CAFTA-DR Facts

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Benefits of the Dominican Republic - Central America – United States Free Trade Agreement (CAFTA-DR) for Agriculture

CAFTA-DR Implemented on a Rolling Basis; Agreement in force with the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua

- The United States and four Central American countries implemented the Agreement in 2006 – El Salvador on March 1, Honduras and Nicaragua on April 1, and Guatemala on July 1. The Dominican Republic joined on March 1, 2007. Costa Rica continues its domestic process to ratify the Agreement.

U.S. Agricultural Exports at Record Level, Spurred by CAFTA-DR

- In 2006, U.S. agricultural exports to the six CAFTA-DR countries increased 18.8 percent from 2005 levels, a growth rate 50 percent higher than the 12.2 percent rate for U.S. agricultural exports to the rest of the world.

- For calendar year 2006, U.S. agricultural exports to the six CAFTA-DR countries reached a record $2.24 billion. This increase was led by record-setting exports of wheat, coarse grains, soybean meal, feed and fodder, snack foods, red meat, fresh fruit, processed fruits and vegetables, fruit and vegetable juices, tree nuts, and pet food.

- Much of this growth can be attributed to tariff reductions and duty-free access provided by tariff-rate quotas established by the CAFTA-DR. Examples of increased exports in 2006 compared to 2005 for the four countries (El Salvador, Guatemala, Honduras, and Nicaragua) that implemented the agreement in 2006 include:

  - **Milled rice** exports totaled $21.3 million, **up 222 percent** in 2006.

  - **Apple** exports totaled $14.8 million, **up 66 percent** in 2006.

  - **Potato and potato product** exports topped $13.4 million, **up 18 percent** in 2006.

  - **Table grape** exports totaled nearly $16.4 million, **up 34 percent** in 2006.

  - **Dairy product** exports totaled $35.3 million, **up 17 percent** in 2006.

CAFTA-DR Partners Also Benefit from the Agreement

- For 2006, U.S. agricultural imports from the six CAFTA-DR countries reached a record $3.07 billion. Record-setting imports were registered for fresh fruit and vegetables, processed fruits and vegetables, sugars and other sweeteners, nursery products and cut flowers, fruit and vegetable juices, beer, tree nuts, snack foods, and cheese and other dairy products.

- The CAFTA-DR countries benefited from preferential, duty-free treatment under the Caribbean Basin Initiative (CBI) for most of their exports to the United States even before the agreement took effect.

- CAFTA-DR producers in the five countries that have implemented the CAFTA-DR to date are benefiting from new duty-free export opportunities created for products under the Agreement, such as cheese and other dairy products, which were not included in the CBI tariff preference program.

- Reflecting these new trade opportunities, U.S. imports of **dairy products** from the four countries that implemented the agreement in 2006 totaled $4.9 million in 2006, up 41 percent from the previous year. These imports were primarily ethnic cheeses not produced in the United States.

- New U.S. phytosanitary import requirements for fruits and vegetables, which were developed primarily in response to requests from producers in all the CAFTA-DR countries, have also facilitated trade.

- U.S. and multilateral capacity building programs have helped indigenous agricultural producers in the CAFTA-DR countries to develop non-traditional exports to serve specialty markets in the United States and to improve their production facilities to meet U.S. standards.