b>Sept. 25-Mar. 15</b>	<b>Tulare, Glenn, Tehama, Madera, Butte</b>
Oranges, Navel and Misc.	21	128.0	1200.0	412,305			Nov. 25-May 15	

**Annex I: Selected California Commodities 1/: Acreage, Production, Value and Leading Producing Counties, 2002**

Commodity	CA Share of U.S. Prod.	Harvested or Bearing Area	Production	Total Value 2/	California Rank		Harvest Season	Leading Counties 3/
	%	1,000 Acres	1,000 Tons	\$1,000	2001 #	2002 #		
Oranges, Valencia	18	65.0	731.3	146,538			May 15-Oct. 15	
Oranges, All	19	193.0	1931.3	558,843	13	12		Tulare, Kern, Fresno, Ventura, Riverside
<b>Peaches, Clingstone 8/</b>	<b>100</b>	<b>31.0</b>	<b>562.0</b>	<b>132,639</b>			<b>July 15-Sept. 15</b>	
Peaches, Freestone	55	39.0	398.0	138,369			May 10-Sept. 15	
Peaches, All	75	70.0	960.0	271,008	20	21		Fresno, Tulare, Sutter, Stanislaus, Kings
<b>Persimmons 9/</b>	<b>99</b>	<b>1.8</b>	<b>11.6</b>	<b>10,045</b>				<b>Tulare, Fresno, San Diego</b>
<b>Pistachios 4/</b>	<b>99</b>	<b>83.0</b>	<b>151.5</b>	<b>336,330</b>	<b>31</b>	<b>17</b>	<b>Sept. 15-Dec. 10</b>	<b>Kern, Madera, Tulare, Kings, Fresno</b>
<b>Plums, Dried 4/ (Prunes)</b>	<b>99</b>	<b>74.0</b>	<b>171.0</b>	<b>131,220</b>	<b>36</b>	<b>32</b>	<b>Aug. 15-Oct. 10</b>	<b>Tehama, Yuba, Sutter, Butte, Glenn</b>
Strawberries, Fresh Market	85		632.1	852,071				---
Strawberries, Proc.	90		215.8	138,512				---
Strawberries, All	86	28.5	847.9	990,583	8	7		Ventura, Monterey, Santa Barbara, Santa Cruz, Orange
<b>Walnuts 4/</b>	<b>99</b>	<b>200.0</b>	<b>282.0</b>	<b>304,560</b>	<b>16</b>	<b>19</b>	<b>Sept. 5-Nov. 10</b>	<b>San Joaquin, Stanislaus, Butte, Tulare, Sutter</b>
<i>SUB TOTAL</i>				7,265,200				
<i>FRUITS AND NUTS: TOTAL VALUE</i>				7,885,185				

Note:

1/ Commodity is selected by either California is the nation's sole producer (99 percent or more) by the quantity produced (in bold) or the total value of production are greater than \$ 100 million.

2/ Based on value of quantity harvested for crops.

3/ Based on values published in the county agricultural commissioners' annual crop reports.

4/ Share of U.S. production based on 1997 Census of Agriculture.

5/ Acres of raisin type grapes enrolled in the California Raisin Industry Diversion (RID) program for 2002 was 27,000.

These acres were included in the bearing acres.

6/ Raisin-type production is the fresh equivalent of dried and not dried.

7/ In 2002, California produced 100% of the U.S. production of 'grapes dried' of 1,932,000 tons. Over 99% of raisin type grapes are used for this product.

8/ Total value based on grower return.

9/ Entry for the Persimmons are based on County Commissioners' Data 2002 & 2001 and Census of Agriculture, 1997.

Sources: "Agriculture Statistical Review", pp. 6-7, "Vegetable and Melon Crops", and "Fruit and Nut Crops", California Agricultural Statistics Service.

<http://www.nass.usda.gov/pub/nass/ca/AgStats/2002-ovw.pdf>

<http://www.nass.usda.gov/pub/nass/ca/AgStats/2002-veg.pdf>

<http://www.nass.usda.gov/pub/nass/ca/AgStats/2002-frm.pdf>



## ANNEX II

### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Rates of Duty	Special
		Heading/Subheading	Stat. Suffix		
TOM	TM3/1-7/14&9/1-11/14	07020020		3.9c/kg	Free(CA,D, E,IL,J,JO,MX)
TOM	GREENHOUS TOM 3/		10		
TOM	CHRRY TOM 3/15-7		35		
TOM	GRP TOM 3/1-7/14		45		
TOM	ROMA TOM 3/15-7/		65		
TOM	TOM, NS 3/1-7/14		99		
TOM	TM 7/15-8/31	07020040		2.8c/kg	Free(CA,D, E,IL,J,JO,MX)
TOM	CHERRY TOM 7/15-		30		
TOM	GRP TM 7/15-8/31		45		
TOM	ROMA TOMAT 7/15-		60		
TOM	TM, NS 7/15-8/31		99		
TOM	TOMATO 11/15-2/L	07020060		2.8c/kg	Free(A,CA, E,IL,J,JO,MX)
TOM	GRENHOUS TOM 11/		10		
TOM	CHRRY TOM 11/15-		35		
TOM	GR TM 11/15-2/28		45		
TOM	ROMA TOM 11/15-2		65		
TOM	TM NS 11/15-2/28		99		
ONI	ONION SETS,FR/CH	07031020	00	0.83c/kg	Free(A+,CA,E,IL,J,JO, MX)
ONI	PEARL ONIONS	07031030	00	0.96c/kg	Free(A,CA,E,IL,J,JO, MX)
ONI	ONION/SHALL,F/CH	07031040	00	3.1c/kg	Free(A,CA,E,IL,J,JO, MX)
GAR	GARLIC,FRSH/CHLD	07032000		0.43c/kg	Free(A+,CA,E,IL,J,JO, MX)
GAR	FRSH GARLIC BULB		10		
GAR	FRSH GARLIC CLOV		20		
GAR	OTHR FRSH GARLIC		90		
CAU	CLFLWR,6/5-10/15	07041020	00	2.50%	Free(A,CA,E,IL,J,JO, MX)
CAU	CLFLWR,10/16-6/4	07041040	00	10%	Free(A,CA,E,IL,J,JO, MX)
CAU	CAULIFLOWER/HEAD	07041060	00	14%	Free(A,CA,E,IL,J,JO, MX)
BRO	BROCCOLI FRSH/CH	07049040	20	20%	Free(A+,CA,D, E,IL,J,JO)**
LET	HD LET,6/1-10/31	07051120	00	0.4c/kg	Free(A,CA, E,IL,J,JO,MX)
LET	HD LETT11/1-5/31	07051140	00	3.7c/kg	Free(A,CA, E,IL,J,JO,MX)
LET	LETTUCE6/1-10/31	07051920	00	0.4c/kg	Free(A,CA, E,IL,J,JO,MX)
LET	LETTUCE11/1-5/31	07051940	00	3.7c/kg	Free(A,CA, E,IL,J,JO,MX)
CAR	CARROT,RED SIZE	07061005	00	14.90%	Free(A+,CA,D, E,IL,J,JO, MX)
CAR	CARROTS,<10CM LG	07061010	00	1.4c/kg	Free(A,CA, E,IL,J,JO,MX)
CAR	CARROT,>10CM	07061020	00	0.7c/kg	Free(A+,CA,D, E,IL,J,JO, MX)
ART	GLOBE ARTICHOKE	07091000	00	11.30%	Free(A*,CA, E,IL,J, MX); 4.5%(JO)
ASP	ASPRG,9/15-11/15	07092010	00	5%	Free(A*,CA, E,IL,J,JO, MX)
ASP	ASPRS,NES,FR/CH	07092090	00	21.30%	Free(A+,CA,D, E,IL,J,JO)**

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### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Rates of Duty	Special
		Heading/Subheading	Stat. Suffix		
CEL	CELERY FR/CH	07094020	00	14.90%	Free(CA,D, E,IL,J, MX); 5.9%(JO)
CEL	CELERY,4/15-7/31	07094040	00	0.25c/kg	Free(A,CA, E,IL,J,JO,MX)
CEL	CELERY,8/1-4/14	07094060	00	1.9c/kg	Free(CA,D, E,IL,J,JO,MX)
MUS	MUSHROOMS,AGARIC	07095101	00	8.8c/kg+20%	Free(A+,CA,D,E,IL,J,JO, MX)
PEP	PEPPRS NES,FR/CH	07096040	00	4.7c/kg	Free(A,CA,E,IL,J,JO, MX)
SPI	SPINACH,NEW ZEAL	07097000	00	20%	Free(A+,CA,D,E,IL,J, MX); 8%(JO)
OLI	OLIVES,FRSH/CHLD	07099035	00	8.8c/kg	Free(A+,CA,D, E,IL,J,JO, MX)
SPI	SPINACH RAW/COOK	07103000	00	14%	Free(A+,CA,D,E,IL,J,JO, MX)
TOM	TOM3/1-7/14& 9/1-11/14	07108040	00	2.9c/kg	Free(CA,D, E,IL,J,JO,MX)
TOM	TOM 7/15-8/31 FZ	07108045	00	2.1c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
TOM	TOM 11/15 2/LST	07108050	00	2.1c/kg	Free(A,CA,E,IL,J,JO,MX)
CAR	CARROTS WHL RAW	07108070	40	11.30%	Free(A+,CA,E,IL,J,JO,MX)
ASP	ASPARAG FZ REDUC	07108097	10	14.90%	Free(A+,CA,D, E,IL,J,JO,MX)
BRO	FZ BROC SPR REDC		22		
BRO	FZ BROC RED >1.4		24		
BRO	FZ BROC RED <1.4		26		
CAU	FZ CAULIFLOW RED		30		
OLI	OLIVES - NOTE 5	07112018	00	3.7c/kg*	Free(A,CA, E,IL,J,JO,MX)
OLI	OLIVES-NOT NOTE5	07112028	00	5.9c/kg*	Free(CA,IL,JO,MX)
OLI	OLIVES NT PITTED	07112038	00	5.9c/kg*	Free(A+,CA,D, E,IL,J,JO,MX)
OLI	OLIVES,PITD/STFD	07112040	00	8.6c/kg*	Free(A+,CA,D, E,IL,J,JO,MX)
ONI	ONION,PRES,INED	07119050	00	5.10%	Free(A,CA,E,IL,J,JO, MX)
ONI	ONION PWDR/FLOUR	07122020	00	29.80%	Free(CA,D,E,IL,J);11.6%(MX),20.8%(JO)
ONI	ONIONS, DRIED,	07122040	00	21.30%	Free(CA,D,E,IL,J);8.3%(MX),14.9%(JO)
MUS	MS,AGR, AR/SN DR	07123110	00	1.3c/kg+1.8%	Free(A,CA,E,IL,J,JO, MX)
MUS	MSHRM,AGAR,DRIED	07123120	00	1.9c/kg+2.6%	Free(A+,CA,D,E,IL,J,JO, MX)
CAR	CARROTS, DRIED	07129010	00	1.30%	Free(A,CA, E,IL,J,JO,MX)
OLI	OLIVES,DR,N RIPE	07129015	00	5.5c/kg	Free(A,CA, E,IL,J,JO,MX)
OLI	OLIVE,DRIED,RIPE	07129020	00	2.5c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
GAR	GARLIC PWDR,FLR	07129040	20	29.80%	Free(CA,E,IL,J);11.6%(MX),20.8%(JO)
GAR	GARLIC, DRIED, E	07129040	40	29.80%	Free(CA,E,IL,J);11.6%(MX),20.8%(JO)
TOM	TOM,DRD,IN POWDR	07129074	00	8.70%	Free(A,CA,E,IL,J, MX); 2.1%(JO)
TOM	TOMATS,DRIED,OTH	07129078	00	8.70%	Free(A+,CA,D,E,IL,J, MX); 2.1%(JO)
BRO	BROCCOLI, DRIED	07129085	10	8.30%	Free(A,CA,E,IL,J, MX); 2%(JO)
CEL	CELRY STLK, DRID		20		
ALM	ALMONDS,IN SHELL	08021100	00	7.7c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
ALM	ALMONDS,SHELLED	08021200	00	24c/kg	Free(A+,CA,D, E,IL,J, MX); 6c/kg(JO)
WLN	WLNTS,FR,DR,N/SH	08023100	00	7c/kg	Free(A,CA, E,IL,J,JO,MX)
WLN	WLNTS,FR,DR,SHLD	08023200	00	26.5c/kg	Free(A+,CA,D, E,IL,J, MX); 6.6c/kg(JO)

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### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Rates of Duty	Special
		Heading/Subheading	Stat. Suffix		
PST	PSTCH,FR,DR,N/SH	08025020	00	0.9c/kg	Free(A,CA, E,IL,J,JO,MX)
PST	PSTCHS,FR,DR,SHL	08025040	00	1.9c/kg	Free(A,CA, E,IL,J,JO,MX)
DAT	DATES WH,W/O PIT	08041020	00	13.2c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
DAT	DATES,WH/PIT/F/D	08041040	00	1c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
DAT	DATES WH,W/O PIT	08041060	00	2.8c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
DAT	DATES,NOT WHOLE	08041080	00	29.80%	Free(A+,CA,D, E,IL,J,JO,MX)
FIG	FIGS,WH,FRSH/DRD	08042040	00	7.9c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
FIG	FIGS,WH,FRSH,DRD	08042060	00	6.2c/kg	Free(A,CA,E,IL,J,JO,MX)
FIG	FIGS,FRESH,DRIED	08042080	00	8.8c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
AVO	AVOCADOS,FR,DRD	08044000		11.2c/kg	Free(A+,CA,D, E,IL,J, MX); 2.8c/kg(JO)
AVO	AVOC-HASS-HSLIKE		10		
AVO	AVOCADOS, OTHER		90		
ORA	ORANGES,FRESH	08051000		1.9c/kg	Free(CA,D, E,IL,J,JO,MX)
ORA	TEMPLES, FRESH		20		
ORA	OTHER		40		
LEM	LEMONS, FRESH/DR	08055020	00	2.2c/kg	Free(A+,CA,D,E,IL,J,JO, MX)
GPS	GPS,FR,2/15-3/31	08061020	00	\$1.13/m3	Free(A+,CA,D, E,IL,J,JO,MX)
GPS	GPS,FR,4/1-6/30	08061040	00	Free	
GPS	GPS,FR,7/1-2/14	08061060	00	\$1.80/m3	Free(A+,CA,D, E,IL,J,JO,MX)
RAI	CURRNT,RAISIN NS	08062010	10	1.8c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
RAI	SULTEN RASN N SD		20		
RAI	GRAPES DRIED NES		90		
RAI	RAISIN,FR,SD GRP	08062020	00	2.8c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
RAI	GRAPES, DRIED, N	08062090	00	3.5c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
CAN	CANTLOP,8/1-9/15	08071910	00	12.80%	Free(A+,CA,D, E,IL,J, MX); 5.1%(JO)
CAN	CANTL,9/16-7/31	08071920	00	29.80%	Free(A,CA,E,IL,J); 20.8%(JO)**
PEA	PEACH,6/1-11/30	08093020	00	0.2c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
PEA	PEACH,12/1-5/31	08093040		Free	
PEA	PEACH,12/1-5/31		10		
NEC	NECTRN,12/1-5/31		90		
PLM	PLUM FR,1/1-5/31	08094020	00	Free	
PLM	PLUMS,6/1-12/31	08094040	00	0.5c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
STR	STRAWBERRIES, FR	08101020	00	0.2c/kg	Free(A,CA,E,IL,J,JO,MX)
STR	STBRY, 9/16-5/31	08101040	00	1.1c/kg	Free(A,CA,E,IL,J,JO,MX)
KIW	KIWI FRUIT,FRESH	08105000	00	Free	
OTH	FRUIT, NES, FRSH	08109045	00	2.20%	Free(A,CA,E,IL,J,JO,MX)
STR	STRBYS,FZ,<1.2L	08111000	20	11.20%	Free(A,CA,E,IL,J, MX); 4.4%(JO)
STR	STRBYS-FZ<25%SGR		50		
STR	STRBYS-FZ>25%SGR		60		

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### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Rates of Duty	Special
		Heading/Subheading	Stat. Suffix		
STR	STRBYS-FZ/OTHR		70		
FIG	FIGS,PRES,INED	08129030	00	2.6c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
STR	STRWB, PRV PRES	08129050	00	0.8c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
PRU	PRUNES BRIN/DRD	08132010	00	2c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
PRU	PRUNES DRIED NES	08132020	00	14%	Free(A+,CA,D, E,IL,J,JO,MX)
PEA	PEACHES, DRIED	08134040	00	1.4c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
PEP	DR BEL PEP NT/GD	09042060	10	2.5c/kg	Free(A,CA,E,IL,J,JO, MX)
OLI	OLV OL VRG<18KCT	15091020	00	5c/kg+	Free(A,CA,E,IL,J,JO,MX)
OLI	OLVOL VRG18K>CT	15091040	00	3.4c/kg	Free(A,CA,E,IL,J,JO,MX)
OLI	OLV OL,RF<18KCT	15099020	00	5c/kg+	Free(A,CA,E,IL,J,JO,MX)
OLI	OLV OL RF 18K>CT	15099040	00	3.4c/kg	Free(A,CA,E,IL,J,JO,MX)
OLI	OLV-RS OL&BLN IN	15100020	00	Free	
OLI	OL-R OL&BN ED<18	15100040	00	5c/kg+	Free(A,CA,E,IL,J,JO,MX)
OLI	OL-R OL&B ED>18	15100060	00	3.4c/kg	Free(A,CA,E,IL,J,JO,MX)
ART	ARTICHOKES,BRINE	20019025	00	10.20%	Free(A,CA,E,IL,J, MX); 4%(JO)
ONI	ONIONS, PRP/PRS	20019034	00	3.60%	Free(A,CA,E,IL,J,JO, MX)
WLN	WALNUTS,PRE/PKLD	20019050	00	7c/kg	Free(A,CA,E,IL,J,JO,MX)
TOM	TOM,WH,P/P,<1.4K	20021000	20	12.50%	Free(A+,CA,D, E,IL,J,JO,MX)
TOM	OTH TOM,PP>1.4KG		80		
TOM	TOM,P/P,NES,PWDR	20029040	00	11.60%	Free(A,CA,E,IL,J,JO,MX)
TOM	TOM PASTE,<1.4K	20029080	10	11.60%	Free(A+,CA,D, E,IL,J,JO,MX)
TOM	TOM PASTE,>1,4K		20		
TOM	TOM PUREE,<1.4KG		30		
TOM	TOM PUREE,>1,4KG		40		
TOM	TOM,P/P,NES,OTH		50		
CAR	CARRTS,PR/PS, FZ	20049085	20	11.20%	Free(A+,CA,D, E,IL,J,JO,MX)
ASP	ASPARAGUS,PR,PRS	20056000	00	14.90%	Free(A+,CA,D,E,IL,J, MX); 5.9%(JO)
OLI	OL GR NPT>8KG	20057002	30	5.4c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OL GR NPT <8KG		60		
OLI	OL GR NPT>8KGOth	20057004	30	3.7c/kg*	Free(CA,IL,JO,MX)
OLI	OL GR NPT<8KGOth		60		
OLI	OL GR NPT NOTE4	20057006	00	3.7c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OL GR NPT>8KGRPK	20057008	00	3.7c/kg*	Free(CA,IL,JO,MX)
OLI	OL GR NPT>8KG	20057012	00	3.7c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OL GR STUF>2700T	20057016	00	5.4c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OL GR PL/PK OTH	20057018	00	6.9c/kg*	Free(CA,IL,JO,MX)
OLI	OTH OL GR PL/PK	20057023	00	6.9c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OLIVE,GR, WHL,PIT	20057025	10	8.6c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OLIVE,GR,WH,STFD		20		

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### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Rates of Duty	Special
		Heading/Subheading	Stat. Suffix		
OLI	OLIVE,GR,BRK,SLD		30		
OLI	OLIVE,GR,WH/PITD		40		
OLI	OLIVE,GR,WH,STFD		50		
OLI	OLIVE,GR,BRK,SLD		60		
OLI	OLIVE,N GR,N PIT	20057050	30	9.3c/kg*	Free(A+,CA,D,E,IL,J,JO,MX)
OLI	OLIVE,N GR,N PIT		60		
OLI	OLIVE,N GR,WH PT	20057060	20	10.1c/kg*	Free(A+,CA,D,E,IL,J, MX); 2.5c/kg*(JO)
OLI	OLIVE,N GR,WH PT		30		
OLI	OLIVE,N GR,SLICD		50		
OLI	OLIVE,N GR/CHPPD		60		
OLI	OLIVE,N GR,BRK,W		70		
OLI	OLIVE,N GR,N CND	20057070	00	9.9c/kg*	Free(A+,CA,D,E,IL,J,JO,MX)
OLI	OLIVE,N GR,N CND	20057075	00	4.3c/kg*	Free(A,CA,E,IL,J,JO,MX)
OLI	OL GR <13KG	20057091	00	5.5c/kg*	Free(A+,CA,D,E,IL,J,JO,MX)
OLI	GR OL <13KG NQUT	20057093	00	8.8c/kg*	Free(CA,IL,JO,MX)
OLI	OTH GREEN OLIVES	20057097	00	8.8c/kg*	Free(A+,CA,D,E,IL,J,JO,MX)
CAR	CARROTS,PR,PRES	20059010	00	6.40%	Free(A,CA,E,IL,J, MX); 1.6%(JO)
ONI	ONIONS,PREP,PRES	20059020	00	4.50%	Free(A,CA,E,IL,J,JO, MX)
ART	ARTICHOKES,PR/PS	20059080	00	14.90%	Free(A+,CA,D,E,IL,J, MX); 5.9%(JO)
PST	PSTCHS,PREP,PRES	20081930	20	1c/kg	Free(A,CA,E,IL,J,JO,MX)
ALM	ALMONDS, PREPARE	20081940	00	32.6c/kg	Free(A+,CA,D, E,IL,J,JO,MX)
ORA	ORANGE PEEL,P/PS	20083010	00	2c/kg	Free(A+,CA,E,IL,J,JO,MX)
LEM	LEMON PEEL,PR/PS	20083020	00	4.2c/kg	Free(A+,CA,D,E,IL,J,JO, MX)
ORA	ORANGE PULP PREP	20083040	00	1.4c/kg	Free(A+,CA,D,E,IL,J,JO,MX)
LEM	LEMONS,PREP,PRES	20083060	00	0.8c/kg	Free(A,CA,E,IL,J,JO, MX)
NEC	NCTARN PRP<1.4KG	20087010	20	16%	Free(A+,CA,D,E,IL,J, MX); 6.4%(JO)
NEC	NECTARN PREP NES		40		
PEA	PECHS,P/P <1.4KG	20087020	20	17%	Free(A+,CA,E,IL,J, MX); 6.8%(JO)
PEA	PEACHS,P/P>1.4KG		40		
STR	STRWBRY,PRE,PRS	20088000	00	11.90%	Free(A+,CA,D,E,IL,J, MX); 4.7%(JO)
AVO	AVOCADOS, PREP.	20089910	00	10.6c/kg	Free(A+,CA,D,E,IL,J, MX); 2.6c/kg(JO)
DAT	DATES,PREP/PRES	20089925	00	22.40%	Free(A+,CA,D,E,IL,J, MX); 15.6%(JO)
FIG	FIGS,PR,PRS,NES	20089928	00	9.60%	Free(A,CA,E,IL,J, MX); 2.4%(JO)
GPS	GRAPES,PREP,PRES	20089929	00	7%	Free(A+,CA,D,E,IL,J, MX); 1.7%(JO)
PLM	PLUMS,PRNS,PR/PS	20089960	00	11.20%	Free(A+,CA,D,E,IL,J, MX); 4.4%(JO)
GPJ	GRAPE JU NOT CON	20096100	20	4.4c/liter	Free(A+,CA,D,E,IL,J, MX); 6.8%(JO)
GPJ	GRP J B<20 CN FZ		40		
GPJ	GRP J B<20 C NFZ		60		
GPJ	GRAPE JU NES FZ	20096900	40	4.4c/liter	Free(A+,CA,D,E,IL,J, MX); 6.8%(JO)

## ANNEX II

### Tariff Schedules for the Commodities considered in the California Specialty Crops

Com code	Article description	HTS		Special
		Heading/Subheading	Stat. Suffix	
GPJ	GRP JU NES NT FZ		60	

Note:

	Sign for the Olives -- ' * ' = 'on drained weight' AND ' + ' = 'on entire contents of container'
A	Generalized System of Preferences (GSP) (duty-free treatment)
A*	Certain countries excluded from GSP eligibility for that HTS subheading (duty-free treatment)
A+	Only imports from least-developed beneficiary developing countries eligible for GSP under that subheading (duty-free treatment)
CA	NAFTA for Canada (duty-free treatment)
D	Africa Growth and Opportunity Act (AGOA) (duty-free treatment)
E	Caribbean Basin Initiative (CBI)
IL	Israel Special Rate (duty-free treatment)
J	Andean Trade Preference Act (ATPA)
JO	Jordan Special Rate
MX	NAFTA for Mexico

Reference Files: USITC Tariff Database - 2003 Tariffs (10 digits, including statistical suffix), (Compiled from the Harmonized Tariff Schedule (HTS) of the United States as of January 1, 2003).

Note: Article descriptions are from the USDA, FAS data and Commodity code is created, here, for the statistical purpose.

[http://reportweb.usitc.gov/tariff/readme\\_hts.htm](http://reportweb.usitc.gov/tariff/readme_hts.htm)