CAFTA Facts

Office of the United States Trade Representative **www.ustr.gov**
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Free Trade Agreements Are Working for America

Free trade agreements with Chile, Singapore and Australia have already shown benefits for American workers, farmers, ranchers and service providers. The U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA) represents a larger market for U.S. exporters. The U.S.-Chile FTA and the U.S.-Singapore FTA were implemented on January 1, 2004; the U.S.-Australia FTA went into effect on January 1, 2005.

FTAs Lead to Large Gains in U.S. Exports

- U.S. exports to Chile grew 33.5% in 2004, making America Chile's leading trade partner.
- The U.S. trade surplus with Singapore tripled after the first year of the U.S.-Singapore FTA, reaching $4.3 billion.
- In the first quarter since the U.S.-Australia FTA went into effect, the U.S. trade surplus with Australia grew 31.7% to $2.13 billion.
- Together, U.S. exports to Chile and Singapore grew $4 billion in the first year of our FTAs with those countries.

Key Benefits from the U.S.-Chile FTA

- Overall U.S. exports to Chile rose by nearly $1 billion, reaching $3.6 billion last year.
- U.S. exports of sophisticated machinery increased 33% to more than $1.1 billion. Vehicles and parts sales grew 36%.
- Some U.S. companies saw even more impressive gains: Caterpillar's U.S. exports to Chile nearly doubled.

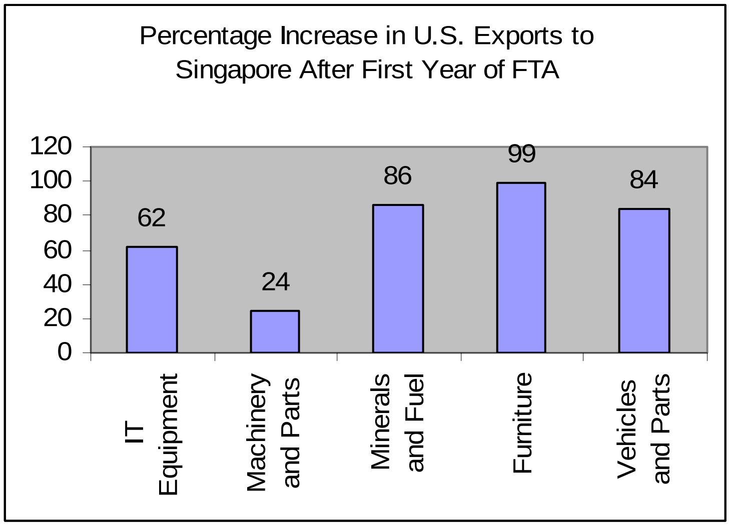
Key Benefits from the U.S.-Australia FTA

- U.S. exports to Australia increased 11.7% in the first quarter of 2005 to nearly $3.7 billion for the quarter. Agriculture exports were up 20%, with large gains in pork, grapes and rice.
- Pork exports to Australia skyrocketed 885% to nearly $19 million from October 2004 – March 2005 compared to the same period the year before the agreement was in place.
- The U.S.-Australia FTA improved the overall U.S. trade deficit situation. The U.S. trade surplus with Australia rose by 31.7% in the first quarter to just over $2.1 billion compared to first quarter 2004.

* Assumes EU is one market

Key Benefits from the U.S.-Singapore FTA

- Even though Singaporean tariffs were low before implementation of the free trade agreement, U.S. exports rose to $19.6 billion, an 18.4% increase from the previous year.
- In the first quarter of 2005, U.S. exports to Singapore rose 14% over a year earlier.
- Specific sectors experienced extraordinary export growth in 2004:



CAFTA Projected Export Growth

- The U.S. exports more than $15 billion annually to Central America and the Dominican Republic, the 2nd-largest U.S. export market in Latin America, The region is a larger U.S. export market than Russia, India and Indonesia combined.
- Eighty percent of everything Central America sends to the United States today enters the U.S. duty-free. CAFTA does not America's market much more: it opens the Central American market to U.S. products.
- The U.S. International Trade Commission found that CAFTA will reduce the overall U.S. trade deficit by $756 million.
- The American Farm Bureau Federation estimates CAFTA, when fully implemented, would expand U.S. farm exports to the region by $1.5 billion a year.
- The National Association of Manufacturers (NAM) estimates that CAFTA would result in $1 billion in additional manufactured U.S. exports to the region. Most of this increase could occur quickly, because more than three-quarters of tariff cuts on manufactured goods would take place in CAFTA's first year.