U.S.-CAFTA-DR Free Trade Agreement

New York Farmers Will Benefit.

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Exports of farm products help boost New York's farm prices and income. Such exports help support about 7,173 jobs both on and off the farm in food processing, storage, and transportation. In 2003, New York 's farm cash receipts were $3.1 billion, and agricultural exports were estimated at $454 million, putting its reliance on agricultural exports at 14 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase New York's exports of agricultural products.

New York 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 New York'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.

Dairy. With dairy products the top source of farm cash receipts at over $1.5 billion and the nation's 5th largest exporter of dairy products, New York 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 CAFTADR FTA.*

Beef. Providing the 4th largest source of farm cash receipts, New York's cattle and calve producers 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.*

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Apples. Providing the 5th largest source of state farm cash receipts, New York apple producers benefit from the FTA.

- CAFTA-DR countries currently charge duties as high as 25 percent on U.S. apples, and the WTO permits duties as high as 138 percent.
- These duties will be eliminated immediately under the FTA.
- *The U.S. Apple Association and Norwest Horticultural Council have expressed support publicly for the CAFTA-DR FTA.*

Potatoes. Providing over $50 million in cash receipts, New York's potato producers benefit from the FTA.

- New York's potato producers benefit from immediate duty elimination on certain potato products, including frozen french fries, which will be duty-free immediately in most CAFTA-DR countries. All duties will be eliminated in 15 years, except for fresh potatoes in Costa Rica, where liberalization will occur through expanded TRQ access, with an initial quantity of 300 metric tons. Current duties in the CAFTA-DR countries are generally 15 percent, and the WTO permits duties as high as 60 percent.
- *The National Potato Council, the American Potato Trade Alliance, Washington State Potato Commission, the American Frozen Food Institute, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Wine. As a leading producer and exporter of wine, New York wine producers benefit from the immediate duty elimination on standard-size bottled wine by all CAFTA-DR countries. Duties on other wines will be eliminated within 15 years, and earlier in many cases. Current duties on wines can reach 20 percent in CAFTA-DR countries, and under WTO rules, could rise to as high as 70 percent.