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

Electronics and Instrumentation

Trade and Tariffs

The Uruguay Round sectoral initiatives on medical and scientific equipment and the Information Technology Agreement (ITA) make up the majority of the electronics and instrumentation sector. Electronics and instrumentations accounted for 27 percent of total U.S. industrial exports to Central American and the Dominican Republic in 2003, totaling $2.1 billion. Semiconductors and computer parts dominate U.S. exports in this sector. Costa Rica is the United States' leading export market in the sector, accounting for 59 percent of total U.S. electronics and instrumentation exports to the region.

Central American and Dominican tariffs on electronics and instrumentation range from 0 to 20 percent, with average tariffs varying by country from 2.1 to 5.5 percent. The highest tariffs are generally applied to televisions, recorders, and sound players.

Central American and Dominican exports to the United States in this sector were over $1.9 billion in 2003, or about 44 percent of the region's total industrial exports to the United States. Costa Rica is the leading exporter of the six countries, accounting for 70 percent of Central American and Dominican exports in the sector.

U.S. MFN tariffs in the sector range from zero to 16 percent. The highest tariffs apply to televisions, video monitors and optics parts. 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, 99 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Duties on the remaining 1 percent of U.S. exports will be eliminated over ten years. As part of the agreement, those countries that are not currently signatories to the ITA have committed to join the agreement on a multilateral basis.

Information Technology Agreement Products: One hundred percent of U.S. Information Technology Agreement product exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the agreement.

Scientific Equipment: One hundred percent of U.S. and scientific equipment exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the agreement.

Medical Equipment: Ninety-eight percent of U.S. medical equipment exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation

[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.

of the agreement. Duties on the remaining 2 percent of medical equipment exports will be eliminated over ten 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 exports of electronics and instrumentation products will continue to receive duty-free treatment.

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.