Benefits from CAFTA-DR
Ohio

U.S. Department of commerce
international trade administration
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Ohio'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 $197 million, the 18th-largest total among the 50 states.

Ohio's exports to the CAFTA-DR region increased by $93 million from 2000 to 2004, the 11th-largest dollar gain among the states. This figure represents a five-year gain of 90 percent, which was the 11th-largest percentage gain nationally and far higher than the 16 percent increase in total U.S. exports to the region during that period.

Individually, several CAFTA-DR markets are multi-million-dollar trading partners for Ohio. In 2004, Honduras alone received merchandise exports from Ohio totaling $47 million.

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

CAFTA-DR will boost opportunities for Ohio'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.

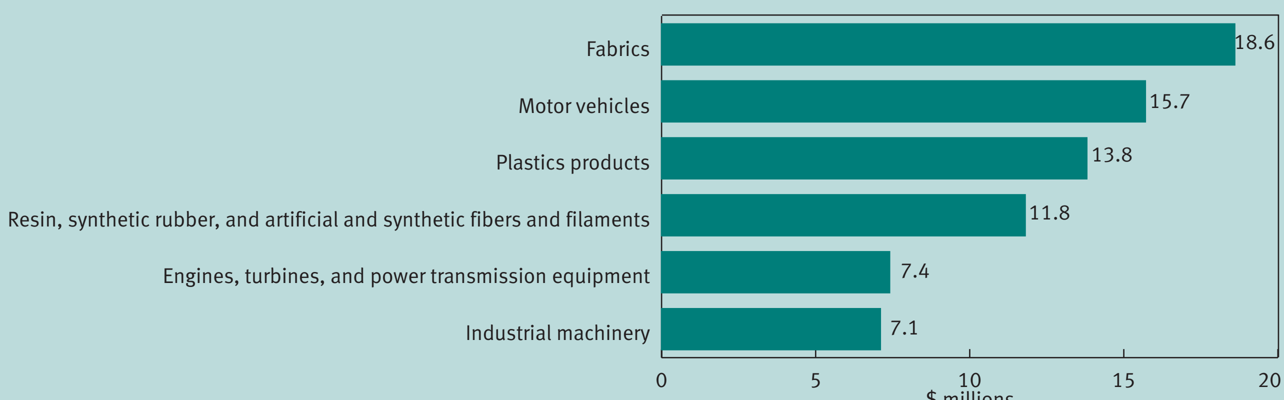
CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

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.

Continued on reverse

Ohio Exported $171.6 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

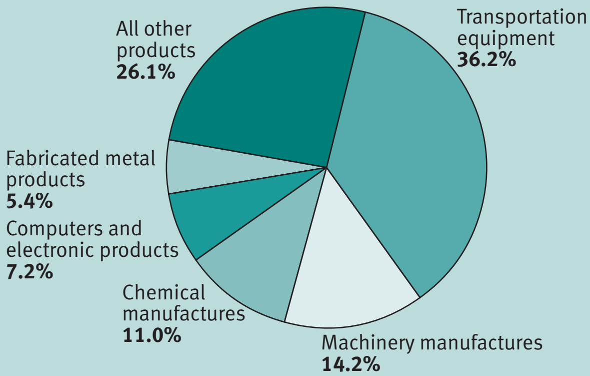
Fabrics, Motor Vehicles Lead Exports



Source: U.S. Department of Commerce.

Ohio Exported $31.2 Billion in Goods to the World in 2004

Transportation Equipment Leads Exports



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key Ohio Exports

Manufactured goods accounted for 87 percent of Ohio's total merchandise exports to the CAFTA-DR region in 2004.

Chemical manufactures. Ohio's exports of resin, synthetic rubber, and artificial fibers and filaments experienced strong growth from 2000 through 2004, increasing $10 million and making these products the top Ohio chemicals exports to the region. Under CAFTA-DR, tariffs on high-value chemical products, such as resin, artificial fibers and filament, residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over 5 years. In 2004, Ohio exported chemical products to the region valued at $26 million.

Textiles. 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. In 2004, Ohio exported fabric mill products valued at $19 million to the region, up from only $1.4 million in 2000.

Motor vehicles. CAFTA-DR will eliminate the 11 percent average tariff that Central American nations and the Dominican Republic impose on autos and auto parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto import tariff. In 2004, exports of motor vehicles to the CAFTA-DR region totaled $16 million.

Other manufactured products. Ohio's exports of plastic products to the CAFTA-DR region increased by $12 million from 2000 to 2004. During that period, the biggest percentage increases in Ohio's manufactured exports to the CAFTA-DR region were registered by: railroad rolling stock; sugar and confectionery products; engines, turbines, and power transmission equipment; aerospace products and parts; and apparel accessories. CAFTA-DR should enhance opportunities for exports in these and other sectors. In particular, the elimination of tariffs on high-value electrical power generation and distribution equipment is timely. This sector is an excellent prospect for exports to the CAFTA-DR region as it upgrades its energy infrastructure.

Ohio's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S-Chile FTA, Ohio's exports to Chile grew 20 percent. Ohio machinery manufactures, chemicals, plastics, and rubber products experienced strong export growth in that period. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Ohio's combined exports to Canada and Mexico have increased by more than 106 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.