Europe and Latin America seeking the way to increase the horticultural trade

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Fruit and vegetable trade between Europe and Latin America are today very small compared to the overall trade between the two regions. The traffic of these products does not reach even 1% of purchases from, for example, Mexico and the European Union. In the case of Chile, it stays at 7.5%. However, the increase in income from Latin American countries and the planned improvements in the free trade agreements portend an increase in trade of fruits and vegetables on both sides of the Atlantic. Brazil is emerging as one of the most promising markets receptors. In 2014, Spanish exports to this country grew 25% in 2014.

Among the peculiarities of the horticultural trade between Latin America and Europe, is the fact that the trade balance is by far favorable to the former. In the two oldest agreements the EU has with Latin American countries (Chile and Mexico), the figures show a trade balance clearly favorable to the latter with regard to foreign trade of horticultural products. This also happens with the overall figures for trade between the EU and Latin America in this agricultural subsector.

In the case of Mexico, the agreement has been in force since 2000. In 2013, according to Eurostat, the EU peaked export of horticultural products in 2002 with seven million euros in 2004 fell below

five, and from 2006 it stabilized at around six million. However, imports in 2013 exceeded 300 million euros.

Regarding Chile, the pact began operating in 2003. In 2013, EU exports fell below 10 million euros (the maximum in the last nine years). Imports, however, rose to above 1,200 million. Overall, in 2013 the EU exports to Latin America on agricultural products were around 250 million euros. Imports were slightly below 7,000 million.

EU deficient in fruits and vegetables

As stated, the figures show an extremely favorable to Latin American countries trade balance. Among the reasons is the fact that "the EU as a whole is slightly deficient in food products in general and horticulture in particular," explains Maria Teresa Ramirez, head of area of ??fruit and vegetables in the Ministry of Economy and Competitiveness Spain. According to the data provided Ramirez of all EU export, only 5.5% are fruits and vegetables. However, these products occupy almost 17% of imports.

Another factor explaining the difference in favor of Latin America is "growing interest in diversifying Community supply of tropical fruit". This assessment is confirmed if we look at the EU matters most Latin American products. As stated Carlos Cabanas, Secretary General of Agriculture and Food of the Spanish Ministry of Agriculture, in the last edition of Fruit Attraction, over 60% of fruit and vegetables imported into the EU originating in Latin America are bananas, pineapples, avocados and papayas. Luis Bringas, Mexican journalist specializing in agri-food information, agrees this diagnosis: "Historically, European countries import tropical fruits which are not produced in the continent such as bananas, mangoes, papaya, pineapple and avocado."

Another reason for the abundance of fruit and vegetable exports to Europe from that region facing shortages in the opposite direction is, according to Ramirez, "the difference in purchasing power of target markets," a fact that "influences the direction of shipments." Bringas also believes that the income gap between the two regions has made the export of fresh produce is more abundant in the west to east: "These imports are also seen as helping to improve the economy of the Latin American countries whose producers do not have agribusiness and depend on exports of fresh produce. "

Only a small part of foreign trade

However, we must place the figures for the horticultural sub-sector in the context of global trade between Europe and Latin America. If you look at the agreement with Mexico, which is the oldest and consolidated, found that in 2014, according to figures from the European Commission, the agreement between China and the EU upheld foreign trade figures of 46.419 million euros. The trade balance was favorable to Europe in 10,458,000. This means that, assuming horticultural

trade figures in 2014 similar to those of 2013, the traffic of these products does not reach even 1% of foreign trade in common to both areas. In the case of Chile, data from the European Commission show that in general trade reached a value of 16.083 million euros in 2014. This means that the sale of horticultural products was 7.5% of global trade covered by the agreement.

Ramirez gives several explanations for this low percentage, from the European point of view: "We must not forget that sometimes is limited value-added products (For fresh vegetables) and high transport costs, which reduces the competitiveness and It lowers business interest for some products in those markets. " In addition, Ramirez explains that it is necessary to review trade agreements with Chile and Mexico, because they are "first generation", so do not pay enough attention to solve problems "related to non-tariff barriers (sanitary and phytosanitary issues (SPS) and technical barriers to trade (TBT) barriers, particularly relevant today. "Therefore, the European agri-food trade is mostly intra. One example is the Spanish case, which devotes its European partners 91% of fruit and vegetables produced.

From Pro Mexico, a Mexican government agency dedicated to strengthening export point other explanation for this low percentage of fruit and vegetable trade between Mexico and the EU, compared to global trade figures between the two markets. Ximena Caraza-Campos, director of Pro Mexico to Spain, explains that "the total trade between the EU and Mexico in 2014 totaled 65 billion dollars, a significant figure but whose fruit and vegetable component is still weak." Caraza explains that Mexican producers prefer, for the moment, direct their exports to North America, "whose proximity, coupled with the complementarity of supply and demand, has caused both sides producers explore those markets as a first alternative".

Looking for future

So, the fruit and vegetable trade between Latin America and Europe are minority, but on both sides of the Atlantic there is a will to change this situation. The tool to achieve this are the free trade agreements, which, according to sources, need improvement. On the European side, Ramirez explained that "currently some agreements with countries in the area are under review (...). For some years the Commission is aware of the need for the EU to be a major player in the food trade, it is paying special attention to the actual opening of markets and remove obstacles that prevent the export of agro-food community " .

From Pro Mexico, Caraza-Campos explained that the agency encourages Mexican producers to direct their gaze across the ocean "to seize the opportunities offered by the European market both for its economic potential, such as the competitive advantages that give us trade agreements we have, especially the Free Trade Agreement with the European Union ".

The data also show that, despite their limited importance at present, the export of agricultural products from Latin America to Europe is growing. In the case of Spain, exports to non-EU third countries is the only province where exports grew, generally fell this year after several increases,

according to FEPEX in 2014. In these countries there is one Latin American. It is Brazil, where the Spanish exports grew by 25%, and in 2014 concentrated 78% of the Spanish fruit and vegetable exports to Latin America. However, in relative terms it remains somewhat residual: Spain in 2014 Brazil exported 70.4 million euros, representing 0.67% of its total exports.

Rather than competing, complementary

We must also point out that Latin America plays a complementary role to the European fruit and vegetable production. In many products, the production of the continent comes in different months at which it occurs, for example, in Spain. In the case of melon and watermelon, as explained from Hortyfruta, the interbranch organization in fruit and vegetables of Andalusia. This company represents 70% of Spanish fruit and vegetable exports produced in greenhouses.

Explained that Brazil and Costa Rica supply the European market in the months that Spain does not produce these fruits: Hortyfruta exports in the summer months, winter in Brazil and Costa Rica in the spring. In general, there are no overlaps, although sources within the organization recognize that at times "one of the countries saturated the market, and is a problem for the rest."

Since Hortyfruta certify the low importance of Latin America as a recipient of its goods market, since sales to this market are "nonexistent." But they are willing to change this: "Anything expand is good. We are now seeking new markets. All we seek because there is much competition. " However, they explain that the most important thing "is that they must be feasible in costs and revenues."

From the Spanish Ministry of Economy, Maria Teresa Ramirez is confident that these conditions will be: "Latin America in general does not represent a threat to the Spanish fruit and vegetable sector but an opportunity. The region has potential for growth and Brazil's example is clear. The fact that the euro area countries other than our main destinations is not an obstacle to position there and, to the extent that increases your income (as in the case of Brazil) will increase domestic demand and that's where we are.