



# Benefits from CAFTA-DR Hawaii

U. S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
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Hawaii'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 \$13 million in 2004. Hawaii's exports to the CAFTA-DR region accounted for 3.2 percent of the state's total exports to the world in 2004. This was the eighth-largest share among all 50 states.

Hawaii's exports to the CAFTA-DR group grew by \$13 million from 2000 to 2004. This represents a five-year gain of 8,913 percent, the fastest growth nationally. In 2004, Guatemala alone received merchandise exports from Hawaii totaling \$13 million and was the state's 10th-largest market.

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

CAFTA-DR will boost opportunities for Hawaii'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.

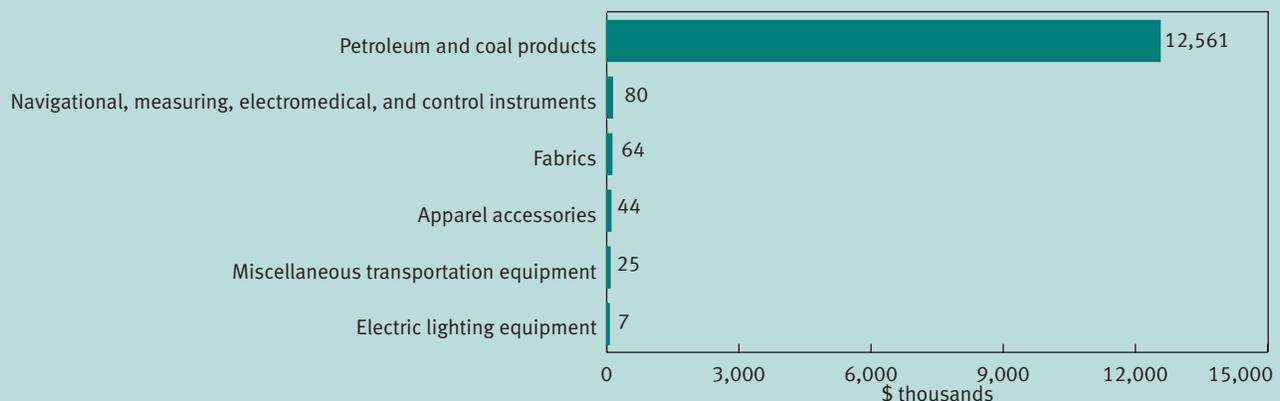
## CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 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 average tariffs.

## Petroleum and Coal Products Dominate Hawaii's Trade With the CAFTA-DR Region

The state's top manufactured export category to the CAFTA-DR group is petroleum and coal products. In

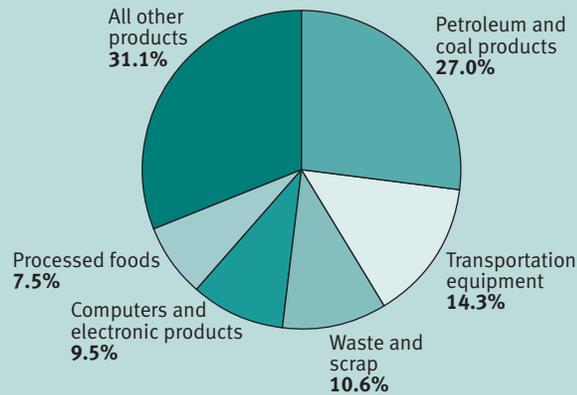
**Hawaii Exported \$12.8 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004**  
*Petroleum and Coal Products Dominate*



Source: U.S. Department of Commerce.

## Hawaii Exported \$404.8 Million in Goods to the World in 2004

*Petroleum and Coal Products Lead*



Source: U.S. Department of Commerce.

2004, Hawaii exported petroleum and coal products to this region valued at \$12.6 million. These products alone accounted for 98 percent of Hawaii's total exports to the region (including non-manufactures). The CAFTA-DR agreement will eliminate duties on more than 90 percent of U.S. exports immediately upon implementation of the agreement.

## CAFTA-DR Opens Markets for Key Hawaii Exports

**Manufactured goods** accounted for almost 100 percent of Hawaii's merchandise exports to the CAFTA-DR region in 2004. In addition to petroleum and coal products, other top manufactured exports from Hawaii to the CAFTA-DR region in 2004 were navigational, measuring, electromedical, and control instruments. CAFTA-DR eliminates almost all tariffs on such exports immediately upon implementation of the agreement.

While not a currently a significant export from Hawaii to Central America or the Dominican Republic, **processed food** is a significant global export. 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 processed food will benefit from CAFTA-DR tariff elimination provisions.

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.