



# Benefits from CAFTA-DR

## Kansas

U. S. DEPARTMENT OF COMMERCE  
 INTERNATIONAL TRADE ADMINISTRATION  
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Kansas' 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 \$23 million in 2004.

Individually, several CAFTA-DR markets are significant trading partners for Kansas. In 2004, the Dominican Republic imported the largest amount of merchandise exports from Kansas, totaling \$7.3 million. Other important trading partners in the CAFTA-DR region are Guatemala with \$5.7 million in imports, and Costa Rica with \$4.7 million in imports.

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

CAFTA-DR will boost opportunities for Kansas' 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.

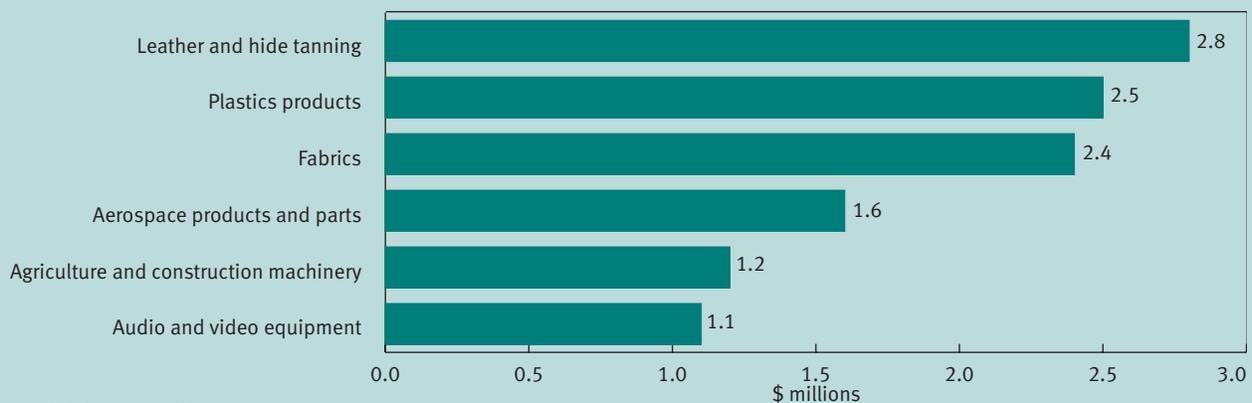
### CAFTA-DR Opens Markets for Key Kansas Exports

Manufactured goods accounted for 89 percent of Kansas' merchandise exports to the CAFTA-DR region in 2004. The top five product categories, accounting for 46 percent of Kansas' merchandise exports to the CAFTA-DR region in 2004, are leather and hide tanning

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### Kansas Exported \$20.2 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

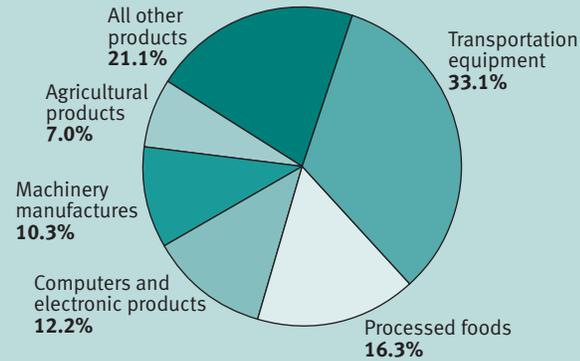
*Tanned Leather and Hides Top the List*



Source: U.S. Department of Commerce.

## Kansas Exported \$4.9 Billion in Goods to the World in 2004

Transportation Equipment Leads



Source: U.S. Department of Commerce.

(\$2.8 million), plastics products (\$2.5 million), fabrics (\$2.4 million), aerospace products and parts (\$1.6 million), and agriculture and construction machinery (\$1.2 million).

**Leather and hide tanning.** The state's top manufactured export category to the CAFTA-DR group is leather and hide tanning. In 2004, Kansas exported leather and hide tanning products to this region valued at \$2.8 million, an increase of \$2.7 million from 2000. CAFTA-DR tariff reductions will improve the competitiveness of leather and hide tanning products in the regional marketplace.

**Machinery manufactures.** Kansas exported \$1.2 million in agriculture and construction machinery to the CAFTA-DR region in 2004. 100 percent of U.S. agricultural equipment and 95 percent of construction equipment exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the CAFTA-DR agreement with the remaining tariffs phased out over five or 10 years.

**Fabrics.** CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free under the agreement if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these products.

**Aerospace products.** Kansas exported \$1.6 million in aerospace products, including small aircraft, aircraft engines, and parts, to the CAFTA-DR region in 2004. CAFTA-DR will immediately eliminate nearly 100 percent of tariffs on these products, which now average from 1.4 to 4.8 percent, depending on the country.

**Other manufactures.** During 2000 to 2004 the biggest percentage increases in Kansas' manufactured exports to the CAFTA-DR region were registered by fabrics; audio and video equipment; pesticides, fertilizers and other agricultural chemicals; and other textile products. CAFTA-DR should enhance opportunities for exports in these and other sectors. Notably, 91 percent of U.S. fertilizers and agro-chemicals exports will be duty-free immediately upon implementation of the agreement.

## CAFTA-DR Creates Opportunities for Kansas Agriculture

Despite high tariffs and other barriers on most agricultural products, U.S. exporters shipped over \$1.6 billion in U.S. farm products to the CAFTA-DR region in 2003. 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. Over 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 <http://www.fas.usda.gov/itp/CAFTA/cafta.html>.

## Kansas' Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Kansas' exports to Chile grew by more than 9 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Kansas' combined exports to Canada and Mexico have increased by more than 120 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.