U.S.-Dominican Republic & Central America Free Trade Agreement[1]
Market Access Results

Environmental Goods

Trade and Tariffs

The environmental goods sector includes a variety of products geared toward improving the environment and human safety. Environmental goods accounted for approximately 4 percent of total U.S. industrial exports to Central America and the Dominican Republic in 2004, totaling $314 million. Top U.S. exports in the sector are appliance parts, miscellaneous plastic items, measuring/checking equipment, and pumps. Costa Rica is the United States' leading export market in the sector, accounting for 42 percent of total U.S. environmental product exports to the region.

Central American and Dominican tariffs on environmental goods range from 0 to 20 percent, with the average varying by country from 0.8 to 3.6.

Central American and Dominican exports to the United States in this sector were $87 million in 2004, or 2 percent of the region's total industrial exports to the United States. The Dominican Republic is the leading exporter of the six countries, accounting for 75 percent of Central American and Dominican exports in the sector.

The United States applies MFN tariffs on environmental goods of 0 to 8 percent, with an average of 1.5 percent. The highest tariffs are applied to matting and glassware. All products in the sector are duty-free under the Caribbean Basin Initiative (CBI) and Caribbean Basin Trade Partnership Act (CBTPA) tariff preferences, however.

Tariff Elimination

Tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over 10 years, and non-equal cuts over 10 years. Duties on products in the last category will decrease by 2 percent for the first two years, by 8 percent for the next four years, and by 16 percent for the last four years.

Overall, 77 percent of U.S. exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 5 percent of exports will be eliminated over five years. The remaining 18 percent of exports will face tariffs eliminated over 10 years. No products will be subject to non-linear tariff elimination. Most products in the 10-year staging category are miscellaneous plastics. When these products are factored out, nearly all U.S. environmental goods exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement.

The United States agreed to consolidate all CBI and CBTPA tariff preferences into the final tariff elimination schedules. As a result, all Central American and Dominican exports of environmental goods will continue to receive duty-free treatment.

Non-Tariff Barriers

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[1] The U.S.-Dominican Republic and Central America Free Trade Agreement includes seven signatories: the United States, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

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Many U.S. exporters face consular transactions – complex paperwork requirements stipulating that documents be certified in the United States at the embassy or consulate of the partner country that will receive the goods. Consular transactions will be eliminated immediately upon implementation of the agreement for exports to Central America and the Dominican Republic.

Dealer protection laws have led to severe consequences for U.S. exporters when they terminate a contract with a dealer or distributor in Central America. The agreement requires each partner country to amend its laws such that U.S. products cannot be denied the right of importation due to contract disputes.

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