

U.S.-Dominican Republic & Central America Free Trade Agreement¹

Market Access Results

Aircraft & Related Products

Trade and Tariffs

Aircraft and related products, which totaled \$110 million in 2003, accounted for 1.5 percent of total U.S. industrial exports to Central America and the Dominican Republic. Aircraft parts and engines dominate U.S. exports in this sector. El Salvador is the United States' leading export market in the sector, accounting for 56 percent of total U.S. aircraft and related products exports to the region.

Central American and Dominican tariffs on aircraft and related products range from 0 to 20 percent, with the average varying by country from 1.4 to 4.8 percent. The highest tariffs in this sector apply to smaller aircraft, parachutes, and gliders.

Central American and Dominican exports to the United States in this sector were about \$2 million in 2003, or less than 1 percent of the region's total industrial exports to the United States. Honduras is the leading exporter of the six countries, accounting for 85 percent of Central American and Dominican exports in the sector.

The United States, as a party to the Agreement on Trade in Civil Aircraft, applies duty-free treatment on an MFN basis to these products.

Tariff Elimination

In industrial goods overall, 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.

With respect to aircraft and related product exports, nearly one hundred percent of U.S. exports, including products such as small aircraft, aircraft engines and parts, and radio equipment will receive duty-free treatment immediately upon implementation of the agreement.

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