



Latest update: May 2013

Bilateral agricultural trade relations

EU agricultural trade with Central America

Traditionally, trade in agricultural products with Central American countries has been focused mostly on coffee and banana imports into the EU. The six countries of Central America (Panama, Guatemala, Honduras, Costa Rica, El Salvador, and Nicaragua) have also benefited from GSP+ (General System of Preferences "plus" regime of trade concessions) trade preferences. These preferences have been consolidated recently into a comprehensive region-to-region Association Agreement between the EU and Central America. Agreed upon in May 2010, the Agreement has now been approved by the Council and officially signed in 2012. The trade part will in all likelihood enter into force provisionally in the autumn of 2013 after verification of the commitments on Geographical Indications that have been taken on by Central American countries.

Aside from GSP+ consolidation, the Agreement also provides both sides with increased market access in agricultural goods. The main benefit for EU exporters will be in the wines and spirits sector, while also dairy and meat exports will see an increase. In the Agreement, the incorporation of the concept of Geographical Indications in the domestic legislation of the six countries was a major achievement and will reinforce the market position of EU quality products on these markets, where the competition from products from North America and other Latin American exporters is fierce.

Central America also gains tariff rate quotas on products such as sugar and rum, while banana exports will be subject to a gradually lowering preferential tariff with a limit of 75 EUR per tonne in 2020.

The figure below presents the trade flow between the EU and Central and South America, taken as a whole, i.e., including trade with Mercosur countries (Argentina, Brazil, Uruguay and Paraguay). It shows that agricultural trade with this region is heavily unbalanced to the benefit of Central and South America. The EU records a trade deficit of around €28 billion with these countries.



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