



Benefits from CAFTA-DR

North Dakota

U. S. DEPARTMENT OF COMMERCE
 INTERNATIONAL TRADE ADMINISTRATION
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North Dakota'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 \$3.3 million, nine percent higher than the 2000 level. The Dominican Republic alone received merchandise exports from North Dakota totaling \$1.9 million in 2004.

The state exported to the CAFTA-DR region in 2004 fruit and vegetable preserves and specialty foods valued at \$1.3 million. North Dakota's other leading exports to the CAFTA-DR area in 2004 were oilseeds and grains (\$869 thousand), grain and oilseed milling products (\$299 thousand), agriculture and construction machinery (\$259 thousand), and other general purpose machinery (\$229 thousand).

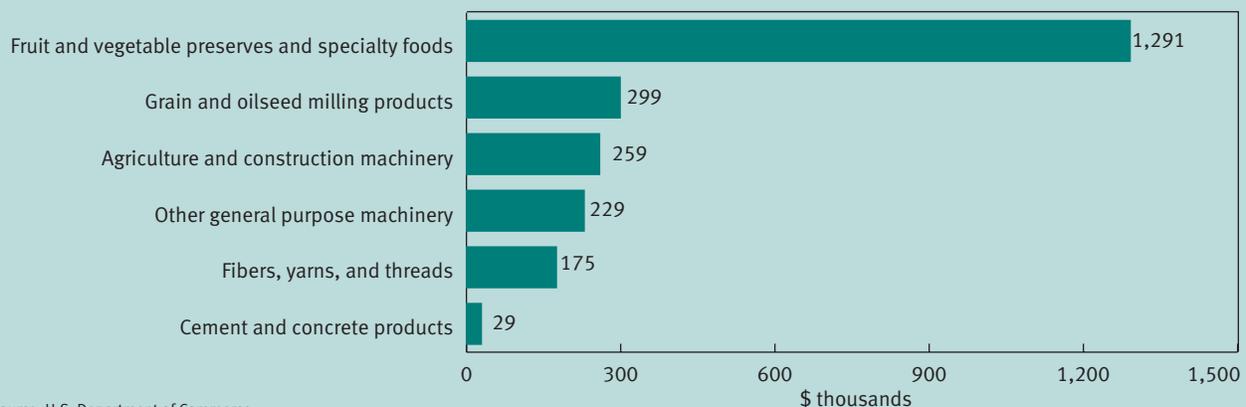
From 2003 to 2004, the biggest percentage increases in North Dakota's manufactured exports to the CAFTA-DR group were registered by fruit and vegetable preserves and specialty foods; other general purpose machinery; and fibers, yarns, and thread.

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

CAFTA-DR will boost opportunities for North Dakota'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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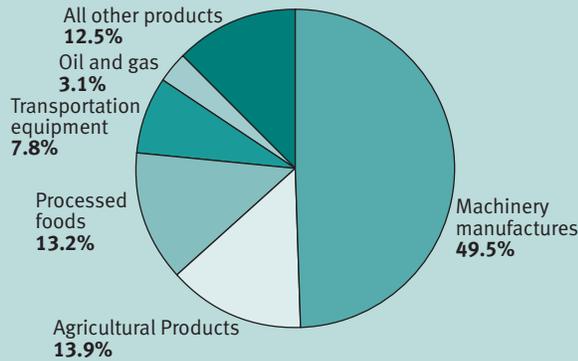
North Dakota Exported \$2.4 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Fruit and Vegetable Preserves and Specialty Foods Is Top Category



Source: U.S. Department of Commerce.

North Dakota Exported \$1.0 Billion in Goods to the World in 2004

Machinery Manufactures Account for Nearly Half



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 Opens Markets for Key North Dakota Exports

Manufactured goods accounted for 72 percent of North Dakota's merchandise exports to the CAFTA-DR region in 2004.

Processed foods. North Dakota exported just over \$1.5 million to the CAFTA-DR region under the processed foods export category, making it North Dakota's number one export category to the region in 2004. Included in this category are grain and oilseed milling products, fruit and vegetable preserves and specialty foods. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for North Dakota'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.

Machinery manufactures. North Dakota's exports under the machinery manufactures export category approached almost \$500 million globally in 2004, making it North Dakota's number one export category worldwide. Machinery manufactures was North

Dakota's third-leading export category to the CAFTA-DR region in 2004, at just under \$519,000. 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.

North Dakota's Farmers Will Benefit from CAFTA-DR

Despite high tariffs and other barriers on the most agricultural products, including important North Dakota products—such as wheat and barley, beef, soybeans and products, corn, and sugar—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.

North Dakota's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, North Dakota's exports to Chile grew by 162 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, North Dakota's combined exports to Canada and Mexico have increased 83 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.