U.S.- CAFTA-DR Free Trade Agreement

Benefits to Small and Medium-Sized Exporters (SMEs)

The CAFTA-DR should be of particular benefit to small and medium-sized enterprises (SME's). In 2005 small and medium-sized enterprises (enterprises with 500 or fewer employees) were responsible for an estimated forty-six percent of the value of U.S. merchandise exports to the Dominican Republic and Central America. This was considerably greater than the twenty-nine percent SME share of global U.S. merchandise exports. More than 16,300 of the firms that exported to the CAFTA-DR region in 2005 were SME's, accounting for over eighty-nine percent of all U.S. firms that exported to this region.

U.S. SME Share of Merchandise Exports
Nicaragua: 74%
Dominican Republic: 54%
El Salvador: 53%
Guatemala: 51%
Honduras: 41%
Costa Rica: 28%
Global Exports: 29%

Small and medium-sized enterprises particularly benefit from the tariff-eliminating provisions of free trade agreements, and should benefit from the significant tariff cuts required under the CAFTA-DR. The transparency obligations, particularly those contained in the customs chapters, are also very important to SME's, which may not have the resources to navigate customs and regulatory red tape.

Prepared by the International Trade Administration