U.S.-CAFTA-DR Free Trade Agreement

Illinois Farmers Will Benefit.

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Exports of farm products help boost Illinois' farm prices and income. Such exports help support about 53,720 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Illinois' farm cash receipts were $8.3 billion, and agricultural exports were estimated at $3.4 billion, putting its reliance on agricultural exports at 41 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Illinois' exports of agricultural products.

Illinois 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 Illinois' 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.

Soybeans and Products. As the nation's 2nd largest exporter of soybeans and products with farm cash receipts of over $2.5 billion, Illinois soybean producers benefit from the FTA.

- Central American and Dominican import duties range from zero to 20 percent, and the WTO permits duties as high 90 percent.
- CAFTA-DR countries will provide immediate duty-free access for soybeans. Duties on soybean meal and flour will be eliminated immediately in most CAFTA-DR countries.
- Most CAFTA-DR countries will immediately eliminate duties on crude soybean oil, and the current duties on refined soybean oil phased out over 12 to 15 years.
- *The American Soybean Association, the National Grain and Feed Association, and the National Oilseed Processors Association have expressed public support for the CAFTA-DR FTA.*

Corn. As the top source of farm cash receipts at over $3.2 billion and the nation's 2nd largest exporter of feedgrains, Illinois 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, and the North American Millers Association have expressed public support for the CAFTADR FTA.*

Pork. With hog production the state 's 3rd leading source of farm cash receipts, Illinois 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.*

Beef. Providing 4th largest source of farm cash receipts, Illinois 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.*

Wheat. As the 5th largest source of state agricultural exports, Illinois wheat producers benefit from the FTA.

- U.S. grain suppliers will benefit from zero duties immediately on wheat 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. Wheat Associates, the Wheat Export Trade Education Committee, and the North American Millers Association have expressed support publicly for the CAFTA-DR FTA.*

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Dairy. Providing the state's 6th leading source of farm cash receipts, Illinois 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.*