



# Benefits from CAFTA-DR Wisconsin

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

Wisconsin'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 \$117 million in 2004.

Wisconsin's exports to the CAFTA-DR region grew from 2000 to 2004 by 37 percent, or \$32 million, significantly faster than the state's 21 percent increase in total world exports. Wisconsin's 37 percent gain in merchandise exports to the CAFTA-DR region also significantly exceeded the 16 percent rise in total U.S. exports to the CAFTA-DR region between 2000 and 2004.

Individually, several CAFTA-DR markets are multi-million-dollar trading partners for Wisconsin. In 2004, Honduras alone received merchandise exports from Wisconsin totaling \$32 million, trailed only slightly by Costa Rica (\$30 million) and the Dominican Republic (\$26 million).

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

CAFTA-DR will boost opportunities for Wisconsin's exporters throughout the region, providing new market

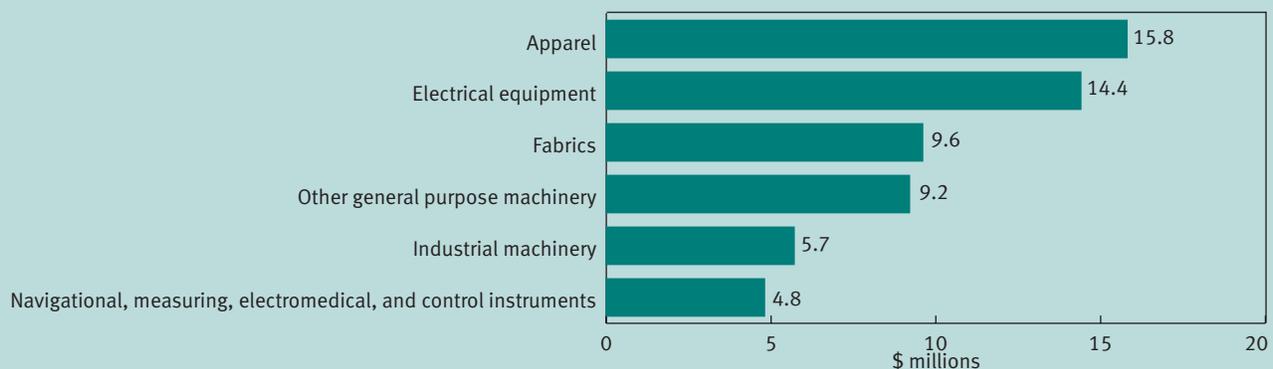
access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information 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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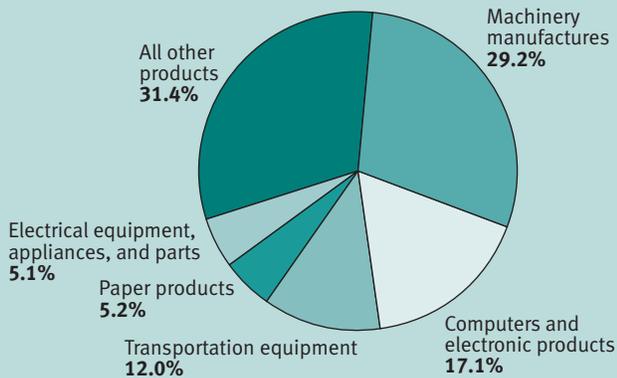
### Wisconsin Exported \$114.5 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004 *Apparel, Electrical Equipment Lead*



Source: U.S. Department of Commerce.

## Wisconsin Exported \$12.7 Billion in Goods to the World in 2004

*Machinery Manufactures Lead*



Source: U.S. Department of Commerce.

## CAFTA-DR Opens Markets for Key Wisconsin Exports

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

**Machinery manufactures.** These products are an important global export for Wisconsin. CAFTA-DR will immediately eliminate tariffs on ninety-two percent of U.S. capital goods exports to Central America and the Dominican Republic, which will boost the competitiveness of Wisconsin machinery manufactures at a time when there is increasing demand for such products in the countries of the CAFTA-DR. Exports of machinery manufactures to the CAFTA-DR countries have grown from \$15 million in 2000 to \$23 million in 2004.

**Computers and electronic products.** The CAFTA-DR agreement improves market access for computer and electronic products, an important global export for Wisconsin. All Information Technology Agreement exports, including computer equipment and electronic products, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

**Transportation equipment.** Transportation equipment is another top global export for Wisconsin. CAFTA-DR presents an opportunity for expanded trade in this category. The agreement will eliminate the 11 percent average tariff that Central America and the Dominican Republic impose on autos and auto parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto tariff.

**Paper products.** Paper products and converted paper products are a valuable global export commodity for Wisconsin. Under CAFTA-DR, 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.

**Other manufactures.** Between 2000 and 2004, the biggest percentage increases in Wisconsin's manufactured exports to the CAFTA-DR region were registered by: communications equipment; other nonmetallic mineral products; finished and coated textile fabrics; bolts, nuts, screws, rivets, washers, and other turned products; and fibers, yarns, and threads. CAFTA-DR should enhance opportunities for exports in these and other sectors.

## Wisconsin's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Wisconsin's exports grew by 73 percent; virtually all of this growth was registered in the machinery manufactures category. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Wisconsin's combined exports to Canada and Mexico have increased 127 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.