U.S.-CAFTA-DR Free Trade Agreement
Oklahoma Farmers Will Benefit.

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Exports of farm products help boost Oklahoma's farm prices and income. Such exports help support about 9,260 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Oklahoma's farm cash receipts were $4.5 billion, and agricultural exports were estimated at $586 million, putting its reliance on agricultural exports at 13 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Oklahoma's exports of agricultural products.

Oklahoma 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 Oklahoma'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. Providing over one-half of the state's farm cash receipts at $2.4 billion, Oklahoma 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.*

Wheat. As the nation's 5th largest exporter, with state farm cash receipts of over $443 million, Oklahoma 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. Grains Council, 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.*

Pork. With hog production the state's 3rd largest source of farm cash receipts ($442 million), Oklahoma pork producers benefit from the FTA.

- 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.*

Poultry. Providing the 4th largest source of state farm cash receipts at $379 million, Oklahoma poultry producers benefit from the FTA

- U.S. poultry exporters currently face duties as high as 164 percent on both fresh and frozen products, and the WTO permits duties as high as 250 percent.

- Each CAFTA-DR country will provide immediate duty-free access on chicken leg quarters, a product where the United States is the world's most competitive exporter, through country-specific TRQs that expand annually as duties are eliminated in 17 to 20 years.

- Costa Rica and the Dominican Republic will establish duty-free TRQs for chicken leg quarters totaling 850 metric tons, each expanding by 10 percent annually. The other four Central American countries will establish a total regional duty-free TRQ of 21,810 metric tons (with individual country minimum quota levels). After year 12, the TRQ quantity will be no less than 5 percent of regional chicken production.

- Duties on poultry products such as wings, breast meat and mechanically de-boned poultry meat will be reduced more quickly, with many eliminated within 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 National Chicken Council, the USA Poultry and Egg Export Council, and the National Turkey Federation have expressed support publicly for the CAFTA-DR FTA.*

Dairy. With $178 million in state farm cash receipts, Oklahoma 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.

- z 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.

- z 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.*

Cotton. Contributing $63 million in state farm cash receipts, Oklahoma cotton farmers benefit from the FTA.

- The FTA will lock-in immediately zero tariffs for markets worth $73.1 million to U.S. cotton suppliers.

- Under the WTO, CAFTA-DR countries could raise duties on cotton to 35 to 60 percent, depending on the country.

Peanuts and Peanut Products. With nearly $19 million in farm cash receipts, Oklahoma peanut producers benefit from the FTA.

- Peanut tariffs will be eliminated immediately in El Salvador, Honduras, and the Dominican Republic, with duties in other countries eliminated in 5 to 15 years.

- Peanut butter duties are eliminated immediately in Costa Rica, Dominican Republic, El Salvador, and Honduras. Nicaragua and Guatemala will eliminate duties on this product over 10 years.

- Except where current duty treatment under CBI grants duty-free access, the U.S. duties on peanuts and peanut butter will be phased out over a 15-year period. During the phase-out period, the United States will establish TRQ access totaling 10,500 metric tons for two countries – El Salvador and Nicaragua - growing by 5 percent per year, and a TRQ for Nicaragua for peanut butter of 280 metric tons, growing at 10 percent per year.