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

Fish

Trade and Tariffs

The fish sector includes processed and unprocessed fish products contained in chapters 3 and 16 of the Harmonized Tariff System. Fish accounted for less than 1 percent of total Central American and Dominican industrial imports from the United States in 2003, totaling a bit over $11 million. U.S. exports in the sector are lead by shrimp, mollusks, and sardines. The Dominican Republic is the leading export market for U.S. fish, accounting for 61 percent of total U.S. fish exports to the region.

Central American and Dominican tariffs on fish range from 0 to 20 percent, with averages of 9.9 to 16.6 percent, depending on the country.

Central American and Dominican exports to the United States in this sector were about $296 million in 2003, or approximately 7 percent of the region's total industrial exports to the United States. Honduras is the leading exporter of the six countries, accounting for 42 percent of Central American and Dominican exports in the sector.

The United States imposes MFN tariffs on fish of 0 to 35 percent, with an average of 2.0 percent for the sector. The highest tariffs are applied to processed tuna. All products in the sector except processed canned tuna are duty-free under the Caribbean Basin Initiative (CBI) and Caribbean Basin Trade Promotion Authority (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, 90 percent of U.S. fish exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the agreement. Tariffs on 6 percent of exports will be eliminated over five years. Only 4 percent of U.S. fish exports to Central America and the Dominican Republic will be subject to 10-year tariff elimination.

Under the DR-CAFTA, the United States agreed to consolidate all CBI and CBTPA tariff preferences into the final tariff elimination schedules. This means that all fish imports from Central America or the Dominican Republic except two canned tuna tariff lines will receive duty-free treatment upon implementation of the agreement. For these two lines, the base rate from which tariff cuts will be made will be the 2005 CBTPA preference rates. These base rates will be eliminated according to a 10-year non-linear staging schedule. 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.

Non-Tariff Barriers

[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.

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.