Benefits from CAFTA-DR
Texas

U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
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Export shipments of merchandise—manufactures and non-manufactures—by Texas to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $1.8 billion in 2004, second only to Florida's $3.2 billion among the 50 states.

Exports to the CAFTA-DR group grew by $650 million from 2000 to 2004, the second-largest dollar gain among the states. Only North Carolina recorded greater growth in exports to this region over the five-year period. This 58 percent increase far exceeds the 16 percent gain in total U.S. exports to CAFTA-DR markets over this period.

Collectively, the countries of CAFTA-DR were the 12th-largest export destination for Texas in 2004. Individually, several CAFTA-DR markets are multi-million-dollar trading partners for Texas. In 2004, Guatemala alone received merchandise exports from Texas totaling $484 million and was the state's 32nd-largest market.

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

CAFTA-DR will boost opportunities for Texas 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.

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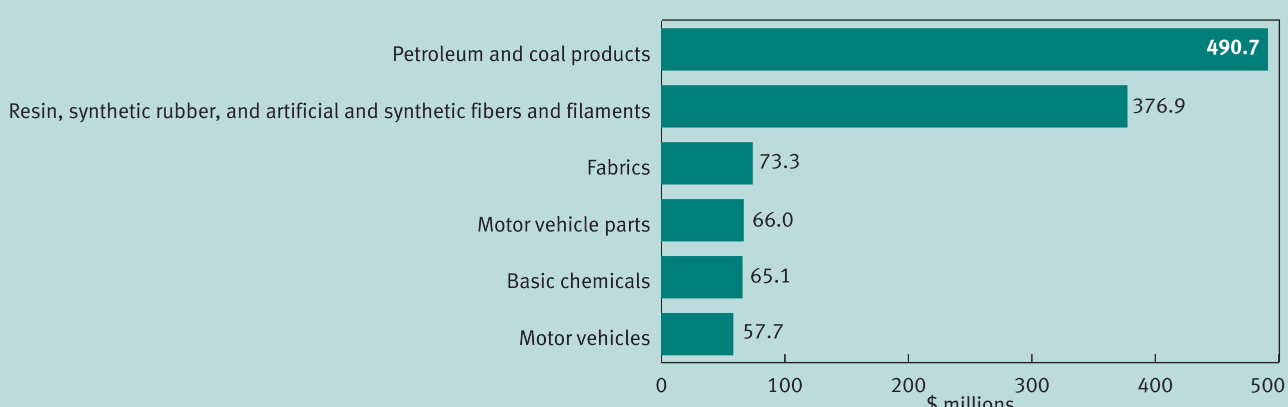
Texas Exported $1.7 Billion Worth of Manufactured Goods to the CAFTA-DR Region in 2004

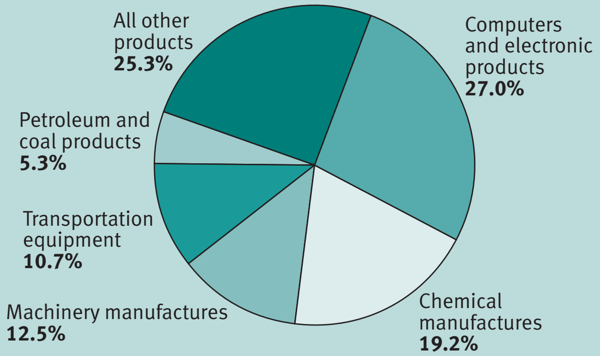
Petroleum and Coal Products Lead Exports



Source: U.S. Department of Commerce.

Texas Exported $117.2 Billion in Goods to the World in 2004

Computers and Electronic Products Lead Exports



Source: U.S. Department of Commerce.

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.

CAFTA-DR: Fuel for Texas's Export-Oriented Industries and Economy

Petroleum and coal exports from Texas to the CAFTA-DR region in 2004 were valued at $491 million, or 28 percent of the state's total merchandise exports to this market. Texas exports of petroleum and coal products to CAFTA-DR increased $196 million from 2000 to 2004, and more than 90 percent of these exports will receive duty-free treatment immediately upon implementation of the agreement.

CAFTA-DR Opens Markets for Other Key Texas Exports

Manufactures accounted for 94 percent of total merchandise exports from Texas to the CAFTA-DR region in 2004.

Chemical manufactures. In dollar terms, the state's leading export growth category in the CAFTA-DR region is resins, synthetic rubber, and artificial fibers and filaments. Export shipments of these products from 2000 to 2004 grew from $163 million to $377 million. Tariffs on these and other high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or in five years. Exports of chemical manufactures from Texas to the CAFTA-DR region totaled $491 million in 2004.

Transportation equipment. In 2004, Texas exports of transportation equipment to the CAFTA-DR region totaled $132 million, reflecting a $36 million and $61 million increase, respectively, in exports of vehicles and parts, from 2000 to 2004. CAFTA-DR will eliminate the 11 percent average tariff that Central American nations and the Dominican Republic impose on autos and parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto import tariff.

High-tech products. CAFTA-DR improves market access for computer and electronic products, which is the top global export for Texas. All exports of products covered by the Information Technology Agreement, including important Texas exports such as computer equipment and communications equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

Texas's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S-Chile FTA, exports from Texas to Chile more than doubled. Since the North American Free Trade agreement (NAFTA) was signed in 1993, combined exports to Canada and Mexico from Texas 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.