Posted on Mon, Apr. 25, 2005

FACTS ON CAFTA

• **TRADE:** The United States exported nearly $11 billion in goods to the five Central American countries in 2003. Two-way trade was over $23 billion in 2003. When the Dominican Republic is added, two-way trade increases to $32 billion. CAFTA will create the second largest export market in Latin America, behind only Mexico.

• **DUTIES:** Most Central American goods already enter the U.S. duty-free. Under current U.S. Customs rules, nearly 77 percent of regional imports enjoyed U.S. duty-free entry in 2003. A free-trade agreement would be reciprocal, giving U.S. goods duty-free treatment in the CAFTA countries.

• **SUGAR:** In the first year, increased sugar-market access under CAFTA will amount to about 1.2 percent of U.S. sugar production and about 1.1 percent of U.S. sugar consumption. This will grow over 15 years to about 1.7 percent of production and 1.6 percent of consumption by year 15. There is no change in the prohibitively high above-quota tariff on sugar.

• **FABRICS:** Textiles and apparel will be duty-free and quota-free immediately if they meet the agreement's rule of origin. This is intended to promote new opportunities for U.S. and Central American fiber, yarn, fabric and apparel manufacturing. A provision designed to encourage integration of North and Central American textile markets will give duty-free benefits to some apparel made in Central America that contains certain fabrics from NAFTA partners Mexico and Canada.

Source: U.S. Trade Representative.