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

Building Products

Trade and Tariffs

The building products sector is composed of various building and construction materials. Building products and other materials accounted for nearly 2 percent of total U.S. industrial exports to Central America and the Dominican Republic in 2003, totaling $135 million. Taps and valves, iron or steel structures, and plasterboard lead U.S. exports in this sector. The Dominican Republic is the United States' leading export market in the sector, accounting for 41 percent of total U.S. building products exports to the region.

Central American and Dominican tariffs on building products range from 0 to 20 percent, with the average varying by country from 5.4 to 12.8 percent. The highest tariffs in this sector generally apply to valves and home construction accessories including fixtures, sinks and doors.

Central American and Dominican exports to the United States in this sector were about $95 million in 2003, or about 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 36 percent of Central American and Dominican exports in the sector.

The United States applies MFN tariffs from 0 to 13.5 percent on these products, with an average of 2.3 percent. The highest U.S. duties apply to ceramic roofing tiles. All products in this sector receive duty-free treatment under the Caribbean Basin Initiative (CBI) and Caribbean Basin Trade Partnership Act (CBTPA), 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, 55 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 9 percent of exports will be eliminated over five years. Duties on the remaining 36 percent of U.S. exports will be eliminated over ten years. Only 7 percent of exports will be subject to non-linear tariff elimination. Plastic pipes and fittings, plastic doors and frames, plastic baths and sinks, and some ceramic tiles and fixtures are examples of products that will be subject to non-linear 10-year staging. Tariffs on building products such as metal doors and windows, fittings, and metal structures will, in most cases, be phased out immediately or in 5 years.

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 building products exports will continue to receive duty-free treatment.

[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.

Non-Tariff Barriers

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.