CAFTA-DR Facts

Office of the United States Trade Representative **www.ustr.gov**
CAFTA Policy Brief – September 2007

Small Business Benefits from the CAFTA-DR

". . .My Administration is also committed to ensuring that small businesses can compete in the global economy. By continuing to expand trade, we can open new markets for American products, lower prices for consumers, and create better American jobs."

Presidential Proclamation on Small Business Week, April 19, 2007

The U.S. trade agenda helps small businesses by:

- Lowering the cost of selling to customers overseas by reducing high tariffs on U.S. exports.
- Maximizing small business resources by eliminating inconsistent customs procedures, improving transparency, and reducing burdensome paperwork.
- Minimizing risks in foreign markets by providing certainty and predictability for U.S. small business owners and investors.
- Enforcing intellectual property rights to make protection of rights more easily accessible to small business owners.
- Promoting the rule of law so that small businesses know what the rules are and that they will be applied fairly and consistently.

Small businesses drive U.S. exports to the world:

- Ninety-seven percent of all U.S. exporters are small businesses, accounting for 29 percent of U.S. goods exports.
- More than two-thirds of U.S. exporters have fewer than 20 employees.
- Exports to our FTA partners are growing nearly twice as fast as exports to non-FTA countries.
- The jobs supported by goods exports pay 13 to 18 percent more than the national average.

Small and medium-sized enterprises (SMEs) account for substantial U.S. export shares in many key markets, including to the CAFTA-DR region:

- Central America and the Dominican Republic represent the second largest market for U.S. small business good exports in Latin America, behind only Mexico.
- More than 16,300 (or 89.3 percent) of the U.S. firms that exported to the CAFTA-DR region in 2005 were SMEs.
- Roughly 46 percent of the value of U.S. exports to the CAFTA-DR region in 2005 was exported by SMEs (compared to 29 percent of U.S. exports to the world).
- The SME share of U.S. exports by country in 2005 was: Dominican Republic (53.5 percent), El Salvador (52.8 percent), Guatemala (50.1 percent), Honduras (40.6 percent), Nicaragua (73.5 percent), and Costa Rica (27.7 percent)
- U.S. exports to the four Central American countries that implemented the CAFTA-DR in 2006 were up 18 percent last year. U.S. exports increased 16 percent to El Salvador, 24 percent to Guatemala, 13 percent to Honduras, and 20 percent to Nicaragua.