Benefits from CAFTA-DR
Oklahoma

U.S. Department of Commerce
International Trade Administration
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Oklahoma'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 $38 million in 2004.

Oklahoma's exports to the CAFTA-DR region grew by $6.9 million (22 percent) from 2000 to 2004, outpacing the 16 percent increase in total U.S. exports to the CAFTA-DR nations. Oklahoma's 40 percent increase in exports to CAFTA-DR from 2003 to 2004 was the tenth fastest among the 50 states. Individually, a number of the CAFTA-DR markets are significant trading partners of Oklahoma. In 2004, Nicaragua alone received merchandise exports from Oklahoma totaling $25 million.

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

CAFTA-DR will boost opportunities for Oklahoma'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

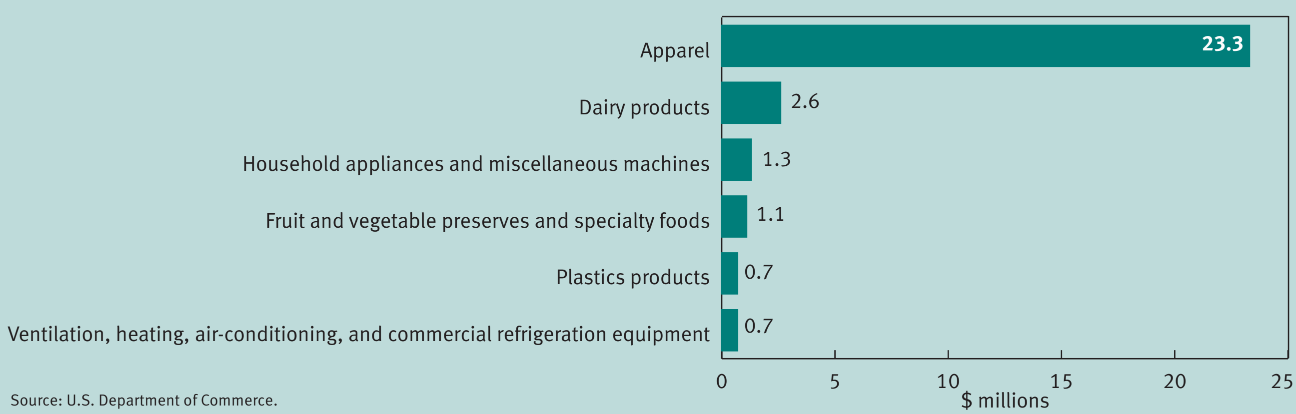
For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to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

CAFTA-DR Opens Markets for Key Oklahoma Exports

Manufactured goods accounted for 98 percent of Oklahoma's merchandise exports to the CAFTA-DR region in 2004.

Continued on reverse

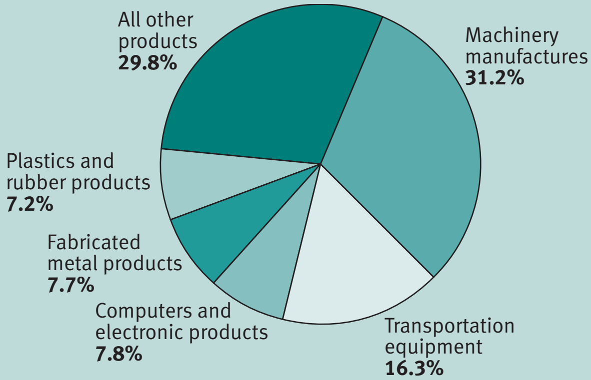
Oklahoma Exported $37.2 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Apparel Dominates Exports



Source: U.S. Department of Commerce.

Oklahoma Exported $3.2 Billion in Goods to the World in 2004

Machinery Manufactures Account for Nearly One-Third



Source: U.S. Department of Commerce.

Textiles. Oklahoma's top manufactured export category to the CAFTA-DR group is apparel. In 2004, the state exported apparel to the CAFTA-DR region valued at $23 million, 61 percent of total state exports to the group. 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.

Processed foods. Another of Oklahoma's top manufactured exports to the CAFTA-DR region is processed foods. Within this category, significant exports in 2004 included dairy products ($2.6 million), and fruit and vegetable preserves and specialty foods ($1.1 million). Notably, in 2000, Oklahoma did not ship these products to the CAFTA-DR region. Demand in Central America and the Dominican Republic for imported processed products has been expanding substantially in recent years, despite high tariffs. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for Oklahoma businesses in this sector.

Machinery manufactures. Machinery manufactures are Oklahoma's number one global export as well as a leading export to the CAFTA-DR nations. In 2004, Oklahoma exported $990 million globally, including $1.7 million to the CAFTA-DR region, under the machinery manufactures export category. Household appliances and miscellaneous machines accounted for many of these exports ($1.3 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.

Other manufactures. Between 2000 and 2004, the biggest percentage increases in Oklahoma's manufactured exports to the CAFTA-DR group were registered by miscellaneous textile products; resin, synthetic rubber, and artificial fibers and filaments; miscellaneous wood products; grain and oilseed milling products; and iron, steel and ferroalloys. CAFTA-DR should enhance opportunities for exports in these and other sectors.

CAFTA-DR Creates Opportunities for Oklahoma's Agriculture

Despite high tariffs and other barriers on most agricultural products, U.S. exporters shipped more than $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. 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 *http://www.fas.usda.gov/itp/CAFTA/cafta.html*.

Oklahoma's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Oklahoma's exports to Chile grew almost 69 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Oklahoma'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.