Benefits from CAFTA-DR
Oregon

U.S. Department of Commerce
International Trade Administration
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Oregon'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 $267 million in 2004, the 12th-biggest total among the 50 states.

Oregon's exports to the CAFTA-DR region leapt from 2000 to 2004 by 663 percent, from $35 million to $267 million, the nation's second highest percentage increase and fourth largest dollar increase. By comparison, total U.S. growth in exports to CAFTA-DR over this period was 16 percent. Oregon's exports to the CAFTA-DR region in 2004 accounted for 2.4 percent of the state's total world exports, the tenth-largest share among the 50 states.

In 2004, Costa Rica alone received merchandise exports from Oregon totaling $257 million and was the state's 11th-largest market.

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

CAFTA-DR will boost opportunities for Oregon'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.

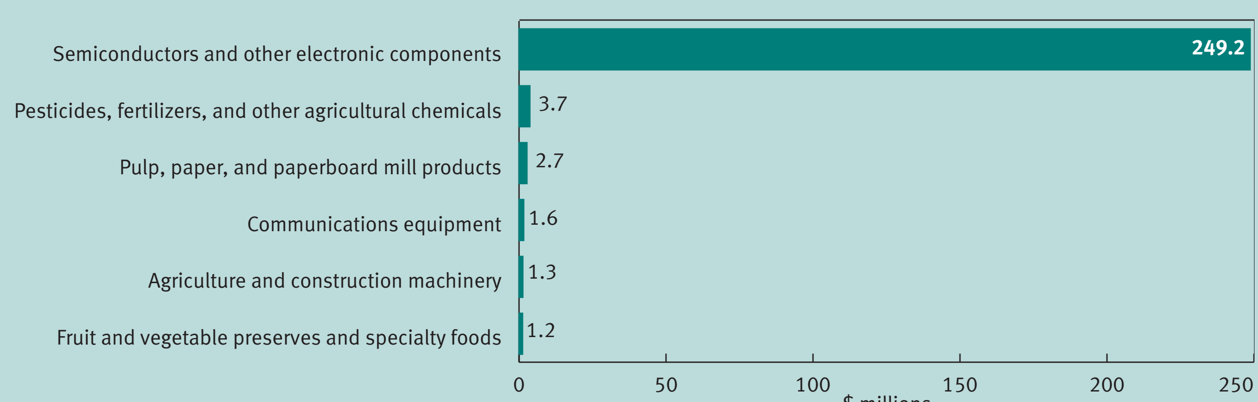
CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

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.

High Tech Exports Are Important for Oregon

Dollar gains in Oregon's manufactured exports to the CAFTA-DR region from 2000 to 2004 were due

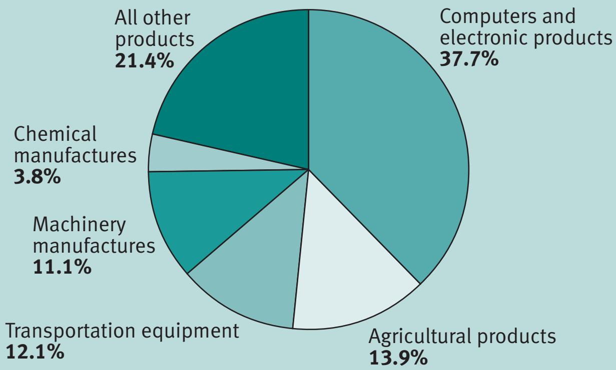
Oregon Exported $266.0 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Semiconductors and Other Electronic Components Dominate



Source: U.S. Department of Commerce.

Oregon Exported $11.2 Billion in Goods to the World in 2004

Computers and Electronic Products Dominate



Source: U.S. Department of Commerce.

mainly to semiconductors and other electronic components, which grew by $228 million over the five-year period. These products dominate Oregon's exports to the CAFTA-DR region, accounting for 93 percent ($249 million) of the state's total 2004 exports to the region (including non-manufactures).

CAFTA-DR improves market access for information technology goods and service providers. All exports of products covered by the Information Technology Agreement, including important Oregon exports such as semiconductor and electronic components, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

CAFTA-DR Opens Markets for Other Key Oregon Exports

Manufactured goods accounted for virtually all of Oregon's total merchandise exports to the CAFTA-DR group in 2004. Although Oregon's exports are dominated by computer and electronic equipment, other sectors also registered increases in exports to the CAFTA-DR region, including clay and refractory products, converted paper products, and basic chemicals. CAFTA-DR should enhance opportunities for exports in these and other sectors, such as transportation, in which Oregon has strong global export interests.

Chemical manufactures. Oregon's exporters of chemical and related products will benefit from CAFTA-DR. Tariffs on high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over five years.

Machinery manufactures. 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.

Paper products. Overall, 78 percent of U.S. exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on high-value paper products, including writing paper, coated paper, paperboard, cartons, and boxes will, in most cases, be phased out immediately or over five years.

Oregon's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S-Chile FTA, Oregon's exports to Chile grew by 21 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Oregon's combined exports to Canada and Mexico have increased by more than 150 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.