



# Benefits from CAFTA-DR Colorado

U. S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
MARCH 2005

Colorado's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled \$8.1 million in 2004, slightly higher than the \$7.9 million worth of goods the state shipped to CAFTA-DR markets in 2000.

Manufactured products accounted for 76 percent of Colorado's total merchandise exports to the CAFTA-DR region in 2004. Top manufactured goods exported to the CAFTA-DR group in 2004 were plastics products (\$481 thousand), navigational, measuring, electromedical, and control instruments (\$416 thousand), and computer equipment (\$392 thousand).

While the percentage of exports to the CAFTA-DR countries from Colorado remains small compared to its total exports, the market access provided under CAFTA-DR will provide opportunities for Colorado exporters to increase sales.

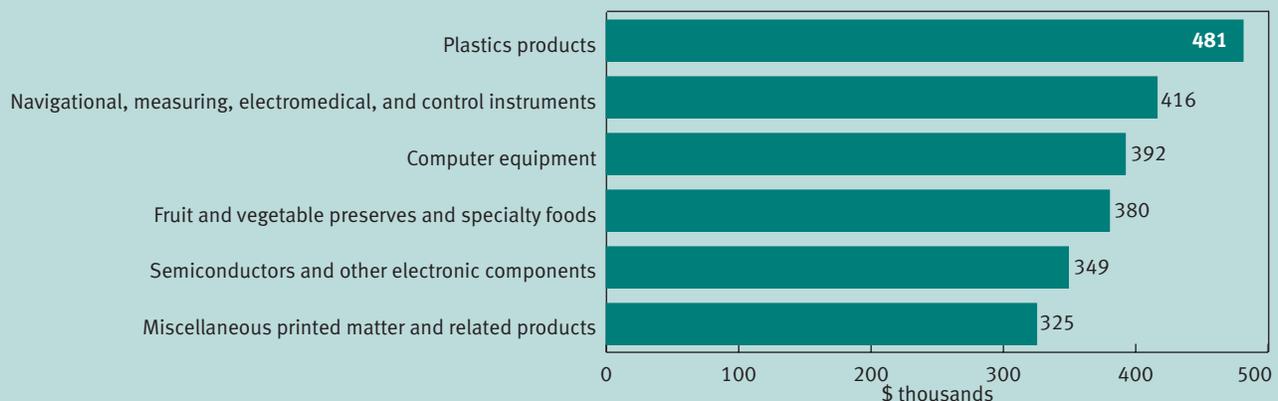
Colorado's leading market in the CAFTA-DR region is El Salvador, with \$2.3 million in exports, followed by the Dominican Republic with \$1.6 million.

## CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Colorado's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the Agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

*Continued on reverse*

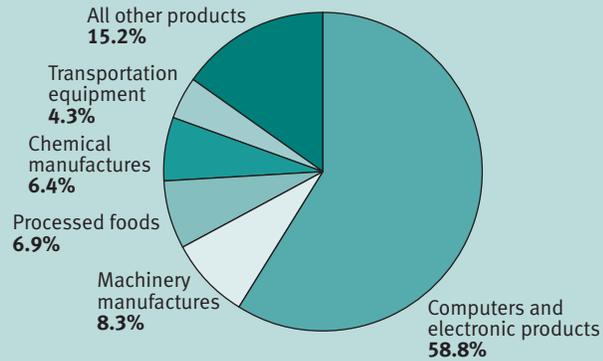
### Colorado Exported \$6.1 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004 Plastics Products Is Top Export Category



Source: U.S. Department of Commerce.

## Colorado Exported \$6.7 Billion in Goods to the World in 2004

*Computers and Electronic Products Dominate*



Source: U.S. Department of Commerce.

## CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

## CAFTA-DR Opens Markets for Key Colorado Exports

**Machinery manufactures.** Ninety-two percent of U.S. capital goods exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the CAFTA-DR agreement.

**Processed foods.** The CAFTA-DR agreement, when implemented, will stimulate new opportunities for Colorado businesses in this sector. Demand in Central America and the Dominican Republic for imported processed products has been expanding substantially in recent years, despite high tariffs. U.S. suppliers of pet food, cereals, cookies, and food preparations will benefit from immediate duty elimination in some countries, and tariff phase-outs, generally over five to ten years, in others. Exports of specialty foods and fruit and vegetable preserves from Colorado to the CAFTA-DR region have increased almost \$400 thousand over the last five years, and the elimination of tariffs should provide opportunities for increased sales.

**Technology and computer equipment.** CAFTA-DR improves market access for information technology goods and service providers. All exports of products covered by the Information Technology Agreement,

including important Colorado exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

## Colorado Farmers Will Benefit from CAFTA-DR

Despite high tariffs and other barriers on most agricultural products, U.S. exporters shipped more than \$1.6 billion in U.S. farm exports to the CAFTA-DR region in 2003. In the free trade agreement, a primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with competitors. This objective was achieved. More than 50 agricultural industry and farm groups, including the American Farm Bureau, support the FTA.

For more information on agricultural exports and the CAFTA-DR agreement, see the state fact sheets posted by the U.S. Department of Agriculture at [www.fas.usda.gov/info/factsheets/CAFTA/state.html](http://www.fas.usda.gov/info/factsheets/CAFTA/state.html).

## Colorado's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Colorado's exports to Chile grew by more than 38 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Colorado's combined exports to Canada and Mexico have increased by more than 200 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.