United States-Central America-Dominican Republic Free Trade Agreement

Commodity Fact Sheet

May 2005

What's at Stake for Cookies (Sweet Biscuits)?

On August 5, 2004, the United States signed the United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) with Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The agreement, which Congress must now approve and enact implementing legislation, will provide America's farmers, ranchers, food processors, and the businesses they support with improved, and in many cases, new access to this growing regional market of 44 million consumers. The CAFTA-DR calls for eventual duty-free, quota-free access on essentially all products, and addresses other trade measures among the parties as well. Under the existing terms of the Caribbean Basin Initiative, which the CAFTA-DR replaces, nearly all agricultural exports from the CAFTA-DR countries to the United States already receive duty free treatment. The CAFTA-DR levels the playing field, providing U.S. exporters market access that is better than, or at a minimum equal to, that given to other competitor countries.

U.S. Gains Improved Access to the Dominican and Central American Dynamic Economies

Before CAFTA-DR. . . U.S. cookies face import tariffs of 15 percent in Central American countries, and 20 percent in the Dominican Republic. The WTO permits tariffs ranging from 35 to 60 percent. Without preferential access, U.S. cookies are at a disadvantage to products from Argentina, Chile, Colombia, Mexico and the European Union. From 2002 through 2004, U.S. exports of cookies to all six countries combined average $2.2 million.

After CAFTA-DR. . . U.S. cookies gain preferential access in all 6 countries with tariffs on some types of cookies scheduled for immediate elimination, while other cookies have immediate tariff reduction and eventual removal within 5 to 15 years.

U.S. Consumers Benefit

Before CAFTA-DR. . . Cookies are permitted to enter the United States duty-free from all 6 countries. From 2002 through 2004, U.S. annual imports from all 6 countries averaged $1.1 million.

After CAFTA-DR. . . Cookies from all 6 countries continue to benefit from duty-free access to the U.S. market as the United States' zero duty is locked-in.