CAFTA Facts

Office of the United States Trade Representative **www.ustr.gov**
CAFTA Policy Brief – May 2005

CAFTA and the U.S. Trade Deficit

The U.S. International Trade Commission study on CAFTA found that the effect of the agreement would be **to reduce the overall U.S. trade deficit by $756 million**.

The National Association of Manufacturers (NAM) estimates that CAFTA would result in $1 billion in additional manufactured exports. Most of this increase would occur quickly, because more than three-quarters of tariff cuts on manufactured goods would take place in CAFTA's first year.

CAFTA will also preserve an existing $4 billion in U.S. manufactured exports that would otherwise be lost to competition from Asia.

Eighty percent of everything Central America sends us today is duty-free. CAFTA does not open our market much more: it opens the Central American market to U.S. products. Examples:

Tariffs on Exports between U.S. and D.R.-Central America

Now			After CAFTA	
We Pay	They Pay		We Pay	They Pay
10.6%	0%	Grains	0%	0%
16.7%	0%	Vegetables, Fruits, Nuts	0%	0%
10.0%	0%	Wood Products	0%	0%
6.3%	0%	Ferrous Metals	0%	0%
11.1%	0%	Motor Vehicles and Parts	0%	0%
12.8%	0%	Processed Foods	0%	0%
5.7%	0%	Cattle and Horses	0%	0%
5.2%	0%	Petroleum, Coal, Chemicals, Plastic	0%	0%
3.4%	0%	Miscellaneous Metals and Metal Products	0%	0%
3.5%	0%	Other Transportation Equipment	0%	0%

2004 Applied Tariff Rates

* Assumes EU is one market