



Benefits from CAFTA-DR

Rhode Island

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

Rhode Island'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 \$30 million in 2004.

The CAFTA-DR region is a significant market for Rhode Island. Exports to this group accounted for 2.4 percent of the state's total exports to the world in 2004. This was the 11th-largest share among the states.

Rhode Island's exports to the CAFTA-DR region grew by \$21 million from 2000 to 2004, representing a five-year increase of 231 percent. Over that period, Rhode Island ranked fifth among the states in terms of percentage growth. In 2004, the Dominican Republic alone received merchandise exports from Rhode Island totaling \$25 million and was the state's 12th -largest market.

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

CAFTA-DR will boost opportunities for Rhode Island's exporters throughout the region, providing new market access for the state's products. More than 80

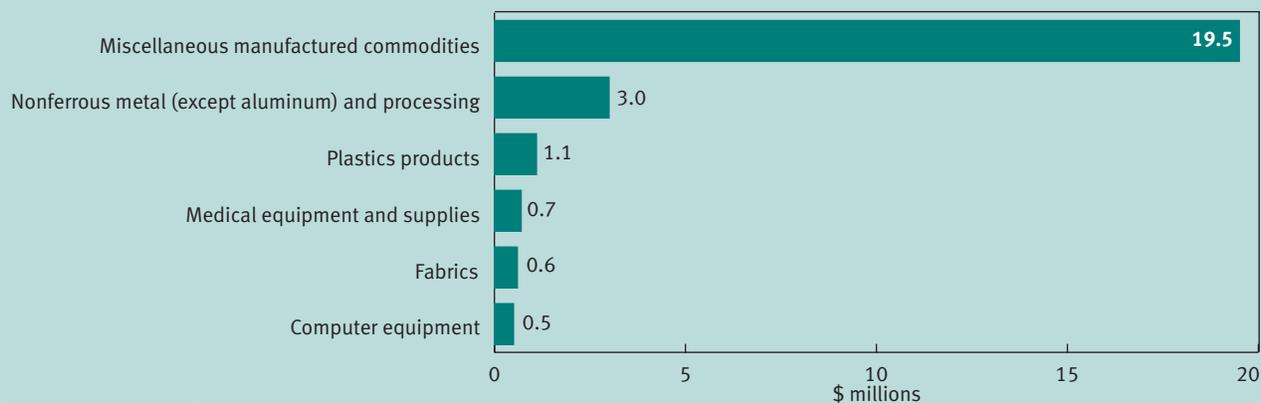
percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and 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.

Continued on reverse

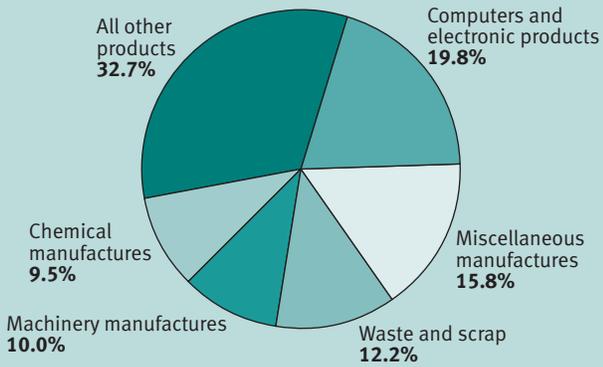
Rhode Island Exported \$28.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Miscellaneous Manufactured Commodities Is Largest Category by Far



Source: U.S. Department of Commerce.

Rhode Island Exported \$1.3 Billion in Goods to the World in 2004

Computers and Electronic Products Lead



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key Rhode Island Exports

Manufactured goods accounted for 93 percent of Rhode Island's merchandise exports to the CAFTA-DR region in 2004.

Computer and electronic products. Rhode Island's top manufactured export category globally is computers and electronic products. In 2004, Rhode Island exported computer and electronic products globally valued at just over \$254 million. The CAFTA-DR improves market access for information technology goods and service providers. All exports of products covered by the Information Technology Agreement, including important Rhode Island exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

Miscellaneous manufactures. Rhode Island's top manufactured export category to the CAFTA-DR group is miscellaneous manufactures (such items as jewelry, silverware, novelties, sporting goods, games, toys, office supplies, signs, art supplies, etc.). State exports of miscellaneous manufactured commodities to the CAFTA-DR region increased \$19.4 million from 2000 to 2004, reaching \$20.2 million, or 67 percent of the state total to the region. Miscellaneous manufactures was also Rhode Island's second most important export category globally, totaling over \$200 million in 2004. Ninety-two percent of U.S. gems and jewelry goods exports and thirty-one percent U.S exports of toys will be duty-free immediately upon implementation of the agreement. Overall, more than 80 percent of U.S. exports of consumer and industrial products to the CAFTA-DR region will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over ten years.

Machinery manufactures. In 2004, Rhode Island exported over \$128 million globally under the machinery manufactures export category, making it Rhode Island's fourth leading export globally. 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.

Primary metal manufactures. Primary metal manufactures was Rhode Island's second leading export category to the CAFTA-DR region in 2004, totaling over \$3 million. Within the primary metal manufactures category, non-ferrous metal (except aluminum) and processing comprised almost all of Rhode Island's primary metal exports to the CAFTA-DR area. From 2000 to 2004, the state's exports of non-ferrous metal (except aluminum) and processing also experienced one of the biggest percentage increases in manufactured exports to the CAFTA-DR region.

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.