Latin American Agriculture in a World of Trade Agreements

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Abstract:

Latin American and Caribbean (LAC) countries have been among the most active participants in the negotiation of regional and bilateral FTAs. The countries of the region are members of 73 of the 259 FTAs notified to the WTO as currently in force, with 29 of these agreements containing tariff concessions made to one or more Latin American partners: the remaining 44 are between an LAC member country and a third country. Among LAC countries already linked by an FTA, a large percentage of agricultural tariffs are already duty free. But the progress in this direction seems to have stalled, with continued tensions in MERCOSUR and political difficulties in the Andean Community. Negotiation of the proposed Free Trade Areas of the Americas (FTAA) has been shelved, and the MERCOSUR-EU negotiations are moving at an imperceptible speed.

Meanwhile other countries are moving ahead rapidly by negotiating ambitious mega-agreements, particularly the Trans Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (T-TIP). The only LAC countries actively involved in the TPP talks are Mexico, Chile, and Peru. If either or both of these mega-agreements are concluded the impacts on the region could be significant. These impacts include trade diversion and preference erosion in major import markets, as competitors improve their market access. They could also involve the

de facto acceptance of regulatory decisions made by the mega-agreement partners. The Latin American strategies toward these potentially significant agreements and the impacts of the TPP and T-TIP on Latin American agriculture have so far gone largely unstudied.

Several possible avenues exist for Latin American countries to counter the impact of a TPP and TTIP on agricultural exports. One possible avenue would be to strengthen existing bilateral trade agreements within the region and to rely on multilateral trade negotiations to improve market access in other regions. Another possible strategy would be to link existing multi-country agreements, such as MERCOSUR and the Pacific Alliance, to NAFTA, in effect reviving the idea for a Free Trade Area of the Americas (FTAA) under a different structure. Another possibility would be to complete and expand the scope of the MERCOSUR-EU FTA talks, to include other LAC countries. A fourth possible action would be for those countries that are not yet part of the negotiations to "sign on" to the TPP in so far as it is an "open access" agreement.

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Introduction:

This paper explores the impacts on Latin American agriculture of the many bilateral, regional and supra-regional trade agreements (collectively referred to as Preferential Trade Agreements or PTAs) that are underway or in negotiation. These include the agreements within the Latin American and Caribbean (LAC) region, where market access has been improved by multiple bilateral PTAs: among LAC countries a large percentage of agricultural tariffs are already set at zero. LAC countries have been among the most active participants in the negotiation of regional and bilateral trade agreement. As a group, the countries of Latin America and the Caribbean region are members of 73 of the 259 PTAs notified to the WTO, with 29 of these agreements containing tariff concessions made to one or more Latin American partners: the remaining 44 are between an LAC member country and a third country.[1]

Progress in the direction of further integration in the LAC seems to have stalled, with continued tensions in MERCOSUR and political difficulties in the Andean Community. Negotiation of the proposed Free Trade Areas of the Americas (FTAA) has been shelved, and the MERCOSUR-EU

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[1] For a more comprehensive discussion of the spread of FTAs see Acharya, *et al*., (2011)

negotiations are moving very slowly. A more positive development is the agreement among five countries on the Pacific coast to consolidate their existing FTAs into a Pacific Alliance (Alianza del Pacifico) (ICTSD, 2014).

Meanwhile other countries are moving ahead rapidly with ambitious mega-agreements, particularly the Trans Pacific Partnership (TPP) among twelve countries of the Pacific Rim and the Trans-Atlantic Trade and Investment Partnership (T-TIP) between the US and the EU. The only LAC countries actively involved in the TPP talks are the three Latin American APEC members, Mexico, Chile, and Peru.[3] If either or both of these mega-agreements are concluded the impacts on the LAC region could be significant. These impacts include trade diversion and preference erosion in major import markets, as competitors improve their market access. They could also involve the *de facto* acceptance of regulatory decisions made by the mega-agreement partners.

This paper begins with an examination of the extent of liberalization in agricultural trade in the Latin American and Caribbean within the region. It then poses the question of what are the likely impacts of the mega-regionals on countries in the LAC region and on the major commodities exported from the region. The paper looks at the Latin American shares in the largest import markets, the EU, the US, Canada and Japan. One would expect some form of policy response from countries in the region to the dramatic changes in the trade architecture that would follow the conclusion of the mega-regionals. But the Latin American strategies toward these potentially significant agreements and the impacts of the TPP and T-TIP on Latin American agriculture have so far gone largely unstudied. This paper attempts to fill that void.

1. Development of Trade Liberalization in the LAC Region

Trade liberation in the LAC region has a long history. The original Latin American Free Trade Association (LAFTA) that was founded in 1960 included Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Colombia and Ecuador joined in 1961 followed by Bolivia and Venezuela. The Andean Pact, including Chile, Colombia, Bolivia, Ecuador and Peru was created in 1969, as a reaction to the view that the greatest benefits of the LAFTA had gone to the largest countries, Brazil, Argentina and Mexico. Venezuela joined the Andean Pact in 1973. In 1980 the LAFTA was transformed into the Latin American Integration Association (ALADI) with 13 members, adding Panama and Cuba to the list. Over the next decade, during the period of unilateral trade reforms associated with the advice of the IMF, the World Bank and the IDB, the regional agreements were updated and expanded and a bevy of bilateral (mainly partial scope)

[3] A third mega-regional is the Regional Comprehensive Economic Partnership (RCEP) now under negotiation between ASEAN and the countries with which they have negotiated bilateral trade agreements (China, Australia, New Zealand, Japan, Korea and India). The 5th RCEP negotiating round will be held in June 2014. The implications of this agreement for Latin America are not discussed in this paper, and would in any case be small.

FTAs were negotiated under the auspices of ALADI. In addition, the Andean Pact countries deepened their own links and are now integrated under the Andean Community (CAN).

In 1986 discussions between Brazil and Argentina began a path towards closer trade ties between the southern cone countries. The MERCOSUR agreement was signed in 1991, covering four countries including Uruguay and Paraguay. Chile, Colombia, Ecuador, Guyana, Peru and Suriname have each become Associate Members of MERCOSUR, Venezuela joined as a full member in 2012, and Bolivia is in the process of accession. MERCOSUR has not achieved the unity in trade policy that was originally envisaged, and has suffered from internal tensions (including the imposition of taxes on trade) among its members.

By the 1990s the integration momentum had spread to North America. Canada had entered into a Free Trade Agreement with the US in 1986. Mexico decided that to establish closer economic relations with the US was the best way for that country to become an attractive magnet for investment. The North American Free Trade Area (NAFTA) was established in 1992. Chile and Peru, along with Colombia and Panama, also completed FTAs with the US.

The Caribbean road to integration started in the late 1950s, when ten of the countries formed the West Indies Federation. This only lasted until 1962, when Jamaica withdrew its participation. But common institutions had been established, and in 1965 the countries signed a Free Trade Agreement (CARIFTA) that developed into the Caribbean Community (CARICOM) in 1973. In 1989 the CARICOM Single Market and Economy (CSME) was established, though the level of integration of economic and trade policy has not yet reached its goals. The Caribbean countries that had ties to the EU (as part of the African, Caribbean and Pacific group of nations) signed an Economic Partnership Agreement with the EU in 2012. This establishes free trade on a reciprocal basis to replace the unilateral preferences that these countries had been granted under the Lomé and Cotonou Treaties.

The integration of the Central American markets started in 1958 when five Central American countries formed the Central American Common Market (CACM). Internal political problems disrupted the CACM, which was suspended in the 1980s. In 1993 a free trade zone was created and tariffs were again reduced within the region. A broader political organization, the Central American Integration System (SICA), was established in the same year, with Belize joining in 2000 and the Dominican Republic in 2013. An important FTA with the US was signed in 2012 and included the Central American countries and the Dominican Republic (CAFTA-DR).[4]

At their December 1994 Summit of the Americas, the leaders of 34 Western Hemisphere countries, reacting in part to a proliferation of recently signed trade agreements within the region, pledged to negotiate a Free Trade Area of the Americas (FTAA) by the year 2005. Formal

[4] Haiti became an associate member of SICA in 2013, thus forming a further link between Central America and the Caribbean.

negotiations began in April 1998 and, after several years of contentious talks, were eventually suspended in early 2004. Subsequent efforts to restart the talks failed. Since the FTAA talks were abandoned, the 34 countries have put in place an additional 23 intra-regional FTAs. Among Latin American countries, Panama, with seven new agreements, has led the way followed by Chile (6), Peru (5), Guatemala (5), and Honduras (5). Within the broader region, the United States has concluded and implemented agreements with nine Latin American countries since 2004 (six within CAFTA-DR, along with Peru, Colombia, and Panama).

The Current State of Trade Liberalization in LAC

An important question emerges as to the extent to which trade liberalization has already occurred in the LAC region as a result of all these FTAs. To what extent is agricultural trade within the region already duty free, and how many of the existing tariffs will be eventually cut to zero under already negotiated FTAs? The starting point is the pattern of FTAs that have come to populate the trade landscape. Tables 1.1a and 1.1b demonstrate the extent to which the LAC region is already blanketed by a series of FTAs. Within the ten-country sub-region encompassing Central America, the Dominican Republic, Chile, Colombia, and Peru, almost all have already implemented, or are in the process of negotiating an FTA with the others. Further, most of these ten countries already have an FTA with the three NAFTA countries. By contrast, the opposite is true of Ecuador and the six Mercosur countries (including Bolivia as a member), which have not so far been a part of the wave of bilateral and regional trade liberalization that has swept the region.

[tables 1.1 a and b here]

The last column in Table 1.1b shows the extent to which Latin American countries have already liberalized their trade with Japan. Japan, the big prize within the TPP region, has already negotiated FTAs with Mexico, Chile, and Peru, the only three Latin American countries that are part of the TPP negotiations. Likewise, these three also have signed agreements between themselves as well as with the United States and Canada. As a result, the TPP may only produce limited additional incentives to expand trade between these three Latin American countries and their TPP partners. For the remaining Latin American countries, which currently face a combination of MFN and somewhat lower GSP tariffs in the Japanese market, the TPP will make their exports vulnerable to increased competition from large agricultural exporters Australia, Canada, and the United States, as they begin facing reduced tariffs once the agreement begins to be implemented.

Has agriculture been fully included in these FTAs? The extent to which the existing intra-regional FTAs in the hemisphere have liberalized trade in agriculture is shown in Table 1.2. The bilateral preferential trade partners in the table are ordered by the extent to which agricultural tariff lines were excluded from reductions in their respective FTAs. FTAs involving imports into Japan tend to be the least trade liberalizing for agricultural products while those involving Chile

tend to be the most comprehensive in eliminating or partially cutting agricultural tariffs. The U.S. tends to limit the amount of lines excluded from cuts, but maintains tariffs on a number of products, albeit at a lower level than the MFN rate. Canada tends to have a larger percentage of excluded products than the U.S., but cuts all other agricultural tariffs to zero, with few lines only partially reduced.

Overall, countries tend to be fairly consistent across their FTAs in the types of agricultural products they exclude from cuts (see Appendix table 1). In some cases these products are not completely excluded from additional trade, as countries sometimes open up limited bilateral tariff-rate quotas to allow some level of market access, while ensuring that imports above the quota are constrained by high over-quota tariffs. There also appears to be a fairly high degree of *quid pro quo* between bilateral partners, with a very similar set of excluded products found within the tariff schedules of both partners, even though, in some cases, the percentage of tariffs excluded from cuts is larger for one partner than the other. Some countries employ more precision in their tariff schedules for sensitive products, breaking them out into many HS8-digit tariff lines.

How does Latin American agricultural trade reflect the existence of FTAs within the region? One significant observation is that the Mercosur countries, which tend to have the least number of FTAs with their regional partners, also tend to ship a smaller proportion of their agricultural exports within the region (see Table 1.3 and Appendix Table 2). A significant portion of their agricultural exports go to the EU, but Argentina also ships large quantities to China, Indonesia, and the Middle East; Brazil sells to China, Russia, Saudi Arabia, and Iran; Paraguay to Russia, Turkey, Israel, and Korea; and Uruguay to China, Russia, Israel, and Iraq. Because Brazil and Argentina are the largest agricultural exporters in the region, the total portion of exports that are accounted for by South-South trade within the region (excluding Mexico) is a relatively small 16 percent. Of the MERCOSUR countries Bolivia is the most dependent on its neighbors markets, with 78 percent of its agricultural exports destined for Latin American markets. The proportion is much higher for the Central American countries: Panama with 53 percent, and Nicaragua and El Salvador with 46 and 44 percent, respectively sell largely into regional markets. Most of these countries tend to ship the majority of their intraregional (Latin America minus Mexico) agricultural exports to countries with which they already have an FTA. Four of the five Central American countries (El Salvador, Costa Rica, Guatemala, and Honduras) ship more than 80 percent of their exports to FTA partners within the region.

South-south trade within the region is more important on the import side, with twelve Latin American countries sourcing over 50 percent of their agricultural imports from their neighbors (see Table 1.4 and Annex Table 3). The importance of Mercosur as a single market is very evident on the import side, with the original four members sourcing between 69 and 91 percent of their intra-regional agricultural imports from their customs union partners. The five Central American countries also source more than half of their South-South imports from FTA partners

within the region. The exceptions are Panama, the Caricom countries, and four of the six CAFTA-DR member (Honduras, Guatemala, Costa Rica, and the Dominican Republic) which all import a larger percentage of their agricultural goods from the U.S. than from their Latin American neighbors. None of the Latin American countries looked to the EU for a majority of their agricultural imports. Seventeen percent of the agricultural imports of Brazil and Panama were from the EU, with most Latin American countries getting less than 10 percent of their agricultural goods from Europe.

2. The Possible Impacts of Mega-Regionals on the LAC Region

The negotiation of trade agreements that involve many countries from different regions is a relatively recent phenomenon. Its current popularity is associated with the slow progress in the WTO Doha Round and the lack of enthusiasm by many politicians and businesses for the agenda of those talks. Negotiations among groups of countries can seem more directly to address issues deemed to be important to countries and businesses. The speed of these negotiations is major attraction, avoiding the need to get 160 countries to agree. As important, a degree of trust can be built up through intra-regional agreements that may be absent in the WTO. And, of course, most of these mega-agreements have a political aspect, either in terms of security or of supporting a view of trade.

Two mega-regionals that are currently under discussion are the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (T-TIP). These two are different in scope and at different stages in their negotiations. Nevertheless they each have a potentially significant role in shaping the global economy and each could have an impact on agricultural trade. Latin America will need to develop a trade policy response to these developments. This section of the paper examines the possible implications for LAC agriculture of these two mega-regionals.

Potential Impact of TPP on LAC Agriculture

The TPP had a modest origin in a four-country agreement known as the Pacific Four (P4) (Gao (2012). Chile, New Zealand and Singapore had held initial talks on the sidelines of an APEC meeting in 2002 and announced an agreement at the 2005 APEC meeting.[5] Brunei Darussalam joined as one of the founding four countries. Meanwhile the US and Australia had taken an interest in the idea of a high-ambition PTA in the region but were not ready to join. The main impetus for the P4 came from the difficulty in transforming the APEC from a convivial forum for considering unilateral trade reforms into a true FTA. The door was deliberately left open for new members to join the talks (and the membership would not be restricted to APEC members).

[5] The Asia-Pacific Economic Cooperation (APEC) process had been launched in 1989, largely on the initiative of Australia. The first meeting of Heads of State took place in 1993 at a time when the Uruguay Round was proving difficult to conclude. It currently has 21 members but has relied heavily on national (unilateral) trade policy changes rather than formal tariff cutting agreements. It has, however, proved useful as a way of exploring the possible ways towards a reduction of trade impediments.

The US joined the talks in 2011, along with Australia, and Peru, Vietnam, Malaysia also indicated their willingness to participate in the TPP. Later, Canada, Mexico and Japan joined the negotiations already underway, and the current talks are therefore between 12 countries with the Pacific Rim in common (Cooper and Manyin, 2013).

The intention of the parties concerned has been to complete a "high-level" trade agreement that eliminates tariffs on virtually all trade in goods and opens up service markets across the region (Krist (2013), Petri *et al.* (2012) and Williams (2012). Within the scope of the talks are issues of intellectual property as well as concerns about supply chains, small businesses, labor and the environment. Though the negotiating documents are not made public it is clear that most agricultural products would eventually have duty free access in the participating countries. However, critical talks are still underway (as of June 2014) to determine how broad will be the access of TPP members into the protected Japanese market for agricultural products (in particular for dairy products, grains, beef, pork, rice and sugar). It is this liberalization of the agricultural market within the TPP that is likely to be of most interest to other countries.

The twelve TPP countries are no strangers to trade agreements. Table 2.1 shows the existing bilateral and regional agreements among the TPP countries and with the LAC countries that are not TPP candidates. The fact that there are existing trade agreements among TPP candidates will reduce the economic impact of the consolidation in the TPP. However, this does not mean that there will be no impact from the mega-regional. In a situation where there are several agreements the issue becomes one of the degree of competitiveness within the free trade zone. Moreover, the impacts are felt on the import side as well as in export markets (See Evans (2009) for a simple analysis of the impacts of joining a FTA that already exists). The impact is also dependent on rules of origin (ROOs) which can make a significant difference as to what trade is encouraged by the FTA (see Donner Abreu (2013) and Benton, (2011)).

What are the potential implications of the Trans-Pacific Partnership (TPP) for Latin American agricultural trade? This section looks at the possible increase in competition for the three major import markets that are of key interest to exporters in the LAC region. The markets discussed below are the US, Canada and Japan. Of course in any evaluation of the impact of TPP one has to note that individual market issues are unlikely to be dominant: policy-makers would also have to consider the impact of the extensive agenda for trade liberalization in the TPP that has the objective of increasing services trade and investment opportunities among the partner countries. In addition, the TPP could have a significant impact on regulatory issues in the area of food and agricultural trade, in so far as they are of interest to agricultural industries in LAC countries (see Fergusson, *et. al.* (2013), Ameida, *et al*. (2009), Maur and Shepherd (2011) and Stoler (2011) for the relationship between FTAs and health and safety regulations).

[table 2.1 here]

Imports of Selected Commodities from Latin American and Caribbean (LAC) Countries

In this section we examine the share of imports of selected agricultural commodities from Latin American origins into the selected importing country markets. The share of imports that originate from countries that are engaged in the TPP negotiations are compared to the imports from those LAC countries who are not presently engaged in the TPP talks. In this way one can determine those LAC countries who may face increased competition in these markets should TPP come to fruition and its members gain preferential access to those markets. In addition we provide a summary of the ad valorem equivalent (AVE) duties levels covering each commodity group for each country as an indication of the degree of preference available to those who negotiate tariff free entry.

In 2012 Japan imported the majority of the selected commodities from potential TPP partner countries (Table 2.2). In 2012 Brazil was the only non-TPP LAC country with a substantial role in the Japanese market, supplying 12% of Japanese maize imports and accounting for 20% of soybean imports. Argentina supplied small amounts of maize (4%) and dairy products (2%) as well. Other non-TPP LAC countries (Guatemala, Uruguay and Bolivia) supplied small amounts of products in the dairy and sugar import markets. Overall Japan maintains relatively high AVE's for all the selected products with the exception of maize at 6% and soybeans that are provided duty free access. The existing zero tariff on soybeans would appear to indicate that passage of the TPP in and of itself would have no impact on Brazilian exports to Japan. A reduction in the existing tariff on maize imports might could lead to enhanced U.S. shipments at the expense of imports from non TPP LAC countries of Brazil and Argentina. Lower tariffs for TPP partners on dairy products and sugar would also provide the opportunity for increased volume of trade at the expense of the non TPP LAC countries that already have small market share.

Canadian imports in 2012 reflect strong ties to the NAFTA such that the United States is the primary supplier of most of the selected commodities (Table 2.3). The exception is the case of sugar imports that reflects a major link to non-TPP LAC countries. Sugar imports to Canada originate primarily from Brazil (76%) with lesser amounts supplied by Guatemala (12%) and Nicaragua (3%) together with imports from the Caribbean. All countries in LAC non-TPP are preferential partners with Canada under the GSP scheme, thus they might be able to enter to the Canadian market with lower or zero tariff rate. Currently imported dairy products face extreme AVE duties of 120.2 percent. Any reduction in the duties on those products would likely benefit TPP partner countries at the expense of the already low market shares of non-TPP LAC countries. Low tariff levels for bovine meat and sugar suggest increased preference for TPP partner countries would likely have little effect on current trade levels with non-TPP LAC

countries. At this time Colombia has a trade agreement in place with Canada: however currently it appears to only play a small role in the supply of agricultural imports.

[table 2.2 here]

U.S. imports of the selected commodities in 2012 originate primarily from NAFTA partner countries and countries currently included in the TPP negotiations (Table 2.4). Imports from LAC countries that have existing preferential trade agreements and are not currently engaged in the TPP negotiations also have a small role in supply of selected commodities. Likewise LAC countries the neither have a preferential trade agreement with the U.S. and are not part of the ongoing TPP negotiations contribute in a limited way in the market for all commodities except citrus. Reductions in relatively high AVE duties for bovine meat (11%), sugar (28.8%) and or dairy products (22.1%) resulting from a successful conclusion of the TPP talks could lead to an erosion of the current import market share for this latter group.

Potential Impact of T-TIP on LAC Agriculture

The negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) are more recent. Talks began in 2012, following a report by a working party (HLWG, 2013). So far (June 2014) there have been five negotiating rounds. Though the original plan was to complete the negotiations by 2015 it now seems unlikely that this date will be met. The nature of the T-TIP agenda is somewhat different from that of the TPP. Whereas the main attraction in the TPP (at least for agricultural exporters) is the improved access into Japan for a variety of products and into Canada for dairy and poultry, the prize in T-TIP is seen as a change in the regulatory regime in the EU so as to avoid the trade impediments that have been criticized by other countries (Grueff (2013); Schott and Cimino, (2013)). Though the EU regime governing food safety and quality is unlikely to undergo major changes as a result of the T-TIP, some convergence and mutual recognition will no doubt emerge. This is of interest to agricultural exporters in Latin America, as the talks could lead to *de facto* international standards (Trachtenburg, (2012).

Which are the commodities and products where increased competition in the US market from EU suppliers could be significant? Much of this increased trade will be in the processed agricultural products and quality foods. Those LAC countries already have access into the US market (see Table 2.5): there will however be a change in their competitive position. One such change is the effect of increased competition from the US in the EU market where the US will gain free access. For countries like Mexico and Chile (and the Caribbean) that already have preferential access to the EU market the potential costs and benefits of a T-TIP agreement is clear: the agreement may erode the benefits these countries currently enjoy for their exports. As with the TPP, the possible regulatory content of an agreement (including any agreement on GMO

applications, hormone standards and GI rules) could be as important as the change in competition through tariff changes. And to the extent that the T-TIP does bring faster growth to the partners, the LAC countries that have access to these markets would be in a good position to gain.

Several of the countries of the LAC already have free-trade agreements with both the US and the EU (see Table 2.5). This group of countries includes Mexico, Chile, Central America (including the Dominican Republic) and the Andean Community countries Colombia and Peru. The major impact of the T-TIP on these countries will depend on pattern of US-EU trade. The effect could be significant for some commodities. The US would have better access into EU markets and could thus add to competition and erode their preferential advantage from their existing FTAs. Similarly the EU could compete with these countries in the US market, eroding their existing preferences. Aside from those potential impacts the effect is likely to be benign, as benefits will come from harmonization of regulations and additional growth in the TTIP countries.

Table 2.5: Countries with Preferential Trade Agreements with the EU and the US

		FTA with EU?	
		Yes	No
FTA with US?	Yes	Canada Mexico Korea Singapore CAFTA-DR Colombia Peru Chile	Australia
	No	Turkey EFTA EPA-Cariforum	China Brazil Argentina India Japan

Source: Authors' compilation. Non-reciprocal trade agreements not included

The EU imports a relatively larger share of the selected commodities from LAC countries (Table 2.6). In 2012 LAC countries with existing regional agreements played a limited role in supplying EU imports for the selected product categories. One exception is pork imports from Chile with a 43% market share, albeit in a small value market ($64 million) relative to bovine meats ($1,842 million). Bovine meat is supplied primarily from LAC countries who are not part of an RTA with the EU, Argentina (28%) and Brazil (24%) and Uruguay (20%). However each

country does benefit from lower tariff rates under the EU country-specific TRQ for bovine meat products. Soybeans, which have duty free access to the EU are also supplied in large part by LAC counties primarily by Brazil (47%) and Paraguay (13%). The U.S. also participates in the lucrative EU soybean market ($6,884 million) supplying 18% of imports in 2012. With the exception of soybeans other products face relatively high AVE duties.

The one significant country (from an agricultural perspective) that has access into the US but not the EU is Australia. Australian exporters could face additional competition from EU producers in the US market, but the question is whether the T-TIP will reduce US barriers in such products as beef, dairy and sugar, where Australian producers are competitive. And if the TPP comes into effect before a T-TIP then Australia could have even better access into the US market than they do under the Australia-US FTA.

There are more countries that have FTAs with the EU but not the US. These include Turkey, the EFTA countries (Norway, Switzerland, Iceland, and Liechtenstein), and the many of the African, Caribbean and Pacific (ACP) countries. The US could compete with these countries in some area of trade in EU markets, eroding their preferential advantage from their FTA. The impact on LAC is unlikely to be great, as for the most part Turkey and the EFTA countries are not major markets for LAC.

Countries that have agreement with neither the US nor the EU, such as Brazil and Argentina can still be influenced by the TTIP (see Annex A). This impact will come from the changes in the trade patterns that the T-TIP may promote. Better access for citrus fruit into the EU market for US producers would have a beneficial impact on Brazil producers. One impact could be the increased incentive to "join" a mega-regional (T-TIP or TPP) or indeed to set up a competing mega-regional focused on Latin America (MERCOSUR and the PA).

3. Trade Policy Options for Latin America

The previous sections have indicated that there are some areas where Latin American countries can be adversely affected by the conclusion of the two mega-regionals. This leads to the question as to what possible avenues exist for Latin American countries to counter any negative impact of a TPP and T-TIP. Though many other considerations will have to be taken into account, the impact on agricultural exports is likely to be a significant consideration for these countries. This section will discuss these various options, emphasizing those countries that would stand to benefit most from such a trade strategy.

a) Regional Integration and Reliance on WTO for Extra-regional Market Access

The strategy that requires the least in the way of new initiatives is to focus on completing integration within the region and relying on the multilateral trade system to reduce the

probability and magnitude of trade diversion. This would imply further reductions of barriers within LAC and pushing for the completion of the Doha Round, reducing tariffs by tiers.

What appears to be the scope for further development of FTAs among these countries? Plans for further integration in the Latin American region are not uncommon, and the framework of ALADI is in place. The tables in the first section of this paper suggest that the exclusion of agricultural products from complete removal of trade barriers has hampered the integration of these markets. This has left in place generally high levels of tariffs within the region. With the exception of Chile and Mexico the protection at the border is the main way that LAC governments support their agricultural sectors.[6] By contrast, Mexico has used subsidies paid directly to farmers and to consumers in place of high tariffs (that were in any case being reduced under NAFTA). Chile has focused on investments in infrastructure and research as a way of increasing competition.

However, not all countries in the region agree on the form that such integration should take. This is highlighted by the split between those that consider that free trade agreements are economically advantageous and those that put the emphasis on social welfare and mutual aid and maintain a role for bartering. Cuba and Venezuela established such an "alternative" agreement, known as ALBA (Bolivarian Alliance) and eight countries (mostly in the Caribbean and Central America have signed on to the trade agreement of the Alliance – the ALBA-TCP.[7] Though this movement is unlikely to offer a way to unite countries with more orthodox trade policies it illustrates the fact that there still exists a wide range of opinions within the region on how to proceed.

b) Further Integration with North America

A second possible strategy might be to build a firm bridge between the LAC regional trade agreements and the NAFTA. This possibility may have been given more credibility in the light of the talks between the countries of the Pacific Alliance and MERCOSUR. These two groups would include the most important economies of the LAC and could act as a catalyst for talks with the US and Canada.[8] This could be seen as a way to revive the FTAA (Free Trade Area of the Americas) agenda but avoiding the pitfalls that stalled the negotiations for that agreement in 2005.

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[6] A newly-complied dataset by the Inter-American Development Bank highlights this situation. The data on producer support for about 20 LAC countries is available in the Agrimonitor database (www.iadb.org).

[7] These countries have also agreed to use a common unit of account (the *sucre*) to settle some financial transactions among themselves.

[8] Canada has been admitted as an observer to the AP meetings and has reportedly shown an interest in joining.

This approach could have some support from the US and Canada. From a US perspective, it would make sense that, after looking East and West for major new trade agreements, the country could also look South for additional market access. The FTAA talks floundered on the different levels of ambition between the US and Brazil. In particular, the US wanted to include intellectual property, investment and services in the FTAA but to resist changes in its agricultural policies in a hemispheric agreement.[9] Some of those objections may have lost their potency. Brazil may find that it needs to enter into broad agreements in order to maintain market shares: the challenge that the TPP and T-TIP pose for Brazil is perhaps more likely to persuade that country to negotiate a deal with the US. And the period of high prices in agricultural markets since 2007 has made it more possible to contemplate more open trade between the US and Brazil in basic commodities.[10]

An initiative by the PA and the MERCOSUR to coordinate with NAFTA might have widespread appeal among the countries in the LAC. The initiative would need support from the thirteen countries currently members of the three agreements. Such an agreement (an Americas-Trade and Investment Partnership, or A-TIP?) would have as its core the complete elimination of tariffs for goods over a defined period. It could include services and investment as well as intellectual property issues. The model would be the TPP agreement (assuming such an agreement had been reached) that was both comprehensive and ambitious. There would be no excluded agricultural sectors though there could be transition arrangements for particularly sensitive products. And, importantly, there should be cumulation of rules of origin, such that a product using inputs from any A-TIP country would be eligible for duty-free entry into any other member. The option could be left open for other regional countries to join: the Central American countries and the Dominican Republic could and it would be difficult for smaller states in the Caribbean to choose to be excluded. Resistance would come from protected industries but it could pass the test of "too big to block".

c) Closer ties with the EU

Another possibility would be to complete and expand the scope of the MERCOSUR-EU FTA talks, to include other LAC countries. The idea of re-starting the stalled negotiations on an FTA between the EU and MERCOSUR has been discussed in recent months as a result of the difficulties of concluding the Doha Round. But it would be given a major push if the TPP negotiations were to be successful (and the T-TIP talks were abandoned or slowed down). The EU would then be more keen to firm up relations with the LAC region to leap ahead of the US in

[9] At the time when the FTAA talks were put on hold, the WTO Doha Round reached a consensus on the way forward for agriculture. The Hong Kong Ministerial (2005) seemed to offer the hope that export subsides would be reduced and that domestic support would be curbed: both tasks that were proving difficult to deal with in the FTAA talks.

[10] In 2004 when the FTAA talks expired it was thought likely that the Doha Round would have lowered tariffs and further curbed price-based domestic support.

this part of the world. Even if the T-TIP was successfully negotiated, the EU could still look to Latin America as a place where the many bilateral agreements could be pulled together into a "21st Century" agreement.

The core of such a LAC-EU FTA would be the addition of MERCOSUR to the network of agreements already in place with the EU. Chile, Panama, the Central American countries, the Caribbean and the Andean Community countries already have close trade ties with the EU, supported in most cases by FTAs. To consolidate these agreements into a single trade pact would be a major step in rebalancing the impact of a TPP that did not include Europe or the Atlantic side of the Americas. The exclusion of the US from such an agreement would in itself be a significant incentive, as it would give the EU better access to Latin American markets (except Mexico) than that afforded by the US.

d) Integration with Asia-Pacific Countries

A fourth possible action would be to "sign on" to the TPP in so far as it is an "open access" agreement. At present it is not known what possibilities are open for membership. The TPP was originally supposed to be limited to APEC members, but that restriction may no longer be relevant. If a country on the Atlantic coast were to request membership then it would be subject to the agreement by existing TPP members. The main problem that the TPP members might have with such an arrangement would be to keep up the integrity and credibility of the Partnership so as to keep the "brand" image as a high-quality agreement.

This strategy could be constructive for the larger countries in the Americas. It would be particularly attractive to Brazil and Argentina to maintain and improve access into the major Asian markets, including Japan. If Peru, Chile and Mexico were TPP members then the remaining MERCOSUR and Andean Community countries would have a strong incentive to join. The interests of the Central American countries and the Caribbean are less clear. With existing trade ties to the US and the EU the lure of access into Asian markets is perhaps not as strong.

Conclusion

Integration in Latin America and the Caribbean has a long history and a rich institutional base. However, the degree of integration of agricultural markets in the region is still uneven. With the exceptions of Mexico and Chile the countries of the region still have high levels of protection for their farm sectors. Infrastructure is often a constraint to intra-LAC trade but tariffs have proved difficult to remove. The web of FTAs in the region is impressive, but so is the list of excluded products from tariff elimination. The acceleration of integration through intra-regional trade would strengthen the agriculture of the region by allowing better use of resources and transportation facilities. There will always be adjustment problems with changing market access, but assistance for adaptation can be a better way of dealing with such issues. And in a world of

climate change and greater weather variability, such adaptation may be an essential tool for survival.

The countries of Latin America also have a role in meeting the challenge of supplying a growing global population. There is a scope for bringing more land under cultivation, though environmental considerations will constrain the rate of expansion. Increases in South-South trade have been expanding recently, in agriculture as well as in other types of trade. Much of this is accounted for by the growth in imports into China. Countries such as Brazil, Argentina and Chile have taken full advantage of these opportunities, and investment by China in the LAC region has supported the trade flows. But smaller LAC countries have focused on local markets or on traditional trade flows to the US or the EU. No single path will be optimal for all countries in the region, but trade agreements open up opportunities for firms to participate in an increasingly competitive world market.

In this light the negotiations on TPP and T-TIP come at an interesting time for the LAC. Those LAC countries already involved in the TPP talks (Chile, Mexico and Peru) stand to gain market access ahead of their regional competitors. Others may find their current market shares reduced in the face of increased competition from those who join the TPP. The T-TIP negotiations pose similar problems, though the issues are less complex: the issue is whether the US increases its market share in the EU (and vice-versa), at the expense of those who currently export to that region.

In response, the countries of the LAC must themselves decide on a trade strategy if either (or both) the mega-regionals come about. The choices suggested in the paper are a) to complete the integration of the LAC region, focusing on the removal of tariffs and the improvement of infrastructure; b) to join NAFTA, MERCOSUR and the Pacific Alliance together in an Americas Trade and Investment Partnership (A-TIP); c) to solidify relations between the LAC and the EU, through a consolidation of current FTAs and a conclusion of the MERCOSUR-EU discussions; or d) to intensify relations with the Pacific countries through acceding to TPP. The choice is made more difficult by the differing orientation of trade of the various countries of the region, which might suggest that each of the four strategies may be attractive to different countries. Would a fragmented strategy make regional integration more difficult? Or would it enable the LAC region to exploit its current advantages of climate and culture?

The paper only scratches the surface of such issues. But the existence of better data on regional trade agreements and the extent to which agriculture is playing a part in economic integration makes it possible to contemplate such research topics. Indeed there is a rich area of investigation into the ways in which the agriculture of the LAC region can make the best use of opportunities arising from shifts in the global trade architecture, and avoid any negative impacts that might occur.

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Table 1.1a: List of FTAs between Selected Western Hemisphere countries.

	ARG	BRA	PRY	URY	VEN	BOL	ECU	COL	PER	CHL	PAN
Argentina	Mercosur (1991/2006) 1/										
Brazil											
Paraguay											
Uruguay											
Venezuela											
Bolivia											
Ecuador					Andean Community (1988/1995)						
Colombia										2009/2012	
Peru										2009/2016	2012/2029
Chile								2009/2012	2009/2016		
Panama									2012/2029		
Dominican Rep											
Costa Rica									2013/2027	2002/2014	2008/2026
El Salvador								2009/2029		2002/2017	2003/2013
Guatemala								2009/2029		2010/2029	2009/2013
Honduras								2009/2029		2008/2017	2009/2026
Nicaragua										2012/2013	2009/2013
United States								2012/2030	2009/2025	2004/2016	2012/2031
Mexico				2004/2013				1995/2020	2012/2023	1999/2006	
Canada								2011/2032	2009/2025	1997/2014	2013/2031

Source: WTO RTA Database (http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx)

-- Dates indicate year of entry into force/end of implentation period

-- Thatched cells represent bilateral agreements that have been early notified to the WTO, but have yet to enter into force.

-- Dotted cells represent bilateral agreements listed on the Organization of American States (OAS) website as having entered into force, but not yet notified to the WTO.

-- Not shown: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago are members of the Caribbean Community and Common Market (CARICOM). CARICOM was implemented between 1973-1985 with the objective to create a single unified open market area with a common external tariff.

1/ The Mercosur website indicates that Venezuela and Bolivia were accepted as members in 2006 and 2012. Bolivia is still in the process of acceding. Neither has notified the WTO of these actions.

Table 1.1b: List of FTAs between Selected Western Hemisphere countries.

	DOM	CRI	SLV	GTM	HON	NIC	USA	MEX	CAN	JPN	EUN
Argentina											
Brazil											
Paraguay											
Uruguay								2004/2013			
Venezuela											
Bolivia											
Ecuador											
Colombia			2009/2029	2009/2029	2009/2029		2012/2030	1995/2020	2011/2032		2013/2031
Peru		2013/2027					2009/2025	2012/2023	2009/2025	2012/2027	2013/2031
Chile		2002/2014	2002/2017	2010/2029	2008/2017	2012/2013	2004/2016	1999/2006	1997/2014	2007/2022	2003/2013
Panama		2008/2026	2003/2013	2009/2013	2009/2026	2009/2013	2012/2031		2013/2031		2013/2027
Dominican Rep		Dominican Republic - Central America (2012/2021)					2007/2025				
Costa Rica	Dominican Republic - Central America 2012/2021	Central American Common Market (1961/1965)					2009/2025	Mexico - Central America 2012/2021	2002/2016		2013/2027
El Salvador		CAFTA - DR					2006/2025				2013/2027
Guatemala							2006/2025				2013/2027
Honduras							2006/2025				2013/2027
Nicaragua							2006/2025				2013/2027
United States	2007/2025	2009/2025	2006/2025	2006/2025	2006/2025	2006/2025	NAFTA (1994/2008)				
Mexico		Mexico - Central America (2012/2021)								2005/2015	2000/2010
Canada		2002/2016									

Source: WTO RTA Database (http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx)

-- Dates indicate year of entry into force/end of implentation period

-- Thatched cells represent bilateral agreements that have been early notified to the WTO, but have yet to enter into force.

-- Dotted cells represent bilateral agreements listed on the Organization of American States (OAS) website as having entered into force, but not yet notified to the WTO.

-- Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela are members of the Latin American Integration Association (LAIA, 1981), a partial scope agreement that provides limited tariff preferences between members.

Table 1.2: Treatment of Agricultural Tariffs in Latin American Country FTAs

FTA Partners (Importer-Exporter)	MFN duty free in base year of FTA	Reduced to zero	Partially reduced	Excluded from reduction
	Percentage of agricultural tariffs			
Japan - Mexico	24%	18%	4%	54%
Mexico - Japan	10%	47%	0%	43%
Japan - Peru	25%	33%	1%	41%
Japan - Chile	26%	34%	1%	40%
Chile - Japan	0%	74%	0%	25%
Peru - Mexico	6%	70%	1%	22%
Mexico - Peru	11%	68%	0%	20%
Panama - Peru	21%	60%	0%	19%
Panama - Chile	22%	60%	0%	18%
Central America - Chile	23%	56%	4%	17%
Peru - Japan	27%	58%	0%	15%
Chile - Central America	0%	84%	2%	14%
Peru - Panama	32%	54%	0%	14%
Mexico - Colombia	10%	56%	22%	13%
Colombia - Mexico	0%	61%	27%	12%
Central America - Panama	18%	70%	0%	12%
Central America - Mexico	13%	75%	1%	11%
Colombia - Canada	0%	89%	1%	10%
Mexico - Central America	6%	83%	1%	10%
Canada - Panama	43%	47%	0%	10%
Chile - Canada	0%	93%	0%	7%
Canada - Colombia	42%	50%	0%	8%

Table 1.2 (contd.): Treatment of Agricultural Tariffs in Latin American Country FTAs

FTA Partners (Importer-Exporter)	MFN duty free in base year of FTA	Reduced to zero	Partially reduced	Excluded from reduction
	Percentage of agricultural tariffs			
Panama - Canada	22%	70%	0%	8%
Panama - Central America	19%	71%	3%	8%
Canada - Peru	42%	50%	0%	8%
Canada - Chile	42%	51%	0%	7%
Peru - Canada	30%	63%	0%	7%
Chile - Mexico	0%	91%	4%	6%
Mexico - Chile	22%	74%	1%	3%
USA - Peru	20%	77%	0%	3%
USA - CAFTA-DR	21%	76%	0%	3%
USA - Colombia	21%	76%	0%	3%
USA - Panama	21%	76%	0%	2%
Chile - Panama	0%	99%	0%	1%
Panama - USA	19%	81%	0%	0%
USA - Chile	22%	65%	14%	0%
CAFTA-DR - USA	18%	82%	0%	0%
Chile - Colombia	0%	100%	0%	0%
Chile - Peru	0%	100%	0%	0%
Chile - USA	0%	100%	0%	0%
Colombia - Chile	0%	100%	0%	0%
Colombia - USA	0%	100%	0%	0%
Peru - Chile	0%	100%	0%	0%
Peru - USA	36%	64%	0%	0%

Source: WTO RTA Database (http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx), author's calculations

Table 1.3: Share of Latin American countries agricultural exports to selected destinations, 2011-13 average

Exporter	World	Latin America (ex Mex)	Of which: FTA Partners	Mexico	United States	Canada	Japan	EU27	Rest of World
	$mil	---------- Market Share ----------							
Argentina	42,797	26.2%	13.4%	0.6%	3.7%	0.6%	1.0%	18.2%	49.7%
Brazil	83,670	7.6%	4.3%	0.4%	5.5%	0.9%	3.9%	22.1%	59.7%
Paraguay	5,106	34.4%	18.6%	2.9%	2.7%	0.1%	1.6%	24.5%	33.8%
Uruguay	5,539	29.9%	24.4%	1.6%	4.2%	0.9%	0.1%	12.1%	51.4%
Venezuela	43	20.2%	8.0%	2.9%	2.9%	0.0%	6.3%	35.6%	31.9%
Bolivia	1,413	82.2%	54.3%	0.1%	6.6%	0.7%	0.8%	11.5%	-1.9%
Ecuador	4,821	18.4%	6.5%	1.6%	22.7%	1.0%	1.4%	29.3%	25.6%
Colombia	6,636	20.7%	8.8%	1.3%	36.9%	3.3%	5.1%	25.4%	7.3%
Peru	4,410	18.6%	13.1%	1.0%	27.4%	2.2%	1.4%	41.5%	7.9%
Chile	10,925	20.2%	7.7%	4.7%	24.6%	2.7%	5.1%	22.4%	20.3%
Panama	510	55.3%	20.3%	0.9%	16.3%	0.7%	1.2%	30.0%	-4.4%
Dominican Rep	1,518	27.5%	1.1%	1.4%	51.0%	0.9%	0.4%	17.0%	1.9%
Costa Rica	3,869	24.1%	20.5%	4.9%	35.0%	1.0%	0.5%	30.9%	3.6%
El Salvador	1,155	44.9%	44.1%	1.6%	29.0%	4.6%	3.3%	14.1%	2.6%
Guatemala	4,495	24.5%	20.8%	5.6%	35.7%	2.9%	4.0%	12.3%	15.0%
Honduras	2,314	19.5%	15.8%	3.3%	26.6%	1.1%	1.7%	45.1%	2.8%
Nicaragua	1,746	46.5%	23.4%	4.1%	28.2%	2.5%	1.4%	12.1%	5.2%
CARICOM	1,216	33.8%	22.4%	0.6%	24.4%	4.0%	1.9%	33.7%	1.6%
Lat Amer (ex Mex)	182,183	17.8%	10.0%	1.2%	10.8%	1.1%	2.8%	21.8%	44.5%
Mexico	21,186	7.9%	5.1%	0.0%	76.2%	3.0%	3.1%	4.6%	5.2%
United States	145,432	9.3%	4.0%	12.8%	0.0%	14.9%	9.5%	8.1%	45.5%
Canada	43,264	4.4%	1.9%	4.0%	49.4%	0.0%	8.9%	5.7%	27.6%
Japan	3,504	0.7%	0.1%	0.2%	15.1%	1.3%	0.0%	6.4%	76.3%
European Union	147,227	3.8%	1.0%	1.0%	13.9%	2.5%	4.4%	0.0%	74.3%

Source: United Nations Comtrade database, accessed through WITS and author's calculations

Table 1.4: Share of Latin American countries agricultural imports from selected origens, 2011-13 average

Importer	World	Latin America (ex Mex)	Of which: FTA Partners	Mexico	United States	Canada	Japan	EU27	Rest of World
	$mil	---------- Market Share ----------							
Argentina	1,948	62.7%	43.1%	2.5%	8.6%	0.8%	0.1%	12.6%	12.8%
Brazil	10,962	53.6%	47.9%	0.7%	13.2%	0.9%	0.1%	17.3%	14.2%
Paraguay	968	84.4%	75.7%	0.7%	5.5%	0.1%	0.0%	8.4%	0.9%
Uruguay	1,280	80.9%	73.7%	0.7%	3.0%	0.6%	0.0%	10.5%	4.3%
Venezuela	5,436	60.0%	51.9%	2.5%	18.1%	6.2%	0.0%	7.1%	6.1%
Bolivia	652	86.5%	14.8%	1.7%	6.2%	0.2%	0.0%	4.4%	1.0%
Ecuador	1,954	62.2%	30.5%	2.4%	20.9%	9.5%	0.0%	4.8%	0.0%
Colombia	5,673	60.4%	21.4%	2.7%	22.5%	6.5%	0.0%	4.7%	3.2%
Peru	4,303	64.6%	21.5%	1.6%	18.0%	5.7%	0.0%	4.3%	5.7%
Chile	5,891	66.4%	8.1%	2.0%	14.2%	2.7%	0.0%	8.8%	6.0%
Panama	1,476	36.4%	19.5%	5.0%	40.9%	1.6%	0.0%	11.1%	4.9%
Dominican Rep	2,521	31.9%	6.6%	3.4%	49.8%	1.4%	0.0%	12.0%	1.6%
Costa Rica	1,741	38.2%	22.6%	8.0%	43.0%	4.0%	0.0%	6.7%	0.1%
El Salvador	1,780	53.1%	46.9%	6.2%	34.2%	0.5%	0.0%	3.7%	2.3%
Guatemala	2,430	36.4%	26.9%	11.5%	44.2%	0.9%	0.0%	4.4%	2.6%
Honduras	1,466	44.0%	36.8%	8.3%	42.8%	0.2%	0.0%	3.3%	1.3%
Nicaragua	895	56.1%	48.9%	5.9%	29.2%	1.1%	0.0%	3.4%	4.2%
CARICOM	3,163	30.2%	13.9%	1.6%	50.9%	2.8%	0.0%	9.6%	5.0%
Lat Amer (ex Mex)	54,539	55.1%	32.3%	2.9%	23.5%	3.1%	0.0%	9.1%	6.3%
Mexico	26,161	8.3%	5.4%	0.0%	72.2%	7.4%	0.1%	6.5%	5.5%
United States	113,776	20.0%	11.3%	15.9%	0.0%	18.7%	0.5%	20.4%	24.5%
Canada	33,347	10.4%	4.1%	4.0%	61.5%	0.0%	0.2%	12.2%	11.7%
Japan	65,133	9.9%	1.0%	1.3%	25.4%	6.9%	0.0%	15.8%	40.8%
European Union	134,154	32.2%	6.8%	0.9%	8.8%	2.0%	0.2%	0.0%	55.9%

Source: United Nations Comtrade database, accessed through WITS and author's calculations

Table 2.1: TPP Countries and Existing Trade Agreements with LAC Countries

TPP country	*FTAs with other TPP partners*	*FTAs with non-TPP LAC Partners*
Australia	Brunei, Chile, Malaysia, New Zealand, Singapore, United States, Viet Nam	
Brunei	Australia, Chile, Japan, Malaysia, New Zealand, Singapore, Viet Nam	
Canada	Chile, Mexico, Peru, United States	Colombia, Panama, Costa Rica
Chile	Australia, Brunei, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States	Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua
Japan	Brunei, Chile, Malaysia, Mexico, Peru, Singapore, Viet Nam	
Malaysia	Australia, Brunei, Chile, Japan, New Zealand, Singapore, Viet Nam	
Mexico	Canada, Chile, Japan, Peru, United States	Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Uruguay
New Zealand	Australia, Brunei, Chile, Malaysia, Singapore, Viet Nam	
Peru	Canada, Chile, Japan, Mexico, Singapore, United States	Bolivia, Colombia, Costa Rica, Ecuador, Panama, Peru, Venezuela
Singapore	Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, United States, Viet Nam	Costa Rica, Panama
United States	Australia, Canada, Chile, Mexico, Peru, Singapore,	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic, Colombia, Panama
Vietnam	Australia, Brunei, Japan, Malaysia, New Zealand, Singapore	

Source: Author's compilation

Table 2.2: Imports into Japan, Selected Commodities, with AVEs and Shares from TPP partners and LAC non-TPP countries (2012)

Commodity	Average of AVE Duties (%)	Import Value 000 US$	Share of TPP countries	Share of LAC (non TPP) countries
Maize (corn).	6	$5,126,527	USA(76%), Australia(0.2%), New Zealand(0.1%)	Brazil(12%), Argentina(4%)
Meat of swine, fresh, chilled or frozen.	64.5	$5,122,442	USA(40%), Canada(22%), Mexico(6%), Chile(4%), Australia(0.1%)	
Meat of bovine, fresh, chilled or frozen.	38.5	$2,760,057	Australia(58%) ,USA(30%), New Zealand(6%), Mexico(4%), Canada(2%)	
Wheat and meslin.	146.2	$2,155,634	USA(53%), Canada(28%), Australia(19%)	
Soybeans	0	$1,810,802	USA(62%), Canada(16%)	Brazil(20%)
Dairy Products	35.7	$1,648,011	Australia(27%), New Zealand(22%), USA(15%), Canada(1%), Mexico(0.3%)	Argentina (2%), Uruguay(0.1%)
Cane or beet sugar	55.7	$861,759	Australia(32%), USA(0.3%)	Guatemala(3%), Brazil(1%), Bolivia(0.1%)
Rice.	702.6	$468,103	USA(47%), Australia(10%), Viet Nam(3%)	
Citrus fruit, fresh or dried.	11.3	$445,322	USA(70%), Australia(9%), Chile(3%), Mexico(3%), New Zealand(1%)	

Sources: COMTRADE data of United Nations and WTO Tariff data

Table 2.3: Imports into Canada, Selected Commodities, with AVEs and Shares from TPP partners, RTA partners of Canada and LAC non-preferred countries (2012)

Commodity	Average of AVE Duties (%)	Import Value 000 US$	Share of TPP countries	Share of LAC (non TPP) countries with Canada RTAs	Share of LAC (non TPP) countries without Canada RTAs
Meat of bovine, fresh, chilled or frozen.	13.3	$1,167,818	USA(83%), New Zealand(8%), Australia(6%)		Uruguay(4%)
Cane or beet sugar	5.7	$621,323	USA(1.2%)	Colombia(2%)	Brazil(76%), Guatemala(12%), Nicaragua(3%), El Salvador(2%), Paraguay(1%), Argentina(1%)
Meat of swine, fresh, chilled or frozen.	0	$519,702	USA(92%), Chile(2%)		
Dairy Products	120.2	$516,837	USA(49%), New Zealand(7%), Australia(1%)		Argentina (1%), Brazil(0.3%), Uruguay(0.1%)
Citrus fruit, fresh or dried.	0	$467,041	USA(46%), Mexico(4%), Peru(3%), Chile(2%), Australia(1%), Japan(1%),Viet Nam(0.2%)		Argentina (3%), Uruguay(0.4%), Brazil(0.3%), Guatemala(0.1%)
Maize (corn).	0	$318,457	USA(95%), Chile(2%)		Argentina(0.1%)
Rice.	0	$304,189	USA(51%), Viet Nam(0.4%), Australia(0.3%)		Argentina(0.3%), Brazil(0.1%)
Soybeans	0	$157,931	USA(78%), Chile(0.5%), Japan(0.1%)		Argentina (0.4%)
Wheat and meslin.	31.8	$33,234	USA(99%), New Zealand(0.1%)		

Sources: COMTRADE data of United Nations and WTO Tariff data

Table 2.4: Imports into US, Selected Commodities, with AVEs and Shares from TPP partners, RTA partners of US and LAC non-preferred countries (2012)

Commodity	Average of AVE Duties (%)	Import Value 000 US$	Share of TPP countries	Share of LAC (non TPP) countries with US RTAs	Share of LAC (non TPP) countries without US RTAs
Meat of bovine, fresh, chilled or frozen.	11	$3,487,785	Australia(31%), Canada(23%), New Zealand(22%), Mexico(15%), Japan(0.1%)	Nicaragua(4%), Costa Rica(1%), Honduras(1%)	Uruguay(3%)
Cane or beet sugar	28.8	$2,380,362	Mexico(36%), Australia(4%), Peru(2%), Canada(1%), Chile(0.2%)	Guatemala(8%), El Salvador(7%), Dominican Rep(7%), Nicaragua(4%), Costa Rica(3%), Colombia(2%), Panama(1%), Honduras(1%)	Brazil(10%), Argentina(2%), Paraguay(2%), Ecuador(0.5%)
Dairy Products	22.1	$2,174,898	New Zealand(17%), Canada(8%), Mexico(4%), Viet Nam(2%), Australia(1%), Chile(1%)		Argentina (7%), Brazil(2%), Uruguay(2%), Nicaragua(1%)
Maize (corn).	0.4	$1,017,675	Chile(30%), Canada(29%), Mexico(3%), Peru(0.3%), New Zealand(0.1%)		Brazil(25%), Argentina(10%), Paraguay(0.3%)
Meat of swine, fresh, chilled or frozen.	0.2	$1,015,313	Canada(76%), Mexico(2%), Chile(1%)		
Wheat and meslin.	2	$851,035	Canada(93%), Mexico(1%)		Argentina(0.1%), Uruguay(0.1%)
Rice.	3.2	$719,080	Viet Nam(4%), Canada(1%), Mexico(0.1%)	Colombia(0.2%)	Uruguay(1%), Brazil(1%), Argentina(1%)
Citrus fruit, fresh or dried.	1.8	$598,861	Mexico(38%), Chile(23%), Peru(4%), Australia(3%), New Zealand(0.1%)	Guatemala(0.5%), Dominican Republic(0.4%), El Salvador(0.1%), Honduras(0.1%), Costa Rica(0.1%), Colombia(0.1%)	Jamaica(0.2%)
Soybeans	0	$348,863	Canada(61%), Chile(5%)	Costa Rica(0.1%)	Argentina(5%), Uruguay(3%)

Sources: COMTRADE data of United Nations and WTO Tariff data

Table 2.6: Imports into European Union, Selected Commodities, with AVEs and Shares from RTA partners of EU, the US, and LAC non-preferred countries (2012)

Commodity	Average of AVE Duties (%)	Import Value 000 US$	Share of LAC countries with EU RTAs	Share of LAC countries without EU RTAs	Share of US
Soybeans	0	$6,884,341		Brazil(47%), Paraguay(13%), Uruguay(3%), Bolivia(1%), Argentina(0.2%)	18%
Cane or beet sugar	96.1	$2,703,091	Guyana(4%), Jamaica(3%), Guatemala(1%)	Brazil(25%), Cuba(5%), Argentina(1%), Paraguay(1%)	0.3%
Maize (corn).	16.1	$2,505,919	Chile(1%), Panama(0.4%), Peru(0.4%), Mexico(0.1%)	Argentina(6%), Brazil(4%), Paraguay(1%)	2%
Wheat and meslin.	52.5	$2,077,569	Mexico(3%)	Brazil(3%)	18%
Meat of bovine, fresh, chilled or frozen.	108.9	$1,842,127	Chile(1%)	Argentina(28%),Brazil(24%),Uruguay(20%)	11%
Citrus fruit, fresh or dried.	22.7	$1,758,224	Mexico(4%), Peru(3%), Chile(1%), Jamaica(0.1%), Colombia(0.1%), Honduras(0.1%)	Argentina(15%),Brazil(5%),Uruguay(3%)Dominican Republic(0.2%)	3%
Dairy Produ cts	73.7	$1,338,868	Mexico(5%), Chile(1%), El Salvador(0.3%), Guatemala(0.3%)	Argentina(6%), Brazil(1%) Cuba(1%), Uruguay(0.2%)	5%
Rice.	40.8	$1,068,700	Guyana(2%)	Uruguay(5%), Argentina(3%), Brazil(2%), Paraguay(0.3%)	5%
Meat of swine, fresh, chilled or frozen.	25.8	$64,315	Chile(43%)		21%

Sources: COMTRADE data of United Nations and WTO Tariff data

Annex Table 1: List of products partially or fully excluded from tariff cuts

FTA Partners (Importer-Exporter)	Sensitive products (tariffs partially reduced)	Highly sensitive products (tariffs excluded from cuts)
CAFTA-DR - USA		white corn
Canada - Chile	meat and offal of poultry, lard	poultry, dairy products, butter substitutes, mixes and doughs
Canada - Colombia		poultry, dairy products, butter substitutes, mixes and doughs, sugar
Canada - Panama		poultry, dairy products, sugar, mixes and doughs, ethyl alcohol, cigarettes
Canada - Peru	meat and offal of poultry, lard	poultry, dairy products, butter substitutes, sugar, mixes and doughs, malt extract, feed and feed supplements
Central America - Chile	pasta, baked goods, pet food	meats, dairy products, tomatoes, corn, beans, potatoes, citrus, rice, vegetable oils, prepared foods
Central America - Mexico	corn, beer	pork, poultry, offals, onions, beans, bananas, pineapples, avocados, coffee, rice, sugar
Central America - Panama	meat and offal of poultry, sesame oil, tomato sauce/ketchup	poultry, potatoes, onions, coffee, rice, vegetable oils, sugar
Chile - Canada		poultry, dairy products
Chile - Central America	meat and offal of poultry, pasta, baked goods, prep/pres pineapples and peaches, tomato juice, pet food	meats, dairy products, potatoes, tomatoes, onions, peppers, citrus, corn, rice, flours, starches, vegetable oils, sugar, chocolate, confectionary, processed foods, fruit juices, tomato products, beer, liquors, hides and skins
Chile - Colombia		
Chile - Japan	peanuts	meats, dairy products, beans, citrus, grains, vegetable oils, sugar, chocolates
Chile - Mexico	dried legumes, grapes, barley, malt, veg oils, tobacco products	dried milk, cheese and curd, wheat, corn, veg oils, sugar, tobacco products
Chile - Panama		sugar, durum wheat
Chile - Peru		
Chile - USA		
Colombia - Canada	corn, rice	poultry, dairy products, margarine, sugar, wines, liquors and liqueurs,
Colombia - Chile		
Colombia - Mexico	meats, dairy products, vegetables, bananas, melons, coffee, grains, oilseeds, flours, animal fats, vegetable oils, sweeteners, processed fruits and vegetables, oilmeals, tobacco products, cotton	dried legumes, grapes, barley, flours, starch, vegetable oils, sugar, confectionary, chocolate, baked goods, tobacco products

Annex Table 2: Latin American countries agricultural exports by destination, 2011-13 average, million dollars

Exporter	World	Latin America (ex Mex)	of which: FTA Partners	Mexico	United States	Canada	Japan	EU27	Rest of World
Argentina	42,797	11,226	5,750	237	1,601	244	449	7,776	21,263
Brazil	83,670	6,392	3,619	307	4,619	729	3,222	18,464	49,938
Paraguay	5,106	1,756	948	147	136	3	84	1,252	1,728
Uruguay	5,539	1,656	1,349	87	231	48	4	669	2,844
Venezuela	43	9	3	1	1	0	3	15	14
Bolivia	1,413	1,161	767	2	94	10	11	162	-27
Ecuador	4,821	887	314	77	1,095	49	67	1,410	1,236
Colombia	6,636	1,376	584	85	2,446	220	338	1,689	482
Peru	4,410	820	576	46	1,209	98	60	1,828	349
Chile	10,925	2,207	846	514	2,691	291	556	2,448	2,220
Panama	510	282	104	5	83	4	6	153	-23
Dominican Rep	1,518	417	17	21	775	13	6	258	28
Costa Rica	3,869	933	792	190	1,353	37	20	1,197	140
El Salvador	1,155	519	510	18	335	53	38	163	30
Guatemala	4,495	1,103	933	252	1,604	128	180	551	676
Honduras	2,314	451	365	77	615	25	39	1,044	64
Nicaragua	1,746	812	409	71	493	43	24	212	90
CARICOM	1,216	411	272	7	297	48	23	409	20
Lat Amer (ex Mex)	182,183	32,419	18,159	2,143	19,676	2,043	5,130	39,700	81,071
Mexico	21,186	1,668	1,087	0	16,138	642	662	968	1,107
United States	145,432	13,502	5,832	18,678	0	21,607	13,754	11,709	66,182
Canada	43,264	1,903	814	1,718	21,377	0	3,843	2,487	11,935
Japan	3,504	24	4	8	528	45	0	226	2,673
European Union	147,227	5,635	1,521	1,515	20,500	3,611	6,523	0	109,442

Source: United Nations Comtrade database, accessed through WITS and author's calculations

Annex Table 3: Latin American countries agricultural imports by source, 2011-13 average, million dollars

Importer	World	Latin America (ex Mex)	of which: FTA Partners	Mexico	United States	Canada	Japan	EU27	Rest of World
Argentina	1,948	1,221	839	49	167	15	1	246	249
Brazil	10,962	5,879	5,245	76	1,442	100	11	1,901	1,552
Paraguay	968	817	733	6	53	1	0	82	9
Uruguay	1,280	1,036	943	9	38	7	0	135	55
Venezuela	5,436	3,262	2,823	138	982	335	1	385	334
Bolivia	652	564	97	11	41	1	0	29	6
Ecuador	1,954	1,215	596	48	408	186	1	95	1
Colombia	5,673	3,427	1,212	153	1,279	366	2	267	179
Peru	4,303	2,780	923	68	776	246	1	184	247
Chile	5,891	3,912	475	116	835	157	2	516	353
Panama	1,476	537	287	74	604	23	0	164	73
Dominican Rep	2,521	804	167	85	1,255	35	1	301	40
Costa Rica	1,741	665	394	140	748	69	1	117	1
El Salvador	1,780	944	835	110	609	9	0	66	41
Guatemala	2,430	883	653	279	1,074	22	0	107	64
Honduras	1,466	645	539	122	628	4	0	49	19
Nicaragua	895	502	438	53	262	10	0	31	38
CARICOM	3,163	955	440	50	1,609	88	0	303	157
Lat Amer (ex Mex)	54,539	30,050	17,640	1,587	12,810	1,675	22	4,977	3,418
Mexico	26,161	2,161	1,422	0	18,889	1,937	14	1,710	1,450
United States	113,776	22,744	12,873	18,123	0	21,267	557	23,255	27,829
Canada	33,347	3,454	1,351	1,349	20,495	0	62	4,079	3,907
Japan	65,133	6,447	668	854	16,526	4,479	0	10,261	26,566
European Union	134,154	43,202	9,063	1,175	11,845	2,649	243	0	75,040

Source: United Nations Comtrade database, accessed through WITS and author's calculations