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

Non-Ferrous Ores and Metals

Trade and Tariffs

This sector is defined by the Uruguay Round sectoral initiative on non-ferrous ores and metals. Non-ferrous ores and metals accounted for 1.5 percent of total U.S. exports to Central America and the Dominican Republic in 2003, totaling $113 million. Top U.S. exports in this sector are gold, aluminum foil and structures, and copper pipes and fittings. The Dominican Republic is the United States' leading export market in the sector, accounting for 50 percent of total U.S. non-ferrous ore and metal exports to the region.

Central American and Dominican tariffs on non-ferrous ores and metal products range from 0 to 20 percent, with the average varying by country from 1 to 4.8 percent. The highest tariffs in this sector apply to aluminum structures, miscellaneous copper items, silver, platinum, and rhodium.

Central American and Dominican exports to the United States in this sector were about $282 million in 2003, or 6.5 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 56 percent of Central American and Dominican exports in the sector.

The United States applies MFN tariffs of 0 to 15 percent on these products, with an average tariff of 2.5 percent. The highest U.S. duties apply to titanium. All products in this 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, 70 percent of U.S. exports will be duty-free immediately upon implementation of the agreement. Tariffs on 18 percent of exports will be eliminated over five years. Duties on the remaining 12 percent of U.S. exports will be eliminated over ten years. Seven percent of exports will be subject to non-linear tariff elimination. Lead-acid batteries and aluminum foil are examples of products that will be subject to non-linear 10-year staging.

Non-Ferrous Metals: Seventy-eight percent of U.S. exports of non-ferrous metals will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 5 percent of exports will be eliminated over five years. Duties on the remaining 16 percent of U.S. exports will be eliminated over ten years. Only 5 percent of exports will be subject to non-linear tariff elimination. Tariffs on high value non-ferrous metal products including gold and aluminum building items (doors, windows, etc.) will, for most countries, be phased out immediately or over 5 years.

[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.

Copper & Copper Alloy Products: Ninety-three percent of U.S. exports of copper and copper alloy products will be duty-free immediately upon implementation of the agreement, another 6 percent will be eliminated in five years, and 1 percent is scheduled for elimination over 10 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 non-ferrous metals 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.