



Benefits from CAFTA-DR

Montana

U. S. DEPARTMENT OF COMMERCE
 INTERNATIONAL TRADE ADMINISTRATION
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Montana'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 \$729 thousand in 2004. Montana's 146 percent gain in merchandise exports to the CAFTA-DR region from 2000 to 2004 was the sixth-largest among the states and far higher than the 16 percent rise in total U.S. exports to the CAFTA-DR area over the period.

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

CAFTA-DR will boost opportunities for Montana'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

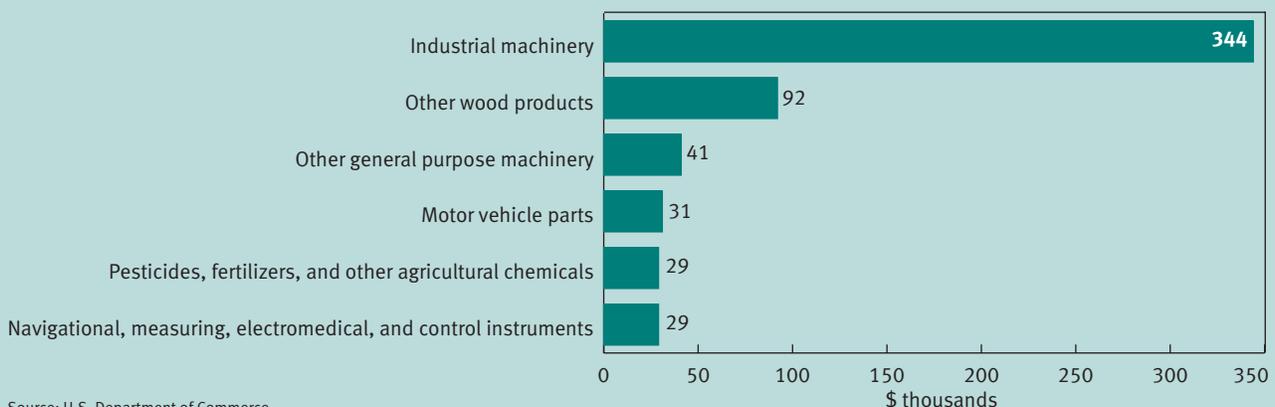
For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

CAFTA-DR Opens Markets for Key Montana Exports

Manufactured goods accounted for 82 percent of Montana's merchandise exports to the CAFTA-DR region in 2004.

Chemical manufactures are Montana's number one global export. Montana's global exports of chemical manufactures in 2004 exceeded \$120 million, having grown by over \$85 million since 2000. The state's exporters of chemical and related products will benefit from CAFTA-DR tariff reductions. Tariffs on high-value

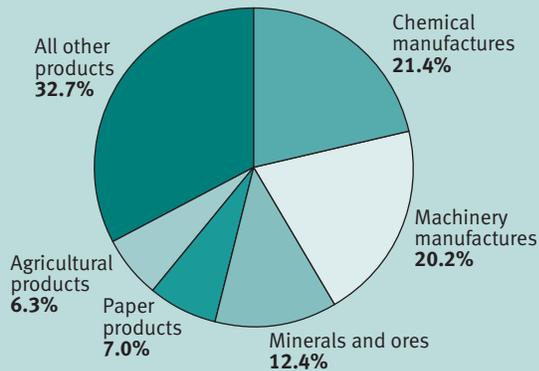
Montana Exported \$597 Thousand Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Industrial Machinery Dominates Exports



Source: U.S. Department of Commerce.

Montana Exported \$564.7 Million in Goods to the World in 2004

Chemical Manufactures Lead



Source: U.S. Department of Commerce.

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>.

Montana's Exports Were Spurred by Past Trade Agreements

Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Montana's combined exports to Canada and Mexico have increased by 93 percent.

chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over five years.

Machinery manufactures is Montana's top export category to CAFTA-DR, as well as Montana's number two export category globally. Industrial machinery, at \$344 thousand, accounts for most of the sales of machinery to the CAFTA-DR region and for almost half of Montana's total exports to the area in 2004. Industrial machinery and other general-purpose machinery also registered the biggest percentage increases in Montana's manufactured exports to the CAFTA-DR region from 2000 to 2004. Montana's global exports of machinery manufactures approached \$114 million 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.

CAFTA-DR Creates Opportunities for Montana Agriculture

Despite high tariffs and other barriers on most agricultural products, including those important to Montana, such as cattle and wheat, 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.

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.