Benefits from CAFTA-DR
Missouri

U.S. Department of Commerce
International Trade Administration
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Missouri'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 $62 million in 2004.

Missouri's exports to the CAFTA-DR region grew by $15 million from 2003 to 2004, the 19th-largest dollar gain nationally. Missouri experienced a 32 percent gain in merchandise exports to the CAFTA-DR region from 2003 to 2004, significantly greater than the 4 percent rise in total U.S. exports to the CAFTA-DR region over the period.

Individually, a number of CAFTA-DR markets are multi-million-dollar trading partners for Missouri. In 2004, Costa Rica alone received merchandise exports from Missouri totaling $24 million.

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

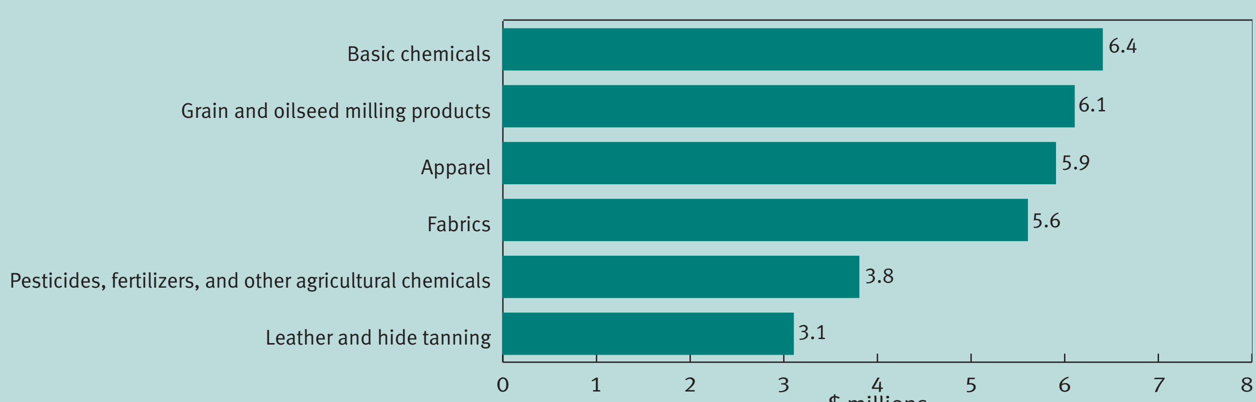
CAFTA-DR will boost opportunities for Missouri's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into 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.

Continued on reverse

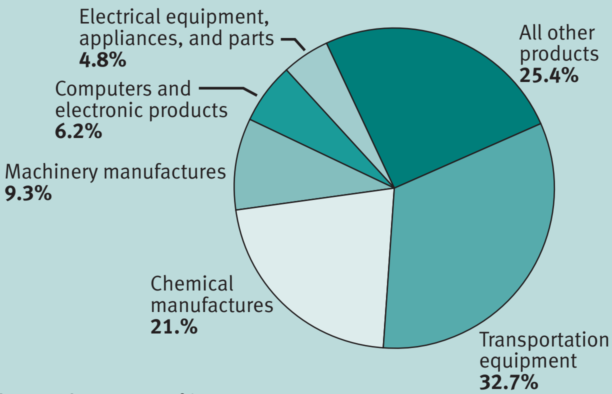
Missouri Exported $56.7 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Basic Chemicals Is Top Category



Source: U.S. Department of Commerce.

Missouri Exported $9.0 Billion in Goods to the World in 2004

Transportation Equipment Almost One-Third



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key Missouri Exports

Manufactured goods accounted for 91 percent of Missouri's merchandise exports to the CAFTA-DR region in 2004.

Chemical manufactures. Missouri's exports of chemicals manufactures to the CAFTA-DR region increased from $9.1 million in 2000 to $12.4 million in 2004. Basic chemicals comprise about one-half of that total, with 2004 exports valued at $6.4 million, up $3.0 million from 2003. Exports of resin, synthetic rubber, artificial and synthetic fibers and filament, pesticides, fertilizers, and other agricultural chemicals also experienced strong growth in that time period. The state's exporters of chemical and related products will benefit from CAFTA-DR tariff reductions. Central American and Dominican tariffs on chemicals currently range from 0 to 20 percent. CAFTA-DR will immediately eliminate tariffs on 74 percent of U.S. chemical manufactures; remaining tariffs will be phased out over five or ten years. In the agricultural sector, the news is even better. Ninety-one percent of U.S. fertilizers and agro-chemicals exports will be duty-free immediately upon implementation of the agreement. Tariffs on the remaining 9 percent of exports will be eliminated over five years.

Processed foods. Missouri exported $10.3 million in processed foods to the CAFTA-DR region in 2004, up 69 percent from $6.1 million in 2000. Grain and oilseed milling products accounted for the majority of exports in this category at $6.1 million in 2004. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for Missouri's businesses in the processed foods sector. Demand in Central America and the Dominican Republic for imported processed foods 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.

Textiles. Missouri exported fabric mill products valued at $5.7 million and apparel manufactures valued at $6.5 million to the CAFTA-DR region in 2004. 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.

Missouri's Farmers Benefit From CAFTA-DR

Despite high tariffs and other barriers on most agricultural products, including important Missouri products such as beef, soybeans and soybean products, and corn, 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 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 state fact sheets posted by the U.S. Department of Agriculture at *www.fas.usda.gov/info/factsheets/CAFTA/state.html*.

Missouri's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Missouri's exports to the Chilean market grew approximately 15 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Missouri's combined exports to Canada and Mexico have increased almost 158 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.