



Benefits from CAFTA-DR

South Dakota

U. S. DEPARTMENT OF COMMERCE
 INTERNATIONAL TRADE ADMINISTRATION
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South 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) totaled \$1.4 million in 2004, including \$411 thousand in knit apparel.

South Dakota's other three leading manufactured exports to the CAFTA-DR area in 2004 were meat products and meat packaging products (\$184 thousand), fruit and vegetable preserves and specialty foods (\$113 thousand), and converted paper products (\$104 thousand).

Between 2000 and 2004, the biggest percentage increases among South Dakota's manufactured export categories to the CAFTA-DR group were registered by household appliances and miscellaneous machines, other chemical products and preparations, converted paper products, architectural and structural metals, and other general purpose machinery.

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

CAFTA-DR will boost opportunities for South 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.

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.

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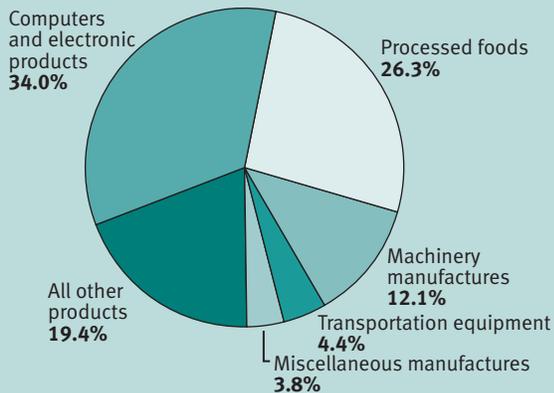
South Dakota Exported \$1.2 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Knit Apparel Is Leading Category



Source: U.S. Department of Commerce.

South Dakota Exported \$825.5 Million in Goods to the World in 2004

Computers, Processed Foods Dominate



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key South Dakota Exports

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

Computer and electronic products. South Dakota exported over \$280 million globally under the computer and electronic products category in 2004, making it South Dakota's number one global export and accounting for 34 percent of South Dakota's total exports worldwide. CAFTA-DR improves market access for information technology goods and service providers. All exports of products covered by the Information Technology Agreement, including important South Dakota exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

Processed foods. South Dakota's number two export category both globally and to the CAFTA-DR region was processed foods. South Dakota exported over \$217 million globally (approximately 26 percent of total global exports) and almost \$300 thousand to the CAFTA-DR region (22 percent of total exports to the region). Included in this category are meat products and meat packaging products, fruit and vegetable preserves, and specialty foods. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for South Dakota's businesses in the processed foods sector. Demand in Central America and the Dominican Republic for imported processed food 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.

CAFTA-DR Creates Opportunities for South Dakota Agriculture

Despite high tariffs and other barriers on most agricultural products, including those important to South Dakota, such as cattle and wheat, 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 A agreement, see the state fact sheets posted by the U.S. Department of Agriculture at <http://www.fas.usda.gov/itp/CAFTA/cafta.html>.

South Dakota's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, South Dakota's exports to Chile grew by 33 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, South Dakota's combined exports to Canada and Mexico have increased 264 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.