



# Benefits from CAFTA-DR

## Mississippi

U. S. DEPARTMENT OF COMMERCE  
 INTERNATIONAL TRADE ADMINISTRATION  
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Mississippi'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) in 2004 totaled \$224 million, the 14th-largest total among the 50 states.

Mississippi's exports to the CAFTA-DR region accounted for 7.1 percent of the state's total exports to the world in 2004, the fourth-largest share among the states (surpassed only by New Mexico, Florida, and North Carolina).

Although Mississippi's merchandise exports to the CAFTA-DR nations have fluctuated over the past few years, overall export growth to these markets over the 1999-2004 period has been a respectable 30 percent. By comparison, from 1999 to 2004, Mississippi's exports to the world increased by 43 percent.

Collectively, the countries of CAFTA-DR were Mississippi's fourth-largest export destination: almost double the state's exports to China and almost four times its exports to Japan. Individually, several CAFTA-DR markets are important trading partners for Mississippi. In 2004, Guatemala received the largest share of merchandise exports from Mississippi (\$70 million) and

was the state's ninth-largest market. Other significant trading partners in the CAFTA-DR region are Honduras, with \$63 million in exports (ranked 10th), and the Dominican Republic, with \$53 million in exports (ranked 13th). Costa Rica and El Salvador also ranked among Mississippi's top 30 export markets that year.

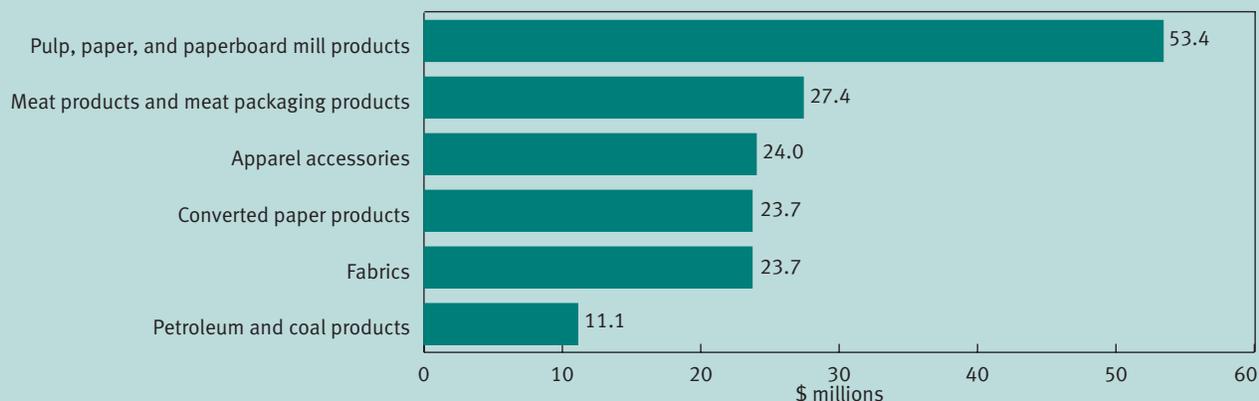
### CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Mississippi'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.

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### Mississippi Exported \$218.5 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

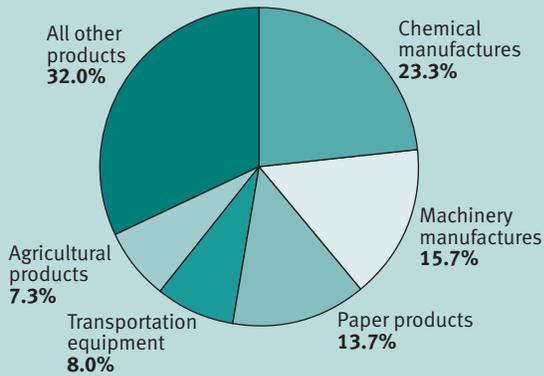
*Pulp, Paper, and Paperboard Mill Products Top the Export List*



Source: U.S. Department of Commerce.

## Mississippi Exported \$3.2 Billion in Goods to the World in 2004

*Chemical Manufactures Lead Exports*



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 Improves the Competitiveness of Mississippi's Paper Product Manufacturers

The state's top manufactured exports to the CAFTA-DR region are pulp, paper, and paperboard mill products: in 2004, Mississippi exported \$53.4 million worth to the region. Dollar gains in Mississippi's exports to the CAFTA-DR group from 2000 to 2004 were mainly due to pulp, paper, and paperboard mill products (up \$27 million) and converted paper products (up \$22 million).

Overall, 78 percent of U.S. exports of paper products 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 over five years.

## CAFTA-DR Opens Markets for Other Key Mississippi Exports

The overwhelming majority (97 percent) of Mississippi's merchandise exports to the CAFTA-DR region are manufactured products.

**Processed foods.** Processed foods represented the second-largest export category from Mississippi to the CAFTA-DR region (an increase of more than 370 percent since 2000). Chief among these were meat products and meat packaging products (\$27.4 million). CAFTA-DR, when implemented, will stimulate new opportunities for Mississippi businesses in this sector. Demand in Central America and the Dominican Republic for imported processed food products has been expanding substantially in recent years, despite high tariffs.

**Petroleum and coal.** Exports from Mississippi to the CAFTA-DR region in 2004 were valued at \$11 million, or 5 percent of the state's total merchandise exports. Mississippi's exports of petroleum and coal products increased by \$9 million from 2000 to 2004, and more than 90 percent of these exports will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

**Chemical manufactures.** These products represented 23 percent of the state's total exports in 2004, and shipments to the CAFTA-DR region during the 2000-2004 period grew from \$7 million to \$11 million. Tariffs on high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over five years.

**Machinery manufactures.** Ventilation, heating, air conditioning, and commercial-refrigeration equipment; agricultural and construction machinery; and other general-purpose machinery were among Mississippi's key exports to the CAFTA-DR region in 2004. 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.

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

In the first year of the U.S.-Chile FTA, Mississippi's exports to Chile increased by 85 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Mississippi's combined exports to Canada and Mexico have increased by more than 184 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.