



CAFTA Facts

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CAFTA Benefits the American Family

By Expanding Exports and Lowering the Trade Deficit, CAFTA Creates Jobs

Trade helps to stimulate economic growth, and supports the creation of higher paying jobs, thus helping American families to meet financial obligations ranging from health care to car payments to retirement savings. Our trade relationship with Central America and the Dominican Republic is worth more than \$32 billion, and the region is the 2nd-largest U.S. export market in Latin America – a larger U.S. export market than Russia, India and Indonesia combined.

The American Farm Bureau Federation estimates CAFTA would expand U.S. farm exports by \$1.5 billion a year. The National Association of Manufacturers (NAM) estimates that CAFTA will result in an additional \$1 billion a year in goods exports. When it's all said and done, a study by the U.S. International Trade Commission finds that CAFTA will reduce our trade deficit by \$756 million.

Nearly one of every ten jobs – an estimated 12 million overall – is directly linked to the export of U.S. goods and services. And jobs linked to goods exports are estimated to pay 13-18 percent more than the U.S. national average.

CAFTA Levels the Playing Field for Americans

Today, nearly 80% of products from Central America and the Dominican Republic, and 99% of agricultural products, already enter the U.S. duty-free, partly because of unilateral preference programs such as the Caribbean Basin Initiative (CBI) and the Generalized System of Preferences (GSP). America's market is already open. Americans who wish to sell to Central America and the D.R., on the other hand, face high tariffs. CAFTA eliminates these foreign taxes, opening the region's markets to goods, services, and farm products from the United States.

“By opening new markets, we'll increase prosperity for our small businesses and farmers and manufacturers, and create jobs for American workers. By enforcing trade laws and agreements, we will ensure a level playing field for America's workers. American workers can compete with anybody, any time, anywhere when the rules are fair.”

*President George W. Bush
May 17, 2005*

Trade Puts Money in the Pockets of American Families

American families benefit from trade and open markets every day. Trade delivers a greater choice of goods – everything from food and furniture to computers and cars – at lower prices. In fact, the two major trade agreements of the 1990s – the North American Free Trade Agreement and the Uruguay Round – generate annual benefits of \$1300-\$2000 for the average American family of four. CAFTA is the largest potential FTA partner for U.S. exports since NAFTA, even larger than Australia as an export destination.

Savings from Trade Particularly Benefits Low-Income Families

Lower income families are frequently the biggest beneficiaries of trade. By making everyday goods, such as food, clothing and house-wares more affordable, these families can keep more of what they earn. An

additional \$1300-\$2000 would fund a year of community college, more than two months of full-time day care, or three months of groceries.

CAFTA Is a Boon for Small Business

Central America and the Dominican Republic represent the second largest market for U.S. small business exports in Latin America, consuming over \$4 billion dollars in consumer and industrial goods alone. CAFTA eliminates foreign taxes on exports to the region, saving over \$1 billion to U.S. exporters from day one of implementation, and every year the savings grow.

A 10 percent tariff reduction means much more for a small business or family farmer operating on tight profit margins than to a large multinational corporation that is designed to sell on volume. This reduction is an immediate savings to current exporters, and lowers the barrier to entry for exporting, meaning more small businesses can afford to look in Central America and the Dominican Republic for customers.

Real Examples of CAFTA Benefits to Small Businesses

The Northwest Horticultural Council represents farmers, growers and shippers in Oregon, Idaho and Washington. The Council supports CAFTA, and issued the following statement to its members in its May 2005 newsletter, "Our tree fruit industry would benefit from CAFTA-DR since tariffs on apples, pears, and cherries would immediately be lowered to zero in this regional market of 44 million consumers – a market that right now gives commercially significant trade advantages to fruit sourcing from our main competitor, Chile."

Tyco Fire and Security in Boca Raton, Florida designs, manufactures, installs and services electronic security systems, fire protection systems, sprinklers and fire extinguishers. A business that has grown to 1,500 employees, Tyco has been involved in international trade with Central America for more than 30 years. Martin Spritzer, a regional sales manager, says CAFTA "will allow us to grow our business throughout the region. In Guatemala alone, we could potentially double our efforts."

Setton International Foods, Inc. of Terra, Bella, California and Commack, New York is a full-service provider of pistachios, nuts, dried fruits, edible seeds, chocolate-covered nuts, and candies to the snack food industry. With 250 employees, Setton International Foods, Inc. has been selling pistachio nuts to the Dominican Republic for nearly a decade. Morris Setton, executive vice president, says, "Passage of a free trade agreement with Central America and the Dominican Republic will mean increased sales. Increased sales mean more jobs at our New York and California facilities to meet demand."

Natural Fruit Corporation in Hialeah, Florida manufactures 100% natural frozen fruit bars, ice cream novelties and drink mixes. The small, 32-employee company has been trading with the Dominican Republic for ten years. Joanne Young, office and credit manager, says CAFTA "will undoubtedly expand our sales in the region, opening new markets to our products and giving consumers the opportunity to enjoy the same quality goods that are enjoyed in the United States."

Atlantis International, Inc. in Metairie, Louisiana is a wholesale distributor of automotive and industrial lubricants, brake fluids, antifreeze, and automotive specialty chemicals. The 6-person team has been selling to the region for 26 years, and nearly half of the company's gross sales are due to exports to Central America. Manuel F. Blanco, president and CEO, explains, "We are having a difficult time competing against countries that can offer better prices because of trade agreements already in place. A free trade agreement with Central America and the Dominican Republic will level the playing field against this competition, increase our export sales, and allow us to add more jobs in Louisiana."