INTERNATIONAL TRADE ADMINISTRATION

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CAFTA-DR: 2007 Trade Review

CAFTA-DR has been an important tool in expanding U.S. exports to the region since the rolling implementation began in early 2006. U.S. exports to the CAFTA-DR countries increased 14.4 percent in 2007 reaching $22.4 billion, following a 16.0 percent increase in 2006.

- U.S. exports to **Honduras** were up 21.0 percent in 2007 to $4.5 billion, the fastest growth last year to any of the partner countries. In 2006, U.S. exports to Honduras were up 13.3 percent.
- U.S. exports to **Nicaragua** increased 18.5 percent in 2007 to $890 million, following an increase of 20.2 percent in 2006.
- U.S. exports to **Guatemala** increased 16.1 percent in 2007 to $4.1 billion, and jumped 23.8 percent in 2006.
- U.S. exports to the **Dominican Republic,** the largest trading partner among the CAFTA-DR countries, grew 13.8 percent in 2007 to $6.1 billion, and increased 13.4 percent in 2006.
- U.S. exports to **El Salvador** increased 7.5 percent in 2007 to $2.3 billion, following an increase of 16.1 in 2006.
- **Costa Rica**, the only country yet to implement CAFTA-DR, should see further growth in U.S. trade as the agreement is expected to enter into force this year. U.S. exports still increased 10.9 percent to $4.6 billion in 2007, and by 14.8 percent in 2006.

Key U.S. exports that have experience significant growth to the CAFTA-DR countries include petroleum products, machinery, cotton yarns, grains (wheat, corn, rice), plastics, motor vehicles, and medical instruments.

The United States achieved a trade surplus of $3.7 billion with the six CAFTA-DR countries in 2007, compared to a surplus of $1.0 billion in 2006, reversing a trade deficit of $1.2 billion in 2005, the year before the agreement entered into force.

The United States imported $18.8 billion from the CAFTA-DR countries in 2007, an increase of 0.9 percent from 2006, following an increase of 2.8 percent in 2006.

However, excluding apparel imports, U.S. imports from the CAFTA-DR countries increased by 6.7 percent in 2007 and by 13.3 percent in 2006. The apparel sector in the region has been impacted by global competition, particularly from China, but the CAFTA-DR countries view the trade agreement as essential to maintaining and expanding U.S.-Central American partnerships in this important industry.

Key U.S. imports from the CAFTA-DR countries that have shown significant gains include fruits and vegetables, coffee, petroleum products, metals, electrical apparatus, medical instruments, cigars and sugar.