# Benefits from CAFTA-DR
# Connecticut

U.S. Department of Commerce
International Trade Administration
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Connecticut'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 $117 million in 2004, the 23rd-largest total among the 50 states.

Connecticut's exports to the CAFTA-DR region in 2004 accounted for 1.4 percent of the state's total world exports, the 16th-largest share among the states. In the last year alone, Connecticut's exports to the CAFTA-DR region increased by $20 million, or 21 percent.

Individually, several CAFTA-DR markets are significant trading partners of Connecticut. In 2004, the Dominican Republic alone received merchandise exports from Connecticut totaling $76 million and was the state's 21st-largest market.

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

CAFTA-DR will boost opportunities for Connecticut'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.

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

For twenty 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.

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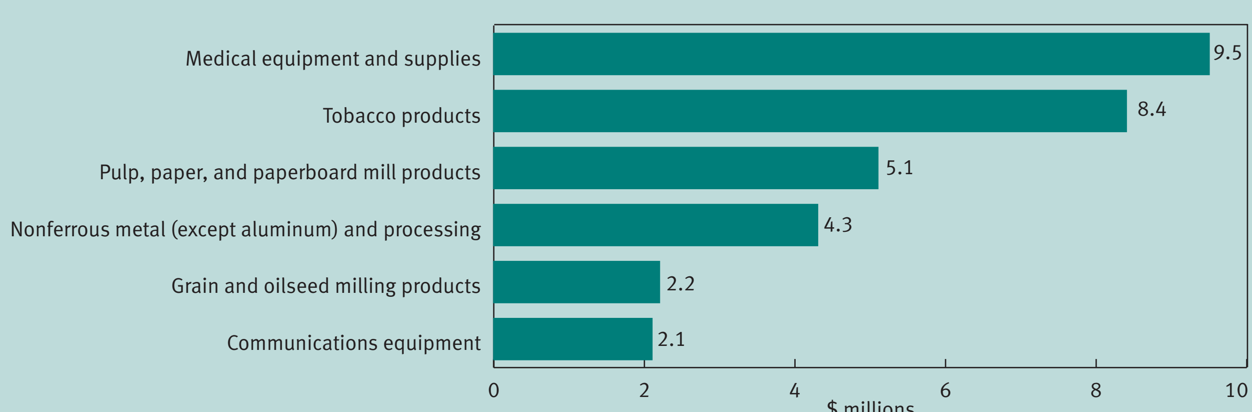
**Connecticut Exported $49.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004**

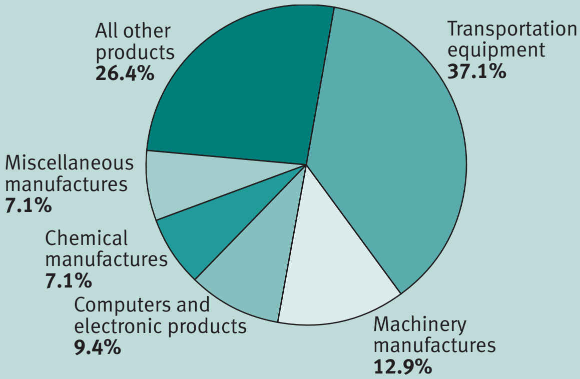
***Medical Equipment and Supplies Head the List***




Source: U.S. Department of Commerce.

## Connecticut Exported $8.6 Billion in Goods to the World in 2004

*Transportation Equipment and Machinery Account for Half*




Source: U.S. Department of Commerce

## CAFTA-DR Opens Markets for Key Connecticut Exports

Manufactures accounted for 42 percent of Connecticut's total merchandise exports to the CAFTA-DR region in 2004.

**Medical equipment.** Connecticut's leading manufactured exports category to the CAFTA-DR region in 2004 was medical equipment and supplies. Connecticut exported $9.5 million of these products to the region in 2004. Ninety-eight percent of U.S. medical equipment exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Duties on the remaining two percent of medical equipment exports will be eliminated over ten years.

**Paper products.** One of Connecticut's top export groups to the CAFTA-DR region was pulp, paper, and paperboard mill products. Exports in 2004 were $5.1 million, up $4.9 million from 2000. Overall, 78 percent of paper products exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on high value paper products, including writing paper, coated paper, paperboard, cartons, and boxes, will, in most cases, be phased out immediately or in five years.

**Processed non-ferrous metals.** The agreement will immediately eliminate duties on 70 percent of non-ferrous metals exports to the CAFTA-DR region, and phase out remaining duties over five or ten years. Central American and Dominican Republic tariffs on non-ferrous ores and metal products currently range from 0 to 20 percent. Connecticut exporters shipped processed nonferrous metal (except aluminum) valued at $4.3 million in 2004, an increase of $3.6 million since 2000.

**Other manufactured products.** Exports of tobacco products rose $8.4 million from 2000. Grain and oilseed milling products exports were up $2.1 million. Architectural and structural metals and processed alumina and aluminum registered high percentage growth during this period. The elimination of tariffs under CAFTA-DR will improve the competitiveness of these products in the Central American and Dominican Republic marketplace.

## Connecticut Farmers Will Benefit from CAFTA-DR

In 2004, Connecticut exported miscellaneous agricultural products to the CAFTA-DR region valued at $55 million, approximately 47 percent of the state total to the region. 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 other 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 fact sheets posted by the U.S. Department of Agriculture at *http://www.fas.usda.gov/itp/CAFTA/cafta.html*.

## Connecticut's Exports Were Spurred by the U.S.-Chile Free Trade Agreement

In the first year of the U.S-Chile FTA, Connecticut's exports to Chile grew by more than 22 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.