## *U.S.-CAFTA-DR Free Trade Agreement*

Colorado Farmers Will Benefit.

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Exports of farm products help boost Colorado's farm prices and income. Such exports help support about 13,477 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Colorado's farm cash receipts were $5 billion, and agricultural exports were estimated at $843 million, putting its reliance on agricultural exports at 17 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Colorado's exports of agricultural products.

**Colorado Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)**

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Colorado's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

**Beef.** As the top of farm cash receipts at over $2.9 billion, Colorado cattle and calve operators benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

**Dairy.** Providing the 2$^{nd}$ largest source of state farm cash receipts, Colorado dairy producers benefit from the FTA.

- U.S. dairy exporters currently face duties as high as 60 percent, and the WTO permits duties as high as 100 percent.

- Each country will establish duty-free TRQs for certain dairy products totaling over 10,000 metric tons across the six countries – and each will receive the same level of TRQ access for dairy products entering the United States.
- TRQs will grow by 5 percent per year for the Central American countries and 10 percent per year for the Dominican Republic, with certain dairy products subject to safeguards during the phase-out period.
- All Central American and Dominican duties will be eliminated within 20 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

**Corn.** Providing the 4th largest source of farm cash receipts, Colorado corn producers benefit from the FTA.

- U.S. corn exporters face duties up to 35 percent, and the WTO permits duties as high as 75 percent.
- Costa Rica and the Dominican Republic will eliminate their duty on yellow corn immediately. The other countries will provide preferential access through individual duty-free TRQs totaling 1,151,259 metric tons initially, growing by 5 percent per year as the over-quota duties are phased out over 15 years (10 years in the case of Guatemala).
- All currently applied duties on corn products (including corn flour, corn gluten feed, corn oil and high fructose corn syrup) will be phased-out in 15 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the U.S. Grains Council, the North American Millers Association, and the Wheat Export Trade Education Committee have expressed support publicly for the CAFTA-DR FTA.*

**Pork.** As the 5th largest source of state farm cash receipts, Colorado pork producers benefit from the duty-free access on pork cuts for each CAFTA-DR country.

- U.S. pork exporters currently face duties as high as 47 percent, and the WTO permits duties as high as 60 percent.
- The opportunity for trade created through the TRQs total 13,613 tons, expanding by 5 to 15 percent per year until duties are eliminated.
- Central American countries will immediately eliminate duties on bacon and some offal products, while the Dominican Republic will establish TRQs for bacon and fat that expand annually.
- All CAFTA-DR duties will be eliminated within 15 years and certain products will be subject to safeguards in some countries.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The National Pork Producers Council, the American Meat Institute, the U.S. Meat Export Federation, and the National Renderers Association have expressed support publicly for the CAFTA-DR FTA.*

**Wheat and Barley.** Providing over $225 million in farm cash receipts, Colorado wheat and barley producers benefit from the FTA.

- U.S. grain suppliers will benefit from zero duties immediately on wheat and barley in all six countries, as well as on some processed grain products.
- The WTO generally permits duties up to 60 percent, but can exceed 100 percent.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the U.S. Grains Council, the U.S. Wheat Associates, the Wheat Export Trade Education Committee, the North American Millers Association, and the National Barley Growers Association have expressed support publicly for the CAFTA-DR FTA.*

**Sugar.** The 1 percent of Colorado farms engaged in sugar production will face no cuts in the over 100 percent out-of-quota duty on U.S. sugar that currently protects domestic producers.

- The United States will establish TRQs for CAFTA-DR countries, starting at 107,000 metric tons. In the first year of implementation, increased market access in sugar will amount to about 1.2 percent of annual U.S. sugar consumption. This amount grows very slowly by 2 percent a year into perpetuity, so that by year 15 of FTA implementation the increased access on sugar (about 151,000 metric tons) amounts to about 1.7 percent of consumption. The United States will also establish a quota for specialty sugar goods of Costa Rica in the amount of 2,000 metric tons annually.
- Provisions will ensure only net surplus exporting countries in the region have access to the new access, and provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.
- *The Sweetener Users Association, the National Confectioners Association, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

**Sugar Production in Colorado - Map**