



**Frequently Asked Questions about
Opportunities for Small Businesses to
Export in the Dominican Republic-
Central America-United States
(CAFTA-DR) Region**



Frequently Asked Questions about Opportunities for Small Businesses to Export in the U.S.–CAFTA-DR Region:

What is the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)?

On August 5, 2004, the United States, the Dominican Republic, and the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The Agreement entered into force for the United States, El Salvador, Guatemala, Honduras, and Nicaragua during 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009.

Expanding sales to new foreign customers in the CAFTA-DR region allows small businesses to increase their profits and create new jobs. This Agreement is creating new economic opportunities for small businesses, and businesses of all sizes, by eliminating tariffs, opening regional markets, reducing barriers to services, and promoting transparency. The Agreement requires important reforms of the domestic legal and business environment that encourage competitive business development and investment, protect intellectual property rights, and promote closer economic cooperation. It is facilitating trade and investment among the seven countries and furthering regional integration. Combined total two-way trade in 2009 between the United States and Central America and the Dominican Republic was \$37.9 billion.

How does the Agreement benefit small exporters of goods?

The Agreement allows goods suppliers to be more price-competitive in the CAFTA-DR market simply due to duty reduction and elimination. A small exporter whose goods qualify under the Agreement may afford its buyer considerable savings. Exporters will also be more competitive in CAFTA-DR markets against competing third country products that do not have the duty benefits.

For example, manufacturing export sectors benefitting from immediate duty elimination include information technology products, agricultural and construction equipment, paper products, pharmaceuticals, and medical and scientific equipment. The Agreement also creates opportunities for farmers, ranchers and processors. Many agricultural and processed food products now receive duty-free treatment.

How can my product qualify to take advantage of the CAFTA-DR?

The product must qualify as an “originating” good under the terms of the Agreement. This means that the product must have sufficient U.S., Nicaraguan, Guatemalan, Honduran, Salvadoran, Costa Rican and/or Dominican content or processing to meet the origin criteria of the Agreement. If the good is wholly obtained or produced entirely in the United States or in one or more of the

CAFTA-DR countries, it qualifies. If the good does not meet these requirements, it still might qualify if it meets specific criteria set out in the Rules of Origin of the Agreement. Each product has a unique rule based on its tariff classification. The Rules of Origin chapter can be viewed here. (http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file240_3921.pdf)

How can regional textile and apparel manufacturers benefit from CAFTA-DR?

Textiles and apparel account for a large share of trade under CAFTA-DR. More than 500,000 jobs in the United States and CAFTA-DR countries depend upon this regionally integrated supply chain. In general, apparel made with yarn or fabric and sewn with thread produced in the U.S. or the CAFTA-DR countries can be exported duty-free. With the average apparel duty for products entering the U.S. at 14.9 percent, this is a tremendous benefit for regional producers. The Parties also implemented a reciprocal textile input sourcing rule with Mexico. This allows for duty-free treatment on trade among Mexico and the CAFTA-DR countries on certain apparel produced in a Central American country or the Dominican Republic with U.S. input. The close proximity of the CAFTA-DR countries and the United States offers opportunities to greatly reduce lead times as well as lower the carbon footprint of production.

Article 3.21 of the Agreement allows countries to agree to give preferential treatment to textile and apparel goods such as handloomed fabrics or handmade cottage industry goods and folklore handicrafts. That can benefit small- and medium-sized businesses.

Can I provide professional or other types of services to customers in the CAFTA-DR countries?

Yes. CAFTA-DR includes provisions of special importance to small firms and self-employed professionals who often do not have the resources to open overseas offices. The Agreement helps small businesses by limiting local residency requirements and ensuring the transparency of administrative and licensing procedures. In addition it secures non-discriminatory treatment and open markets in a range of services. This means new opportunities for service suppliers in sectors such as telecommunications, computer and related services, professional services, energy and environmental services, transport, and construction and engineering.

Can my firm participate in CAFTA-DR government procurement opportunities?

The Agreement requires the use of fair and transparent procurement procedures to ensure that firms can sell goods and services to a wide range of government entities on the same basis as domestic firms. CAFTA-DR countries are required to publish their procurement laws and regulations and advance notices of their purchases. The Parties also set minimum time limits for “tendering” and to provide

all the information necessary to submit responsive tenders. Parties will then publish information on awarded contracts, and provide for independent review of supplier complaints. Additionally, the Agreement contains strong anti-corruption provisions.

Where can I receive assistance to begin or expand my exports in the CAFTA-DR region? Can I get help with financing?

Each of the CAFTA-DR countries has agencies or offices that help small businesses develop new international markets for their products or services. These offices also have export financing programs. Please see the links at the end of this document for more information.

For More Information

UNITED STATES

For trade policy information:

The Office of the U.S. Trade Representative

www.ustr.gov

For information about export assistance:

The U.S. Department of Commerce

www.export.gov

For information on U.S. tariffs:

The U.S. International Trade Commission

www.usitc.gov

For information on trade in textiles:

Office of Textiles and Apparel (OTEXA), International Trade Administration,

U.S. Department of Commerce

<http://www.otexa.ita.doc.gov/>

COSTA RICA

For trade policy information:

the *Ministerio de Comercio Exterior* (Ministry of Foreign Trade)

www.comex.go.cr

For information on Costa Rican tariffs:

the *Dirección General de Aduanas* (General Directorate of Customs)

www.hacienda.go.cr

For information about export assistance:

the *Promotora de Comercio Exterior* (Foreign Trade Corporation)

www.procomer.com

For information related to support for small- and medium-sized businesses:

the *Ministerio de Economía, Industria y Comercio* (Ministry of Economy,

Industry and Commerce)

www.meic.go.cr

DOMINICAN REPUBLIC

General information on the Treaty:

Ministry of Industry and Trade

<http://www.seic.gov.do/comercioexterior/default.aspx>

Exports of Dominican products:

Center for Export and Investment of the Dominican Republic (CEI-RD)

<http://www.cei-rd.gov.do/>

Imports of products:

General Directorate of Customs of the Dominican Republic

<http://www.dga.gov.do/dgagov.net/>

Assistance to Small and Medium Enterprises:

Support to Micro, Small and Medium Enterprises (PROMIPYME)

<http://promipyme.gob.do/portal/>

Trademarks, Trade Names, Patents and Copyrights:

National Office of Industrial Property (ONAPI)

<http://www.onapi.gov.do/>

System for Government Procurement:

General Public Procurement Directorate of the Ministry of Finance of the Dominican Republic

<https://comprasdominicana.gov.do/compras/dgcp.jsp>

Associations of micro, small and medium enterprises:

Dominican Confederation of Small and Medium Enterprises, Inc. (CODOPYME)

<http://www.codopyme.org/>

EL SALVADOR

For trade policy information:

El Ministerio de Economía

www.minec.gob.sv

For information about export assistance:

EXPORTA

www.exporta.gob.sv

For information related to support for small- and medium-sized businesses:

CONAMYPE

<http://www.conamype.gob.sv/newsite/index.php>

For information on El Salvador tariffs:

El Ministerio de Economía

www.minec.gob.sv

Dirección General de Aduanas

www.aduana.gob.sv

GUATEMALA

For information on tariffs Guatemala:

Dirección de Administración del Comercio Exterior (DACE)/ Office of Foreign Trade Administration

www.mineco.gob.gt

For information on textile exports:
Comisión de Vestuario y Textiles (VESTEX)/ Clothing and Textiles Committee
www.Apparel.com.gt

Foreign Trade Information:
Dirección de Administración del Comercio Exterior (DACE)/ Office of Foreign Trade Administration)
<http://www.mineco.gob.gt/Presentacion/Productor.aspx>

For information on Foreign Trade Statistics of Guatemala:
Banco de Guatemala (Central Bank)
<http://www.banguat.gob.gt/inc/main.asp?id=317&aud=1&lang=1>
and *Secretaría de Integración Económica Centroamericana* (SIECA) / Central American Economic Integration Secretariat
<http://estadisticas.sieca.int/siecadb/menu.asp?Idioma=Esp>

HONDURAS

For trade policy information:
Dirección General de Integración Económica y Política Comercial (DGIEPC)
www.sic.gob.hn

For information on Honduras tariffs:
Dirección General de Integración Económica y Política Comercial (DGIEPC)
www.sic.gob.hn

For information about export assistance:
Dirección General de Promoción de Comercio Exterior e Inversiones
www.sic.gob.hn/promocion/Inicio.aspx

For information related to support for Small and Medium Enterprises:
Subsecretaría de la Pequeña y Mediana Empresa (Mipyme)
<http://www.sic.gob.hn/difomipyme/inicio.aspx>

NICARAGUA

For information on Nicaraguan tariffs:
Dirección General de Servicios Aduaneros (DGA)
www.dga.gob.ni

For information on Foreign Trade:
Dirección General de Comercio Exterior (DGCE)
<http://www.mific.gob.ni/>

For information on Foreign Trade Statistics of Nicaragua:
Banco Central de Nicaragua (Central Bank)
<http://www.bcn.gob.ni>
and *Secretaría de Integración Económica Centroamericana* (SIECA) / Central American Economic Integration Secretariat
<http://estadisticas.sieca.int/siecadb/menu.asp?Idioma=Esp>

For information related to support for small- and medium-sized businesses:
Instituto Nicaraguense de Apoyo a la Pequeña y Mediana Empresa (INPYME)
www.inpyme.gob.ni