



Benefits from CAFTA-DR Nevada

U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
MARCH 2005

Nevada'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 \$8.3 million in 2004.

Nevada's exports to the CAFTA-DR region grew from 2000 to 2004 by \$3 million, an increase of 56 percent, far higher than the 16 percent total U.S. increase in exports to the region. In 2004, Guatemala alone received merchandise exports from Nevada totaling \$3.8 million.

Nevada's leading manufactured exports to the CAFTA-DR area in 2004 were agricultural and construction machinery (\$2.1 million), semiconductors and other electronic components (\$1.1 million), miscellaneous manufactured commodities (\$436 thousand), and fibers, yarns, and threads (\$415 thousand).

Between 2000 and 2004, the biggest percentage increases in Nevada's manufactured exports to the CAFTA-DR group were registered by semiconductors and other electronic components, cutlery and handtools, agriculture and construction machinery, household and institutional furniture and kitchen cabinets, and miscellaneous manufactured commodities.

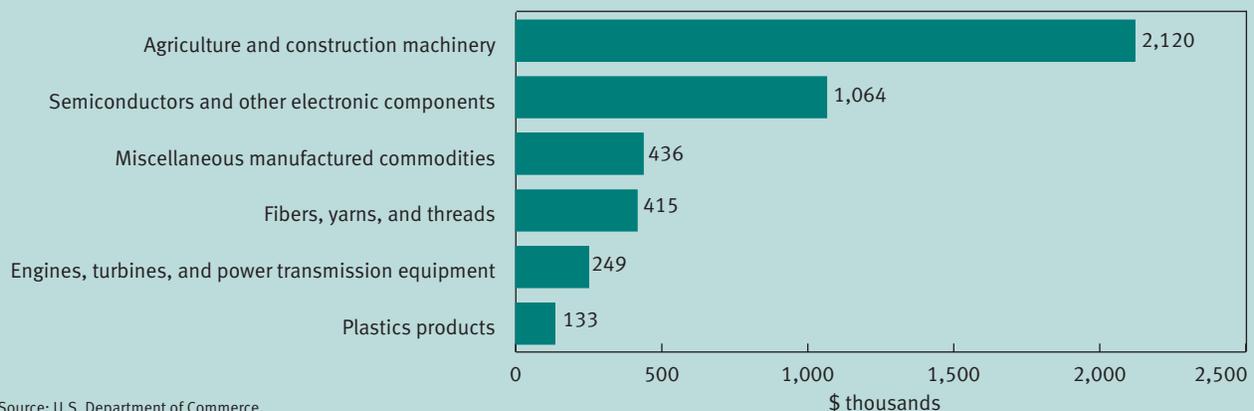
CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Nevada'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 Carib-

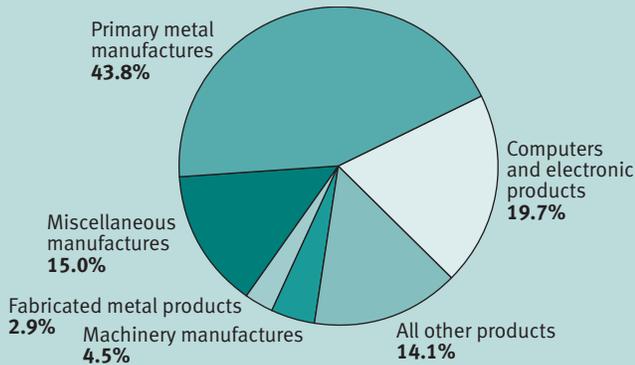
Nevada Exported \$5.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004 *Agriculture and Construction Machinery is Top Category*



Source: U.S. Department of Commerce.

Nevada Exported \$2.9 Billion in Goods to the World in 2004

Primary Metal Goods Account for Nearly Half



Source: U.S. Department of Commerce.

Primary metal manufactures. Nevada exported \$1.3 billion globally under the primary metal manufactures export category in 2004, making it Nevada's number one export category globally in 2004. Under CAFTA-DR, tariffs on 80 percent of industrial products will be eliminated immediately, with the remaining tariffs being phased out over five or ten years, making Nevada's exports of primary metal products to the region more competitive.

Nevada's Exports Were Spurred by the North American Free Trade Agreement

Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Nevada's combined exports to Canada and Mexico have increased by 351 percent.

bean 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 Nevada Exports

Manufactured goods accounted for 63 percent of Nevada's merchandise exports to the CAFTA-DR region in 2004.

Machinery manufactures. Nevada's top manufactured export category to the CAFTA-DR group is agricultural and construction machinery. From 2000 to 2004, Nevada's exports of agricultural and construction machinery to the CAFTA-DR region grew by \$1.7 million. All 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 ten years.

Computer and electronic products. Nevada's exports of semiconductors and other electrical equipment to the CAFTA-DR region grew by \$1 million from 2000 to 2004. CAFTA-DR improves market access for information technology goods and services. All exports of products covered by the Information Technology Agreement, including important Nevada exports of semiconductors and other electrical equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

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.