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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

DOMINICAN REPUBLIC

This report, prepared for the fifth Trade Policy Review of Dominican Republic, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Dominican Republic on its trade policies and practices.

Any technical questions arising from this report may be addressed to Mr Angelo Silvy (tel.: 022 739 5249), Ms Eugenia Lizano (tel.: 022 739 6578), Mr Cristian Ugarte or Ms Stephanie Doranges-Patoret (tel.: 022 739 5497).

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**CONTENTS**

|   |           |
|---|-----------|
| <b>SUMMARY .....</b>  | <b>7</b>  |
| <b>1 ECONOMIC ENVIRONMENT .....</b>                             | <b>12</b> |
| 1.1 Main Features of the Economy .....                          | 12        |
| 1.2 Recent Economic Developments .....                          | 14        |
| 1.2.1 Real sector.....  | 14        |
| 1.2.2 Fiscal policy .....                                       | 16        |
| 1.2.3 Monetary and exchange-rate policy.....                    | 23        |
| 1.2.4 Balance of payments .....                                 | 26        |
| 1.3 Developments in Trade and Investment Flows.....             | 29        |
| 1.3.1 Trade in goods .....                                      | 29        |
| 1.3.1.1 Composition of trade in goods .....                     | 29        |
| 1.3.1.2 Direction of merchandise trade .....                    | 31        |
| 1.3.2 Trade in services .....                                   | 33        |
| 1.3.3 Foreign direct investment (FDI).....                      | 34        |
| <b>2 TRADE AND INVESTMENT REGIMES.....</b>                      | <b>36</b> |
| 2.1 General Framework .....                                     | 36        |
| 2.2 Trade Policy Formulation and Objectives.....                | 38        |
| 2.3 Trade Agreements and Arrangements .....                     | 40        |
| 2.3.1 WTO .....   | 40        |
| 2.3.2 Regional and preferential agreements .....                | 41        |
| 2.3.3 Other agreements and arrangements .....                   | 43        |
| 2.4 Investment Regime .....                                     | 43        |
| 2.4.1 Legal framework.....                                      | 43        |
| 2.4.2 Investment incentives .....                               | 46        |
| <b>3 TRADE POLICIES AND PRACTICES BY MEASURE.....</b>           | <b>49</b> |
| 3.1 Measures Directly Affecting Imports.....                    | 49        |
| 3.1.1 Customs procedures and requirements.....                  | 49        |
| 3.1.2 Customs valuation .....                                   | 52        |
| 3.1.3 Rules of origin .....                                     | 52        |
| 3.1.4 Tariffs .....   | 53        |
| 3.1.4.1 Structure and levels .....                              | 53        |
| 3.1.4.2 Preferential tariffs .....                              | 54        |
| 3.1.4.3 Tariff quotas.....                                      | 55        |
| 3.1.4.4 Tariff concessions .....                                | 56        |
| 3.1.5 Other charges affecting imports.....                      | 56        |
| 3.1.6 Import prohibitions, restrictions and licensing .....     | 59        |
| 3.1.7 Anti-dumping, countervailing and safeguard measures ..... | 61        |
| 3.1.7.1 Anti-dumping and countervailing measures .....          | 61        |
| 3.1.7.2 Safeguard measures .....                                | 63        |

|           |   |           |
|-----------|---|-----------|
| 3.2       | Measures Directly Affecting Exports .....                       | 64        |
| 3.2.1     | Export procedures and requirements .....                        | 64        |
| 3.2.2     | Export duties, charges and other levies .....                   | 66        |
| 3.2.3     | Export prohibitions, authorizations and licensing.....          | 66        |
| 3.2.4     | Export support .....  | 67        |
| 3.2.5     | Export finance, insurance and promotion .....                   | 67        |
| 3.3       | Measures affecting production and trade .....                   | 68        |
| 3.3.1     | Incentives.....   | 68        |
| 3.3.2     | Standards and other technical requirements .....                | 70        |
| 3.3.3     | Sanitary and phytosanitary measures.....                        | 74        |
| 3.3.4     | Competition policy and price controls .....                     | 76        |
| 3.3.4.1   | Competition policy .....  | 76        |
| 3.3.4.2   | Price controls.....   | 79        |
| 3.3.5     | State trading, state-owned enterprises, and privatization ..... | 79        |
| 3.3.6     | Government procurement.....                                     | 80        |
| 3.3.6.1   | Legal framework.....  | 80        |
| 3.3.6.2   | Institutional framework.....                                    | 82        |
| 3.3.6.3   | Procurement procedure .....                                     | 83        |
| 3.3.7     | Intellectual property rights.....                               | 87        |
| <b>4</b>  | <b>TRADE POLICIES BY SECTOR.....</b>                            | <b>92</b> |
| 4.1       | Agriculture, Forestry and Fisheries.....                        | 92        |
| 4.1.2     | Measures affecting imports and exports.....                     | 96        |
| 4.1.3     | Domestic support.....   | 97        |
| 4.1.4     | Fisheries.....  | 100       |
| 4.2       | Mining and Energy .....   | 103       |
| 4.2.1     | Mining .....  | 103       |
| 4.2.2     | Hydrocarbons.....   | 107       |
| 4.2.3     | Electricity .....   | 109       |
| 4.3       | Manufacturing .....   | 112       |
| 4.4       | Services .....  | 115       |
| 4.4.1     | Financial services.....   | 115       |
| 4.4.1.1   | Banking .....   | 116       |
| 4.4.1.1.1 | General features and prudential indicators.....                 | 116       |
| 4.4.1.1.2 | Regulatory framework .....                                      | 118       |
| 4.4.1.1.3 | International financial zone regime.....                        | 123       |
| 4.4.1.2   | Insurance .....   | 124       |
| 4.4.1.3   | Securities market.....  | 126       |
| 4.4.1.4   | Payment systems and cybersecurity .....                         | 127       |
| 4.4.2     | Telecommunications.....   | 128       |
| 4.4.3     | Transport.....  | 133       |

|           |  |            |
|-----------|--|------------|
| 4.4.3.1   | Air transport.....                           | 133        |
| 4.4.3.2   | Maritime transport and port activities ..... | 138        |
| 4.4.3.2.1 | Maritime transport .....                     | 138        |
| 4.4.3.2.2 | Ports .....                                  | 139        |
| 4.4.4     | Tourism.....                                 | 141        |
| <b>5</b>  | <b>APPENDIX TABLES .....</b>                 | <b>144</b> |

### CHARTS

|           |   |    |
|-----------|---|----|
| Chart 1.1 | Tax expenditure by tax type and as a percentage of GDP, 2015-22 .....             | 23 |
| Chart 1.2 | Merchandise trade by main products, 2015 and 2021 .....                           | 30 |
| Chart 1.3 | Free zone trade by main products, 2015 and 2021.....                              | 31 |
| Chart 1.4 | Merchandise trade by trading partner, 2015 and 2021.....                          | 32 |
| Chart 1.5 | Free zone merchandise trade by trading partner, 2015 and 2021.....                | 33 |
| Chart 2.1 | Trade agreements in force in 2022.....  | 42 |
| Chart 3.1 | Frequency distribution of tariffs, 2014 and 2021 .....                            | 54 |
| Chart 3.2 | Anti-dumping and anti-subsidy investigations and adoption of measures, 2022 ..... | 62 |
| Chart 3.3 | Safeguard investigation procedures.....   | 63 |
| Chart 3.4 | Composition of SIDOCAL.....   | 70 |
| Chart 3.5 | Drafting procedure for a technical regulation .....                               | 72 |
| Chart 3.6 | Procedure for drafting Dominican standards .....                                  | 73 |
| Chart 3.7 | Data on industrial property protection rights, 2015-21.....                       | 91 |

### TABLES

|           |   |    |
|-----------|---|----|
| Table 1.1 | Main economic indicators, 2014-first quarter 2022 .....   | 12 |
| Table 1.2 | Statement of central Government and NFPS budgetary operations,<br>2014-first quarter 2022 .....               | 18 |
| Table 1.3 | Central Government expenditure on social protection programmes in response to<br>COVID-19, February 2022..... | 20 |
| Table 1.4 | Main monetary indicators, 2014-first quarter 2022.....  | 24 |
| Table 1.5 | Balance of payments, 2014-21 .....  | 27 |
| Table 1.6 | Services balance, 2015-21 .....   | 34 |
| Table 1.7 | FDI flows by sector, 2014-21.....   | 35 |
| Table 1.8 | FDI flows by country of origin, 2014-21 .....   | 35 |
| Table 2.1 | Measures to promote exports, 2015-22 .....  | 39 |
| Table 2.2 | Restrictions on foreign investment, 2022 .....  | 44 |
| Table 2.3 | Investment and/or production incentives, 2022 .....   | 46 |
| Table 3.1 | Main laws relating to customs procedures, 2022 .....  | 50 |
| Table 3.2 | Structure of MFN tariffs, 2014 and 2022 .....   | 53 |
| Table 3.3 | Summary analysis of preferential tariffs, 2021.....   | 55 |
| Table 3.4 | Customs service fees, 2022.....   | 56 |

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|   |     |
|---|-----|
| Table 3.5 ISC rates, 2022 .....   | 57  |
| Table 3.6 Tax on hydrocarbons, 2022 (July) .....  | 58  |
| Table 3.7 Import prohibition, 2015-22 .....   | 59  |
| Table 3.8 Products subject to import licensing, 2022 .....                                | 60  |
| Table 3.9 Anti-dumping investigations initiated and measures adopted, 2015-21 .....       | 63  |
| Table 3.10 Specific export procedures, 2022 .....   | 65  |
| Table 3.11 Export taxes on fish and shellfish, 2022 .....                                 | 66  |
| Table 3.12 List of prohibited exports, 2015-22.....                                       | 66  |
| Table 3.13 Export restrictions and controls, 2015-22 .....                                | 67  |
| Table 3.14 Selected sectoral tax incentives, 2015-22 .....                                | 68  |
| Table 3.15 Selected public enterprises, 2022 .....  | 80  |
| Table 3.16 Chief instruments enacted in relation to government procurement, 2015-22 ..... | 81  |
| Table 3.17 Contracts processed through the Transaction Portal, 2018-21.....               | 83  |
| Table 3.18 Selection procedures .....   | 84  |
| Table 3.19 Amounts awarded through selection procedures, 2015-21.....                     | 85  |
| Table 3.20 Thresholds determining the selection procedure, 2022.....                      | 86  |
| Table 3.21 Requirements and terms of intellectual property rights protection, 2022 .....  | 88  |
| Table 4.1 Main agricultural sector indicators, 2015-21 .....                              | 92  |
| Table 4.2 Top agricultural sector exports and imports, 2015-21 .....                      | 93  |
| Table 4.3 Main laws governing the agricultural sector, 2022 .....                         | 94  |
| Table 4.4 Major agricultural sector institutions, 2022.....                               | 95  |
| Table 4.5 Government agencies involved in the fisheries sector .....                      | 101 |
| Table 4.6 Production, trade and share of GDP of the mining sector, 2015-21.....           | 104 |
| Table 4.7 Supply and demand in the national grid, 2015-21.....                            | 109 |
| Table 4.8 The manufacturing sector's share of GDP and employment, 2015-21 .....           | 113 |
| Table 4.9 Manufacturing exports, by regime and by main activity, 2015-21 .....            | 113 |
| Table 4.10 Banking system indicators, 2015-21 .....                                       | 117 |
| Table 4.11 Insurance and reinsurance market indicators, 2015-20 .....                     | 124 |
| Table 4.12 Telecommunications indicators, 2015-21.....                                    | 129 |
| Table 4.13 Main regulations and standards approved, 2015-22 (June).....                   | 130 |
| Table 4.14 Air traffic, 2015-21.....  | 134 |
| Table 4.15 Air service agreement modalities: bilateral agreements.....                    | 136 |
| Table 4.16 Port operations, 2015-22 (June) .....  | 139 |
| Table 4.17 Tourism indicators, 2015-22 (June) .....                                       | 141 |
| Table 4.18 Tax incentives for tourism projects or tourism activities .....                | 142 |

**BOXES**

|   |     |
|---|-----|
| Box 1.1 Base primary balance, structural primary balance and fiscal stimulus..... | 17  |
| Box 2.1 Constitutional reform process .....                                       | 37  |
| Box 2.2 Legislative procedure .....   | 37  |
| Box 2.3 The role of women in Dominican exports .....                              | 40  |
| Box 3.1 Main changes introduced by Law No. 168-21 .....                           | 49  |
| Box 4.1 CODOPESCA measures for the preservation of fishery resources .....        | 103 |

**APPENDIX TABLES**

|  |     |
|--|-----|
| Table A1.1 Exports of consumer goods and re-exports by HS section and main HS chapter, 2015-21 .....         | 144 |
| Table A1.2 Exports from free zones by HS section and main HS chapter, 2015-21 .....                          | 146 |
| Table A1.3 Total imports (f.o.b.) by HS section and main HS chapter, 2015-21 .....                           | 148 |
| Table A1.4 Imports of consumer goods and reimports (f.o.b.) by HS section and main HS chapter, 2015-21 ..... | 150 |
| Table A1.5 Free zone imports (f.o.b.) by HS section and main HS chapter, 2015-21 .....                       | 152 |
| Table A1.6 Exports of consumer goods and re-exports by trading partner, 2015-21 .....                        | 154 |
| Table A1.7 Merchandise exports from free zones by trading partner, 2015-21 .....                             | 155 |
| Table A1.8 Total merchandise imports (f.o.b.) by trading partner, 2015-21 .....                              | 156 |
| Table A1.9 Imports of consumer goods and reimports (f.o.b.) by trading partner, 2015-21 .....                | 157 |
| Table A1.10 Merchandise imports into free zones (f.o.b.) by trading partner, 2015-21 .....                   | 158 |
| Table A2.1 Trade measures notified to the WTO, 1 January 2015-31 August 2022 .....                           | 159 |
| Table A3.1 Customs procedures .....  | 161 |
| Table A3.2 Summary analysis of the MFN tariff, 2021 .....  | 163 |
| Table A3.3 Tariff lines where the applied MFN rate exceeds the bound rate, 2021 .....                        | 165 |
| Table A3.4 MFN tariff quotas and import volume, 2021 .....   | 168 |
| Table A3.5 Preferential tariff quotas and import volume, 2021-22 .....                                       | 169 |
| Table A3.6 Legislation on animal and plant health and food safety, 2022 .....                                | 170 |

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## SUMMARY

1. The Dominican Republic is a middle-income country with per capita GDP that amounted to around USD 9,000 in 2021. The Dominican economy has recovered quickly from the negative impact of the COVID-19 pandemic. The country's GDP grew by more than 6% each year between 2014 and 2019, only to shrink by 6.7% in 2020. It nevertheless rebounded strongly in 2021, with growth of 12.3%. The trend continued into the first few months of 2022, with growth of 6.1% in the first quarter, reflecting a convergence towards potential GDP performance.

2. The Dominican economy is primarily dominated by services, which accounted for 56% of GDP in 2021, with activities related to the tourism sector and internal trade taking the lead. In 2021, manufactured goods accounted for 15% of GDP, construction 14% and agricultural production 6%. The Dominican economy was hit hard by the COVID-19 pandemic, particularly the tourism services sector. In 2021, however, rapid economic growth meant that most sectors recorded higher levels of activity than at the start of the pandemic. The following economic activities accounted for the most considerable growth: hotels, bars and restaurants; construction; local manufacturing; free zones; commerce; and transport and storage.

3. During the review period, fiscal policy sought to achieve fiscal consolidation in the medium term. The public sector deficit fluctuated between 2.3% and 2.7% of GDP in the 2014-19 period, before increasing to 7.6% of GDP in 2020 as a result of the decline in economic activity and the measures taken to address the pandemic. The deficit shrank to 2.6% of GDP in 2021, thereby reflecting the rapid growth of the economy. To counter the negative effects of the pandemic, the authorities introduced a fiscal package of around USD 4.2 billion, an amount equivalent to more than 4% of GDP.

4. In order to enhance the fiscal package, the Central Bank injected around USD 4 billion in additional liquidity, eased reserve requirements and reduced interest rates. An inflation target of 4.0%±1.0% per year has been applied since 2015. Compliance with this target was relaxed during the pandemic. Inflation nevertheless remained within the target range for most of the review period, but exceeded the target in 2021 (8.5%) mainly due to higher energy prices and disruptions in the supply chain.

5. The current account of the balance of payments shows a structural deficit, which averaged 1.3% of GDP between 2015 and 2020. Remittances, amounting to more than 10% of GDP, partly offset the merchandise trade deficit. As a result of the COVID-19 pandemic's negative impact on economic activity, the current account deficit rose to 1.7% of GDP in 2020, mainly due to the decline in tourism revenue and remittances from abroad. As growth resumed in 2021 and imports increased, the current account deficit rose, reaching 2.8% of GDP in 2021.

6. Trade in goods and services is of great importance to the Dominican Republic, since it accounts for more than half of the country's GDP. The main sources of foreign exchange are tourism receipts, free zone exports and remittances from Dominican nationals, which in 2021 totalled around USD 23 billion, or more than 25% of GDP. Manufactured goods, particularly textiles and clothing and metal products, account for over 50% of merchandise exports, while motor vehicles constitute the main import category. The Dominican Republic's main export market is the United States, with a share of 20.5% of exports from the customs territory in 2021 and 78.2% of exports from free zones. Other export markets are Switzerland (20.3% of total exports), India (15.7%), Haiti (12.4%) and the European Union (11.3%). The United States is also the Dominican Republic's leading supplier, providing 38.8% of the country's total domestic imports in 2021, followed by China (17.6%) and the European Union (11.6%). Exports from free zones are of key importance, accounting for 60% of total exports in 2021.

7. During the review period, the Dominican Republic saw an upsurge in foreign direct investment (FDI) flows. Between 2014 and 2021, FDI flows into the Dominican Republic totalled USD 21,610 million (equivalent to an average of around USD 2.7 billion per year). The main sectors to receive such investment were tourism (28.8%), commerce (20.5%) and real estate (17.4%). The main sources of FDI during the same period were the United States (25.7% of the total), Canada (10.2%), Spain (7.3%) and Mexico (7.3%).

8. The main objective of the Dominican Republic's trade policy is to promote exports. The Dominican export strategy is based on both the promotion of traditional export products and the creation of a new supply based on exports of "modern services", which are those pertaining to the creative economy, the audiovisual industry, telecommunications and information technology. The aim is to supply goods and services that are more sophisticated, competitive and diverse, by focusing on innovation, quality and value added. It is hoped that the export sector will also benefit from taking advantage of existing markets and seeking new trade opportunities. Various steps have been taken to facilitate exports, including the streamlining of procedures and the introduction of more flexible conditions for accessing credit. In order to support the export sector, the Dominican Republic seeks to ensure an attractive environment for foreign investors, through, for instance, the free zone regime and other incentives that support domestic production's integration into the international market. The Dominican authorities believe that the extent of the country's integration into international markets also depends on women's empowerment and leadership in trade.

9. The Dominican Republic has been a Member of the WTO since 1995 and grants, as a minimum, most-favoured-nation (MFN) treatment to all its trading partners. This is its fifth Trade Policy Review. The Dominican Republic is committed to the multilateral trading system, which it believes should contribute to inclusive, sustainable and fair development. The Dominican Republic supports the elimination of distortions in trade in agricultural products and the creation of an inclusive and resilient agricultural economy. It also favours trade practices that are more respectful of the environment and natural resources. In 2016, it ratified the Trade Facilitation Agreement (TFA), and implements the Agreement in accordance with its commitments thereunder. The Dominican Republic did not make use of the dispute settlement mechanism during the review period.

10. The Dominican Republic has preferential trade agreements with Central America, the United States, Panama, the United Kingdom, the European Union, the Caribbean Community and the member States of the Caribbean Forum (CARIFORUM), all of which have been notified to the WTO. All these agreements, except for the agreement with Panama (a partial scope agreement), cover trade in goods and services. The agreement with the United Kingdom was the only one to enter into force for the Dominican Republic during the review period.

11. One of the most significant changes concerning the Dominican customs regime during the review period was the enactment of a new Customs Law aimed at modernizing and simplifying customs regimes and procedures. This Law, which is not yet fully implemented, harmonizes Dominican domestic legislation with the international commitments undertaken multilaterally and bilaterally over the past three decades. In addition to streamlining customs formalities and procedures, the new Customs Law legalized electronic declarations and the use of electronic means. The National Trade Facilitation Committee was created in 2017 to facilitate interaction with other trade control agencies and the private sector, and to implement the TFA. The Dominican Republic applies a customs valuation system based on the WTO Customs Valuation Agreement and uses preferential and non-preferential rules of origin. Non-preferential rules are used to determine the origin of imports subject to anti-dumping or countervailing duties, safeguard measures or import quotas.

12. During the period under review, no major changes were made to the Dominican Republic's tariff schedule. Only ad valorem tariffs are applied. While some tariffs increased slightly, the simple average MFN tariff remained unchanged from 2014, at 7.8%. This was partly due to an increase in the number of tariff lines, which rose from 7,048 at the Harmonized System (HS 2012) eight-digit level in 2014 to 7,242 (HS 2017) in 2022. In particular, an increase was seen in the number of lines subject to tariff rates higher than 15%, which are applied mainly to agricultural products (WTO definition). Tariff rates above 25% apply to 72 lines, which mainly comprise agricultural products. The Dominican Republic applies tariff quotas under both the WTO and its trade agreements. The country has bound all its tariff lines in the WTO at rates ranging from 0% to 99%. The use of quotas varies; when imports are needed to meet demand or maintain reserves, market access is expanded, meaning that quota usage may exceed 100%.

13. The Dominican Republic maintains import prohibitions and restrictions for reasons of public health and safety, animal and plant health, and environmental protection, and in order to comply with the requirements of international agreements. Most existing prohibitions are for plant and animal health reasons, and their objective is to prevent the entry of pests and diseases into the national territory. During the review period, there were no changes to either the import licensing system or the procedure for obtaining import licences. The Dominican Republic makes limited use



of corrective trade remedies. In 2015-21, no changes were made to the country's trade defence legislation and instruments; two dumping investigations were initiated, but no investigations were initiated in respect of subsidies or safeguard measures.

14. The new Customs Law regulates the export process and establishes the time limits, rights, obligations and responsibilities of exporters in order to give the export regime greater legal certainty, predictability and transparency. The Dominican Republic requires licences for, and maintains restrictions and prohibitions on, the export of a limited number of products. Fish and shellfish are the only products subject to export duties.

15. Under the drawback procedure, exporters can obtain the repayment (total or partial) of the import duties and taxes charged on goods that are to be exported or on the inputs used in their production. Exporters can also use the inward processing procedure. ProDominicana is the government agency responsible for promoting exports and FDI, and operates in several areas in coordination with other government institutions involved in foreign trade. In 2021, the National Export Bank became the Export and Development Bank (BANDEX), which channels financial resources to export-oriented sectors, through financing and lines of credit for exports, and other products, such as export factoring, export credit insurance and other SME-oriented products.

16. The Dominican Republic grants tax incentives to certain sectors or for certain activities. The incentives comprise exemption (generally in full) from various taxes such as the tax on the transfer of industrialized goods and services (ITBIS), income tax (ISR), the selective consumption tax (ISC), the wealth tax and the tax on the use of goods and licences. The sectors and activities targeted by the incentives are tourism, electricity generation, the textiles industry, manufacturing, the film industry, mining and agriculture. During the review period, incentives for manufacturing and industry expired and were subsequently reintroduced for a period of 15 years. The incentives scheme for industries located in border provinces was amended in 2021: most of the benefits of the previous scheme were retained and the validity of the incentives was extended to 30 years. The scheme to promote renewable energy has been extended to include new energy production sources, and incentives have been introduced for solid waste processing.

17. The free zone regime, which the Dominican Republic notified to the WTO as a subsidy programme, has not undergone any substantial changes since the previous review in 2015. This means that enterprises located in free zones continue to enjoy the same tax benefits, while the National Council for Free Export Zones (CNZFE) remains responsible for the regime.

18. The procedure for drafting a technical regulation has not changed since 2015, and ministries and other state agencies are responsible for drafting their own technical regulations. In 2021, in order to ensure the transparency of the procedure, the Dominican Republic adopted the Handbook of Good Technical Regulation Practices (GBPRT), which is based on the WTO TBT Code of Good Practice. Certification is usually voluntary, except for certain types of cement and steel bars. This requirement applies to imported and domestically produced goods. Between 2015 and 2022, two specific trade concerns regarding Dominican technical regulations were raised at the WTO.

19. The aim of the sanitary and phytosanitary (SPS) system of the Dominican Republic is to prevent, by means of three systems, the introduction into the national territory of pests or diseases. Those systems are sanitary and phytosanitary protection at the national borders; surveillance and diagnostic capacity to detect pests, diseases and sanitary issues; and the capacity to respond in agile fashion to emergencies. The Dominican Republic places special emphasis on enhanced border protection through the installation of inspection infrastructure. Moreover, exporting establishments are inspected and agricultural products for export are certified. The drafting of SPS measures is governed by the regulations of the relevant ministries. There is no single centralized mechanism for the preparation of these regulations. However, they are drafted largely along the same lines as the technical regulations.

20. The government procurement procedure has undergone some significant changes during the review period, including the enactment of the Law on Public-Private Partnerships in 2020. The Transaction Portal of the Computerized Management System for Procurement and Contracts of the Dominican State came online in 2017, a technological tool to manage government procurement of goods, works, services. The Dominican Republic has six government procurement selection procedures (open tendering, restricted tendering, construction contract lottery, price comparison,

small scale purchasing and reverse auction). A series of thresholds is used to determine which procedure is appropriate. Dominican legislation encourages the purchase of products of national origin and reserves contracts exclusively to MSMEs and business run by women. The Dominican Republic is not party to the WTO Agreement on Government Procurement nor does it have observer status.

21. The Competition Law, which was enacted in 2008, came into force in 2017 and its implementing regulations were issued in 2020. The Law applies to all sectors of the economy, except those that have regulatory bodies. Competition in those sectors is regulated by laws specific to those sectors. The National Competition Commission (Pro Competencia) is responsible for enforcing the Law. In 2021, with a view to improving the implementation of the competition system, the Dominican Republic issued several regulations to adopt the penalties reduction regime, among other things. Control of economic concentrations is regulated by sectoral provisions. Sugar, fuel and natural gas prices and electricity tariffs are still controlled. The Dominican Republic's intellectual property regime has not changed substantially since 2015. The number of patents awarded to residents is relatively low, owing to the fact that the economy is geared towards activities that make little use of innovation. However, the Dominican Republic has adopted the Innovation Policy 2030 to promote investment in R&D.

22. The agricultural sector contributed 5.7% to GDP in 2021. The average MFN tariff for agricultural products (WTO definition) increased slightly from 2014, from 14.2% to 14.5%. In the Dominican Republic, the highest tariffs, ranging from 40% to 99%, are used only for agricultural products such as rice, sugar, meat, dairy products and vegetables. On average, the highest tariffs were used for dairy products (25.9%) and sugar and confectionery (24.2%). Nevertheless, most of the aforementioned products are subject to tariff quotas and may therefore be afforded less protection. The Dominican Republic notified the WTO that it did not grant any export subsidies for agricultural products during the period 2015-21. However, the Dominican Republic also supports the agricultural sector through a series of programmes.

23. Businesses located in free zones continue to be of major importance for the Dominican economy and manufacturing activity, given that 60% of manufacturing exports in 2021 were produced under the free zone regime. Since 2021, manufacturing and industry have also been eligible for the incentives available for businesses in the border area. Average tariffs applied to non-agricultural products have not changed significantly since 2014 and have increased for only a few products, specifically fish and fish products (from 17.1% in 2014 to 17.4% in 2021).

24. The mining sector has enjoyed vigorous growth during the period under review, particularly in connection with the exploitation of gold and silver deposits. Foreign investment has played a key role in the development of these activities, which have made the Dominican Republic one of the region's leading exporters of gold. The main mining centres are in *reservas fiscales*, government-reserved mining areas, and their exploitation is governed by special contracts in the framework of the Mining Law. Some non-metallic mining activity is also carried out, albeit on a smaller scale, and, during the period 2015-22, efforts have been made to promote the value added and export of certain processed products. In 2019, the Dominican Republic award its first concession for the exploitation of hydrocarbons.

25. The Dominican Republic continues to rely heavily on imports of petroleum products, in particular for the generation of electricity. During the review period, the Dominican Republic has diversified its energy mix considerably, mainly towards natural gas. Considerable investment has been made in electricity generation and in the conversion of existing infrastructure. In addition, renewable energies have doubled their share in electricity generation. Nevertheless, challenges remain to efforts to improve the functioning of the electricity sector, such as the lack of investment in distribution and transmission to reduce losses, inadequate management of the state-owned enterprises which generally enjoy a dominant position, and setting electricity tariffs that cover production costs. However, some changes have started to be made to address these challenges as part of the implementation of the Electricity Pact 2021-30. Moreover, the Dominican Corporation of State-Owned Electricity Companies is currently in the process of being restructured, a process that began in 2020.

26. The Dominican Republic is a net importer of financial services, which accounted for 3.9% of GDP in 2021. To operate as a financial intermediary, prior authorization must be obtained from the Monetary Board, which may only refuse authorization on legal grounds. There are no restrictions on

foreign-owned companies. During the review period, the financial system performed well, despite the negative economic effects of the COVID-19 pandemic, thanks in no small part to the measures implemented from March 2020, and the channelling of resources towards the domestic productive sectors and households. The main regulatory measures include the freeing up of legal reserves, repurchase transactions and the quick liquidity facility window. These policies provided a monetary stimulus of more than 5% of GDP. In addition, the Central Bank actively participated in the foreign exchange market by injecting foreign currency liquidity into financial entities and adopted measures to prevent the potential deterioration of the loan portfolio. During the period under review, the microprudential indicators of the Dominican financial system remained at appropriate levels. The solvency ratio remained well above the internationally recommended level of 8%.

27. Commensurate with global trends, the telecommunications sector in the Dominican Republic has seen accelerated growth in mobile telephony and Internet services. Today, almost all the population has access to 4G technology, and two thirds have access to mobile broadband. In 2021, the spectrum bands were assigned for the roll out of 5G technology. Telephone services are subject to a duopoly, which means competition among providers is limited, despite regulatory efforts (*inter alia*, universal service, portability, dispute resolution and setting charges) to increase it.

28. Air and maritime transport is of great importance to the Dominican Republic's trade. On the one hand, air transport facilitates tourism services for the more than 5 million tourists who visit the country annually. On the other hand, maritime transport is the means of transport for more than 90% of the Dominican Republic's trade in goods, and facilitates the transit of goods to other countries in the region. In order to achieve a high level of trade competitiveness, the Dominican Republic pursues an open skies policy with regard to air transport and has signed more than 27 new air service agreements during the review period. Turning to maritime transport, the Dominican Republic continues to carry out infrastructure projects in an effort to attract new flows of cruise ship visitors and to position itself as a platform for maritime trade.

29. Tourism is still making a vital contribution to the Dominican economy and, in 2022, the sector saw a strong recovery from the negative impact of the COVID-19 pandemic. The objective of the sectoral policy is to diversify the tourism offering in a manner that will improve the sectors' links with the economy and local communities. The sector's system of incentives and the investment in maritime infrastructure for tourism purposes have helped to attract foreign investment and, by extension, to promote the sector's recent growth.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Features of the Economy

1.1. The Dominican Republic's economy experienced strong growth in the first part of the review period, prior to the pandemic. Between 2014 and 2019, the average annual GDP growth rate reached 6.2%, thus exceeding the historical average. The authorities consider that the steady rate of expansion was attributable to effective coordination between monetary and fiscal policies, which strengthened macroeconomic fundamentals, and diversified the productive structure and implementation of structural reforms. GDP per capita rose from just over USD 6,800 in 2014 to just over USD 8,500 in 2019 (Table 1.1). In 2020, GDP shrank by 6.7%, mainly due to the COVID-19 pandemic. The economy rebounded strongly in 2021, when it grew by 12.3%, and the trend continued into the first months of 2022, with growth of 6.1% in the first quarter, reflecting a convergence towards potential GDP performance.

1.2. The Dominican economy is primarily dominated by services, which accounted for 56.0% of GDP in 2021. While this percentage is lower than in 2015 (61.1%), this is due to increased activity in the construction sector and the greater impact of the pandemic on services compared with other sectors of the economy. The share of services in GDP remained above 60% in 2014-19, driven mainly by trading activities; transport and storage; hotels, bars and restaurants; real estate activities; and other services. Over the same period, the share of industries averaged at just over 26% of GDP, particularly construction and manufacturing, both in free zones and at the local level. The GDP share of agriculture remained at just over 5%. The authorities noted that economic growth during the period was strengthened by a steady increase in private lending, which rose year-on-year by more than nominal GDP growth. The performance of domestic and free-zone exports, income from tourism, remittances and foreign direct investment (FDI) also significantly contributed to boosting growth.

**Table 1.1 Main economic indicators, 2014–first quarter 2022**

|   | 2014   | 2015   | 2016   | 2017 <sup>a</sup> | 2018 <sup>a</sup> | 2019 <sup>a</sup> | 2020 <sup>a</sup> | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|---|--------|--------|--------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Gross domestic product (GDP)                                    |        |        |        |                   |                   |                   |                   |                   |                      |
| GDP at current prices (DOP billion)                             | 2,926  | 3,206  | 3,487  | 3,803             | 4,236             | 4,562             | 4,457             | 5,393             | 1,468                |
| GDP at current prices (USD million)                             | 67,254 | 71,243 | 75,759 | 80,025            | 85,537            | 88,906            | 78,829            | 94,524            | 25,952               |
| GDP at constant prices (chained volume indices, base year 2007) | 134.2  | 143.5  | 153.1  | 160.2             | 171.4             | 180.1             | 168.0             | 188.6             | 192.7                |
| Real GDP growth rate (%)  | 7.1    | 6.9    | 6.7    | 4.7               | 7.0               | 5.1               | -6.7              | 12.3              | 6.1                  |
| GDP per capita (current USD)                                    | 6,805  | 7,138  | 7,520  | 7,869             | 8,332             | 8,583             | 7,545             | 8,972             | ..                   |
| <b>GDP by activity (% of current GDP)</b>                       |        |        |        |                   |                   |                   |                   |                   |                      |
| Agriculture   | 5.2    | 5.5    | 5.5    | 5.3               | 5.1               | 5.2               | 6.0               | 5.7               | 4.8                  |
| Crop farming  | 3.3    | 3.5    | 3.6    | 3.5               | 3.3               | 3.4               | 4.1               | 3.7               | 3.1                  |
| Livestock, forestry and fishing                                 | 1.9    | 2.0    | 1.9    | 1.9               | 1.9               | 1.8               | 2.0               | 2.0               | 1.7                  |
| Industry  | 27.2   | 26.5   | 25.9   | 26.4              | 27.3              | 27.5              | 28.7              | 31.3              | 33.1                 |
| Mining and quarrying  | 2.0    | 1.6    | 2.0    | 1.9               | 1.7               | 1.8               | 2.0               | 1.8               | 1.6                  |
| Local manufacturing   | 11.2   | 11.4   | 11.1   | 10.8              | 10.8              | 10.6              | 10.9              | 11.5              | 11.3                 |
| Food industry   | 4.4    | 4.5    | 4.4    | 4.3               | 4.2               | 4.1               | 4.6               | 4.5               | 4.3                  |
| Beverages and tobacco products                                  | 1.2    | 1.3    | 1.3    | 1.4               | 1.3               | 1.3               | 1.4               | 1.4               | 1.3                  |
| Manufacture of refined petroleum products and chemicals         | 1.1    | 1.0    | 1.0    | 1.0               | 1.1               | 1.0               | 1.1               | 1.2               | 1.2                  |
| Other manufactures  | 4.6    | 4.6    | 4.3    | 4.1               | 4.2               | 4.1               | 3.9               | 4.5               | 4.5                  |
| Free-zone manufacturing   | 3.3    | 3.3    | 3.3    | 3.3               | 3.3               | 3.2               | 3.5               | 3.6               | 3.3                  |
| Construction  | 10.7   | 10.2   | 9.5    | 10.5              | 11.4              | 12.0              | 12.2              | 14.3              | 17.0                 |
| Services  | 61.2   | 61.1   | 61.6   | 61.1              | 60.2              | 59.9              | 58.8              | 56.0              | 54.9                 |
| Energy and water  | 2.5    | 2.0    | 1.7    | 1.6               | 1.6               | 1.6               | 1.6               | 1.4               | 1.4                  |
| Commerce  | 9.8    | 10.4   | 10.7   | 10.4              | 10.3              | 10.1              | 10.6              | 10.9              | 10.2                 |
| Hotels, bars and restaurants                                    | 7.5    | 7.8    | 7.8    | 7.8               | 7.6               | 7.4               | 4.1               | 5.3               | 5.6                  |
| Transport and storage   | 8.4    | 8.3    | 8.2    | 8.3               | 8.2               | 8.3               | 8.3               | 8.5               | 8.9                  |
| Communications  | 1.1    | 1.0    | 1.0    | 1.0               | 1.0               | 0.8               | 0.9               | 0.8               | 0.8                  |
| Financial intermediation, insurance and related activities      | 3.9    | 4.0    | 4.2    | 4.2               | 4.1               | 4.2               | 4.7               | 3.9               | 4.0                  |
| Real estate and rental activities                               | 8.6    | 8.2    | 8.1    | 7.9               | 7.6               | 7.5               | 8.1               | 7.0               | 6.8                  |
| Education   | 4.6    | 5.0    | 5.3    | 5.4               | 5.3               | 5.5               | 5.5               | 4.8               | 4.1                  |
| Health  | 2.8    | 2.9    | 3.0    | 3.1               | 3.2               | 3.2               | 3.9               | 3.4               | 3.3                  |
| Other market services   | 7.6    | 7.5    | 7.6    | 7.4               | 7.2               | 7.3               | 6.8               | 6.2               | 6.6                  |

|  | 2014  | 2015  | 2016   | 2017 <sup>a</sup> | 2018 <sup>a</sup> | 2019 <sup>a</sup> | 2020 <sup>a</sup> | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|--|-------|-------|--------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Public administration and defence, compulsory social security and other services | 4.4   | 4.0   | 3.9    | 4.1               | 4.1               | 4.1               | 4.2               | 3.9               | 3.2                  |
| Value added  | 93.7  | 93.0  | 92.9   | 92.8              | 92.6              | 92.6              | 93.5              | 93.0              | 92.8                 |
| Taxes on production, net of subsidies  | 6.3   | 7.0   | 7.1    | 7.2               | 7.4               | 7.4               | 6.5               | 7.0               | 7.2                  |
| <b>GDP by expenditure category (% of current GDP)</b>                            |       |       |        |                   |                   |                   |                   |                   |                      |
| Final consumption  | 82.1  | 81.2  | 80.8   | 80.4              | 79.2              | 78.9              | 82.3              | 77.9              | 73.4                 |
| Private consumption  | 71.6  | 70.9  | 70.5   | 69.5              | 68.3              | 67.8              | 69.7              | 66.4              | 63.6                 |
| Public consumption   | 10.5  | 10.3  | 10.3   | 10.9              | 10.9              | 11.1              | 12.6              | 11.5              | 9.8                  |
| Gross capital formation  | 23.1  | 23.4  | 23.0   | 22.5              | 25.8              | 26.0              | 25.4              | 31.4              | 36.3                 |
| Gross fixed capital formation  | 22.8  | 23.3  | 22.9   | 23.7              | 25.8              | 26.8              | 27.3              | 31.0              | 34.8                 |
| Variation in inventories   | 0.3   | 0.2   | 0.0    | -1.3              | 0.0               | -0.8              | -2.0              | 0.4               | 1.5                  |
| Exports  | 25.2  | 23.8  | 23.9   | 23.7              | 23.6              | 23.1              | 18.3              | 21.8              | 23.7                 |
| Imports  | 30.3  | 28.4  | 27.7   | 26.5              | 28.5              | 27.9              | 26.0              | 31.0              | 33.5                 |
| <b>GDP by expenditure category (real annual growth rate)</b>                     |       |       |        |                   |                   |                   |                   |                   |                      |
| Final consumption  | 5.1   | 6.5   | 5.5    | 3.9               | 5.2               | 4.8               | -2.4              | 5.6               | 4.5                  |
| Private consumption  | 5.3   | 6.4   | 6.0    | 4.4               | 5.7               | 4.6               | -3.4              | 6.6               | 4.4                  |
| Public consumption   | 4.3   | 6.9   | 1.9    | 0.8               | 2.8               | 6.3               | 4.9               | 0.1               | 4.0                  |
| Gross capital formation  | ..    | ..    | ..     | ..                | ..                | ..                | ..                | ..                | ..                   |
| Gross fixed capital formation  | 9.3   | 18.9  | 12.3   | -0.3              | 13.3              | 8.1               | -12.1             | 22.1              | 8.4                  |
| Variation in inventories   | ..    | ..    | ..     | ..                | ..                | ..                | ..                | ..                | ..                   |
| Exports  | 8.7   | 3.1   | 7.5    | 4.9               | 6.1               | 1.5               | -30.3             | 36.2              | 32.2                 |
| Imports  | 4.8   | 11.0  | 8.1    | -3.0              | 8.5               | 5.8               | -14.6             | 24.7              | 23.5                 |
| <b>Employment</b>  |       |       |        |                   |                   |                   |                   |                   |                      |
| Employment rate (% , annual average)   | 56.8  | 57.3  | 57.9   | 58.7              | 60.0              | 61.0              | 56.7              | 58.3              | 59.4                 |
| Open unemployment rate <sup>b</sup> (% , annual average) <sup>c</sup>            | 8.3   | 7.3   | 7.1    | 5.5               | 5.7               | 6.2               | 5.8               | 7.4               | 6.4                  |
| Employed population by branch of activity (% of total)                           |       |       |        |                   |                   |                   |                   |                   |                      |
| Agriculture and livestock  | 10.8  | 9.7   | 8.9    | 9.6               | 9.3               | 8.8               | 9.0               | 8.0               | 7.9                  |
| Industry <sup>c</sup>  | 10.4  | 10.1  | 10.4   | 10.2              | 10.0              | 10.2              | 10.7              | 10.1              | 9.9                  |
| Electricity and water  | 1.5   | 1.4   | 1.7    | 1.5               | 1.5               | 1.2               | 1.4               | 1.6               | 1.5                  |
| Construction   | 7.2   | 6.9   | 6.9    | 7.7               | 8.1               | 7.4               | 7.4               | 8.6               | 8.3                  |
| Services   | 70.2  | 71.9  | 72.1   | 71.0              | 71.1              | 72.4              | 71.6              | 71.7              | 72.4                 |
| Commerce   | 20.6  | 20.0  | 19.9   | 19.6              | 20.0              | 20.4              | 20.8              | 20.7              | 21.2                 |
| Hotels, bars and restaurants   | 7.0   | 7.9   | 7.5    | 7.6               | 7.1               | 7.4               | 6.5               | 6.8               | 7.4                  |
| Transport and communications   | 7.4   | 7.6   | 7.8    | 7.6               | 7.4               | 7.0               | 7.8               | 7.6               | 7.0                  |
| Financial intermediation and insurance   | 2.0   | 2.2   | 2.4    | 2.2               | 2.4               | 2.5               | 2.2               | 2.3               | 2.2                  |
| Public administration and defence  | 6.0   | 5.5   | 5.3    | 4.9               | 5.0               | 5.4               | 5.9               | 5.6               | 5.7                  |
| Education  | 5.4   | 6.0   | 6.0    | 6.2               | 6.2               | 5.8               | 5.9               | 5.9               | 5.7                  |
| Health and social welfare  | 3.4   | 3.5   | 3.6    | 3.8               | 4.0               | 4.1               | 4.1               | 3.9               | 4.2                  |
| Other services   | 18.3  | 19.3  | 19.6   | 19.1              | 19.0              | 19.7              | 18.2              | 19.0              | 19.0                 |
| <b>Population (thousand)</b>   | 9,883 | 9,980 | 10,075 | 10,169            | 10,266            | 10,358            | 10,448            | 10,536            | 10,590               |

.. Not available.

a Preliminary figures.

b Ratio of the open unemployed to the workforce.

c Including mining and quarrying.

Source: Central Bank of the Dominican Republic (BCRD).

1.3. The Dominican economy was hit hard by the COVID-19 pandemic, particularly the tourism services sector. Most economic activities contracted markedly, especially in the first few months of the pandemic. Those most affected were the activities of hotels, bars and restaurants (-47.5% in 2020 compared with 2019), mining and quarrying (-12.5%), other service activities (-11.1%), construction (-10.7%), transport and storage (-7.6%), commerce (-4.8%), education (-3.7%), free zones (-2.7%) and local manufacturing (-2.2%). In general, these activities require a physical presence and/or the opening of establishments. However, other activities, linked in some cases to the development of the pandemic, or in other cases, not requiring physical presence, showed positive trends. This was the case for the following sectors: health (12.5%), financial services (7.1%), real estate activities (3.8%), agriculture (2.8%), communications (2.7%), public administration (0.8%) and energy and water (0.4%).<sup>1</sup> The contribution of hotel, bar and restaurant activity to nominal GDP fell from 7.4% in 2019 to 4.1% in 2020, before partially recovering in 2021 (5.3%) and the first quarter of 2022 (5.6%).

<sup>1</sup> Central Bank of the Dominican Republic (BCRD) (2021), *Informe de la Economía Dominicana, enero-diciembre 2020*, March 2021. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-03.pdf>.

1.4. An assessment of the economic performance in 2021 shows that the following economic activities accounted for the most considerable year-on-year growth in real terms: hotels, bars and restaurants (39.5%), construction (23.4%), local manufacturing (10.6%), free zones (20.3%), commerce (12.9%) and transport and storage (12.9%).<sup>2</sup> In the January-March quarter of 2022, real GDP rose by 6.1% compared with the same period in 2021. According to information provided by the Central Bank of the Dominican Republic (BCRD), the following economic activities showed a positive shift in the first quarter of 2022: hotels, bars and restaurants (+39.9%), other service activities (11.4%), transport and storage (8.8%), communications (8.2%), commerce (8.0%), free-zone manufacturing (7.6%), energy and water (7.5%), public administration (7.4%), health (7.3%), financial services (6.6%), construction (5.8%), education (5.3%), local manufacturing (4.4%), real estate and rental activities (4.2%) and agriculture (2.1%).<sup>3</sup>

## 1.2 Recent Economic Developments

### 1.2.1 Real sector

1.5. Real GDP growth by expenditure category in 2014-19 was mainly supported by the strong performance of domestic demand, with an average increase of 5.2% in final consumption and 10.3% in gross fixed capital formation. Growth in the latter component was largely due to the positive performance of the construction sector, which in turn was driven by public and private sector investments in the development of residential and non-residential infrastructure projects, land transport, and energy sector works, among others.

1.6. The COVID-19 pandemic prompted a tumble in economic activity, particularly in sectors such as tourism and construction, as well as a contraction in external demand. This caused real GDP to shrink by 6.7% in 2020 and GDP per capita to fall to USD 7,500, that is, back to its 2016 level. During the pandemic, domestic demand was severely affected by lockdown and contracted by 3.6%. However, the monetary and fiscal measures that were adopted – particularly in this latter area, those relating to social welfare spending – significantly helped to mitigate this contractionary effect in final consumption, which dropped by a moderate rate of only 2.4% in 2020. Nevertheless, investment contracted markedly by 12.1%, bringing domestic demand down by 3.4%. Both exports and imports of goods and services slumped in 2020, by 30.3% and 14.6%, respectively. The authorities indicated that the sharpest monthly drop in economic activity during the pandemic occurred in April 2020, but that economic performance started to improve over the following months, mainly as a result of the gradual reopening of non-essential economic activities, the relaxation of monetary policy measures to provide liquidity to the economy, the adoption of fiscal incentives and benefits to the productive sectors and increased public spending on welfare programmes.<sup>4</sup>

1.7. During the first few months of 2021, economic activity recovered more quickly than expected. According to the authorities, this was helped by the effects of the fiscal and monetary policy measures implemented as of March 2020 to alleviate the adverse impact of the health crisis on the economy, and the impetus provided by the gradual reopening of economic activities, the easing and subsequent removal of mobility restrictions, and progress in implementing the National Vaccination Plan and the Responsible Tourism Recovery Plan. In this regard, and despite a slight slowdown in growth in the last few months of the year, real GDP grew by 12.3% in 2021, thus exceeding the pre-pandemic level of 2019 by 4.7%. This pushed nominal GDP above USD 94 billion and GDP per capita to almost USD 9,000.<sup>5</sup>

1.8. Turning to the expenditure side of performance in 2021, domestic demand grew by 11.1%, notably due to a 22.1% increase in gross fixed capital formation and a 5.6% increase in final

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<sup>2</sup> BCRD (2022), *Informe de la Economía Dominicana, enero-diciembre 2021*, March 2022. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-12.pdf>.

<sup>3</sup> BCRD (2022), *Informe de la Economía Dominicana, enero-marzo 2022*, June 2022. Viewed at: [https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco\\_2022-03.pdf?v=1658928957082?v=1658928957087](https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco_2022-03.pdf?v=1658928957082?v=1658928957087).

<sup>4</sup> BCRD (2021), *Informe de la Economía Dominicana, enero-diciembre 2020*, March 2021. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-03.pdf>.

<sup>5</sup> BCRD (2022), *Informe de la Economía Dominicana, enero-diciembre 2021*, March 2022. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-12.pdf>.

consumption, mainly private consumption, which rose by 6.6% (compared with public consumption, which grew by only 0.1%). Private consumption was boosted by monetary easing measures implemented in 2020, and by the historic level of remittances in 2021, which exceeded USD 10 billion. The authorities indicated that trends in gross fixed capital formation reflect the dynamism shown by the construction sector, which has revived with the resumption of major projects in the tourism, commercial and residential sectors. They also consider that the positive investment climate and more favourable financial conditions contributed to the performance of this component of domestic demand. As exports grew by 36.2%, that is, faster than imports, which increased by 24.7%, net exports thus contributed positively to real GDP.<sup>6</sup>

1.9. As noted above, real GDP grew by 6.1% during the first quarter of 2022 compared with the same period the previous year. Looking at this result through the lens of expenditure, domestic demand grew by 8.0%, driven mainly by an 8.4% increase in gross fixed capital formation and a 4.5% jump in final consumption. Exports and imports showed positive year-on-year changes of 32.2% and 23.5%, respectively.<sup>7</sup>

1.10. The economy's sustained growth between 2015 and 2019 was reflected in a drop in the open unemployment rate (the official unemployment rate), which fell from an average of 7.3% in 2015 to 6.2% in 2019. Economic growth and reduced unemployment led to the overall poverty rate dropping from 30.8% in 2015 to 21.0% in 2019, while extreme poverty fell from 6.3% in 2015 to 2.7% in 2019.<sup>8</sup> The average open unemployment rate was 5.8% in 2020, below the rate in 2019, although this is partly due to the impact of the COVID-19 pandemic, as measures such as quarantine and the shutdown of non-essential economic activities had a strong impact on the labour market, causing part of the labour force to withdraw from the market. In particular, for example, in the second quarter of 2020, the unemployment rate was 3.2%, as people were unable to actively search for work due to lockdown measures. In the third and fourth quarters of 2020, the labour market situation began to stabilize and people began job-hunting again, raising open unemployment rates to 7.1% and 7.4%, respectively.<sup>9</sup> In 2021, the labour market continued to stabilize with the average open unemployment rate remaining at 7.4%, reflecting the fact that a large proportion of the inactive population began actively looking for work again. However, in the first quarter of 2022 the unemployment rate fell to 6.4% and the employment rate rose to 59.4%, compared with 56.7% in 2020.

1.11. In its most recent Article IV review, in May 2022, the International Monetary Fund (IMF) noted that the Dominican Republic has experienced a strong recovery from the pandemic, supported by well-sequenced policies, an agile reopening and global economic growth. The IMF indicated that this recovery allowed the authorities to take steps to secure policy sustainability, and that ongoing and planned reforms have the potential to improve policy frameworks and foster inclusive growth over the medium term. Specifically, it highlights the resilience of the Dominican economy to global shocks, supported by sound policies, monetary policy support, a nimble COVID-19 vaccination campaign and a reopening that made the most of the global rebound. The IMF noted that, by the end of 2021, GDP was about 5% above pre-pandemic levels, and that the external position was robust, with the current account financed by FDI and attaining a significant accumulation of reserves. According to the IMF's assessment, GDP growth was expected to converge to 5% - around its potential - and inflation to return to the target range (see below) in 2023 as the impact of global shocks recedes. It was recommended that the monetary policy be data dependent, to keep inflation expectations well-anchored, to safeguard the credibility of the inflation targeting regime and to seek an inclusive fiscal consolidation that can secure the downward path in public debt. To this end, it was suggested to strengthen both public financial management and the medium-term fiscal framework while

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<sup>6</sup> BCRD (2022), *Informe de la Economía Dominicana, enero-diciembre 2021*, March 2022. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-12.pdf>.

<sup>7</sup> BCRD (2022), *Informe de la Economía Dominicana, enero-marzo 2022*, June 2022. Viewed at: [https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco\\_2022-03.pdf?v=1658928957082?v=1658928957087](https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco_2022-03.pdf?v=1658928957082?v=1658928957087).

<sup>8</sup> Information provided by the authorities.

<sup>9</sup> BCRD (2021), *Informe de la Economía Dominicana, enero-diciembre 2020*, March 2021. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2021-03.pdf>.

increasing transparency and governance, including in public procurement, and to continue improvements in the business climate and investing in infrastructure and human capital.<sup>10</sup>

### 1.2.2 Fiscal policy

1.12. Fiscal policy in the Dominican Republic is developed and implemented by the Ministry of Finance. The Ministry's mandate is to "ensure the sustainability of public finances, in order to contribute to macroeconomic stability through the efficient and equitable design and execution of revenue, expenditure and financing policies promoting the well-being of Dominican society".<sup>11</sup>

1.13. The medium-term fiscal policy guidelines aim to anchor the public debt path to the sustainability framework in order to ensure the allocation of public resources to meet social demands and position the Dominican Republic's sovereign rating at investment grade. In accordance with the medium-term fiscal framework 2022-26, these objectives focus on fiscal discipline, strengthening tax revenues and targeting public resources. The fulfilment of these objectives is expected to create the conditions to foster macroeconomic stability. The authorities consider that fiscal leeway is needed to implement policies to address the country's structural problems without increasing fiscal risks or compromising the future of public finances. The authorities are of the view that medium-term fiscal policy should focus on reducing gross financing needs and public debt levels while curbing unnecessary expenditure, increasing tax revenue and managing the debt portfolio efficiently.<sup>12</sup>

1.14. The medium-term fiscal framework provides for a path of gradual and continuous consolidation of the fiscal deficit, in order to achieve balanced public finances and reduce the debt service burden on tax revenue. Another key objective of the fiscal framework is to ensure the financing of public expenditure, prioritizing and streamlining it in line with expected revenue. To this end, improving expenditure quality and efficiency is deemed necessary, which involves continuing to restructure state institutions. The medium-term tax policy guidelines are aimed at strengthening the tax system by adjusting it to the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS). A policy of increasing tax revenue will be pursued by making administrative improvements and using new technologies, such as electronic invoicing, for the purposes of tax collection and inspection to fight tax avoidance, evasion and fraud. The debt management guidelines focus on minimizing financing costs and mitigating portfolio risks, and include increasing the share of debt with multilateral organizations and reducing reliance on bond issues in international markets. Efforts will also be made to further develop and deepen the local capital market.<sup>13</sup>

1.15. Law No. 139-11 and Law No. 253-12 on strengthening the State's revenue capacity for fiscal sustainability and sustainable development, led to significant changes in the taxes applied. Law No. 253-12 provides that natural persons resident or domiciled in the Dominican Republic shall pay tax on the net taxable income of the fiscal year in question, calculated as the sum total resulting from applying an inflation-adjusted rates scale progressively. In 2022, income from DOP 416,220.01 to DOP 624,329 will be levied at 15% of the surplus of DOP 416,220.01; income from DOP 624,329.01 to DOP 867,123 pays DOP 31,216 plus 20% of the surplus of DOP 624,329.01; income exceeding DOP 867,123.01 pays DOP 79,776 plus 25% of the surplus of DOP 867,123.01. Income tax (ISR) is levied at a rate of 27% for legal persons.

1.16. During most of the review period, 2020 being the main exception, the Dominican tax authorities pursued a prudent and rather tight fiscal policy, with a view to fiscal consolidation (Box 1.1).

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<sup>10</sup> IMF (2022), "IMF Staff Completes 2022 Article IV Mission to the Dominican Republic", 16 May 2022. Press Release No. 22/154. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/16/pr22154-imf-staff-completes-2022-article-iv-mission-to-the-dominican-republic>.

<sup>11</sup> Ministry of Finance (2022), *Memoria Institucional. Año 2021*. Viewed at: [https://www.hacienda.gob.do/wp-content/uploads/2022/02/Memorias\\_MH\\_y\\_dependencias\\_2021\\_-\\_copia.pdf](https://www.hacienda.gob.do/wp-content/uploads/2022/02/Memorias_MH_y_dependencias_2021_-_copia.pdf).

<sup>12</sup> Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>.

<sup>13</sup> Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>.



### Box 1.1 Base primary balance, structural primary balance and fiscal stimulus

As the Dominican economy is susceptible to external shocks, the authorities rely on estimating balances that are free from the effects of the business cycle and components such as extraordinary revenue. The base primary balance is the indicator of the fiscal balance, excluding interest payments, after adjusting for business cycle fluctuations, that is, it is the primary balance that would be obtained if GDP grew at its potential level. The structural primary balance is an indicator that allows the fiscal stance to be viewed in isolation from the effects on the business cycle, as well as from commodity prices, non-recurring items and temporary extraordinary revenue. According to the authorities' estimates, the Dominican Republic is characterized by a structural primary balance that, on average, is more negative than the base primary balance, that is, the structural primary deficit exceeded the base primary deficit during most years of the review period.<sup>a</sup>

The fiscal stance is the change in the structural primary balance. Fiscal stimulus is a change in fiscal stance. It is the indicator that quantifies the additional fiscal effort that the Government contributes to the economy over a given period. For most of the pre-pandemic years, the Government provided a negative fiscal impulse. However, during periods of high expenditure, such as times of economic crisis, the fiscal stimulus is positive, due to government policies to mitigate the adversities arising from such crises.<sup>b</sup>

When fiscal impulse is broken down into its revenue and expenditure components, it becomes even clearer how, during periods of macroeconomic instability, the Government prefers to implement an expansionary fiscal policy, consisting of an increase in public spending and a reduction in tax revenue. This can be seen quite clearly in 2020, when expenditure increased, mainly on programmes to counter the effects of the pandemic. These programmes had two main aims: income protection for vulnerable households and informal workers (*Quédate en casa* ("Stay at home") programme and the Self-Employment Assistance Programme) and job and income protection for formal workers (Employee Solidarity Assistance Fund). In 2021, the social welfare programmes implemented in 2020 were gradually scaled back, due to an overall recovery from the COVID-19 pandemic, and the fiscal impulse almost entirely disappeared. The fiscal impulse is expected to remain negative in 2022.

A recent paper published by the Ministry of Finance examines the Dominican Republic's pre-pandemic fiscal performance, using indicators such as fiscal stance and fiscal stimulus, and reaches conclusions in line with the above assessment. The findings show, from 2012 onwards, an increasingly tight and countercyclical fiscal stance.<sup>c</sup> According to the paper, when the fiscal stimulus is disaggregated into its revenue and expenditure components, it appears that, while the revenue stimulus was on average contractionary, through tax increases, for example, its effect was offset by an expansionary expenditure stimulus. According to the findings, in 2013 and 2014, fiscal policy was tight due to increased tax collection, reduced investment spending and lower non-electronic capital transfers. In 2015, the fiscal stimulus was expansionary (decrease in the structural primary deficit) and was marked by a decrease in income tax collection combined with an increase in capital spending on infrastructure and transport. From 2016 to 2019, the fiscal stimulus was negative on average, with higher tax revenues, a fall in capital spending and improved public finances management in accordance with the needs of the economy. In 2020, an expansionary fiscal policy was adopted in response to the pandemic.

- a The structural primary balance was -1.6% in 2014; -1.3% in 2015; -0.9% in 2016; -0.3% in 2017; 0.1% in 2018; 0.5% in 2019; -9.4% in 2020; and -1.5% in 2021. Source: Directorate-General of Fiscal Analysis and Policy.
- b Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>.
- c Ministry of Finance of the Dominican Republic (2020), Directorate-General of Fiscal Analysis and Policy, *Impulso Fiscal de la República Dominicana: Una Mirada a la Posición de Política Fiscal*. Authors: Paola Brens and Elizabeth Santana. Research paper series No. 2020-01, July 2020. Viewed at: [https://www.hacienda.gob.do/wp-content/uploads/2020/08/2020-01-IF\\_compressed.pdf](https://www.hacienda.gob.do/wp-content/uploads/2020/08/2020-01-IF_compressed.pdf).

Source: WTO Secretariat.

1.17. Despite the rather tight fiscal policy, both the central Government and the non-financial public sector (NFPS) posted deficits throughout the period under review, with total expenditures exceeding revenue in each year of the period. This result is partly explained by a relatively low share of revenue in GDP, which was 15.6% in 2021, while the share of tax revenue was 14.4%. While tax revenue grew as a result of stronger economic growth and the effects of tax administration reforms, control of expenditure was less effective. The overall NFPS deficit fluctuated between 2.3% and 2.7% of GDP between 2016 and 2019, before skyrocketing to 7.6% in 2020 to finance support programmes in response to the pandemic, yielding an expenditure-to-GDP ratio of 20.8%. However, due to strong GDP recovery in 2021, and despite the expenditure-to-GDP ratio of 17.2% remaining high, the deficit shrank to 2.6% of GDP (Table 1.2).

**Table 1.2 Statement of central Government and NFPS budgetary operations, 2014–first quarter 2022**

(% of GDP at current prices)

|   | 2014        | 2015        | 2016        | 2017 <sup>a</sup> | 2018 <sup>a</sup> | 2019 <sup>a</sup> | 2020 <sup>a</sup> | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|---|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| <b>Revenue</b>  | <b>14.2</b> | <b>16.6</b> | <b>13.9</b> | <b>14.0</b>       | <b>14.2</b>       | <b>14.4</b>       | <b>14.2</b>       | <b>15.6</b>       | <b>15.0</b>          |
| Taxes   | 13.3        | 12.8        | 12.9        | 13.0              | 13.0              | 13.3              | 12.4              | 14.4              | 13.7                 |
| Taxes on income, profits, and capital gains                                   | 4.2         | 3.7         | 3.9         | 4.0               | 4.0               | 4.2               | 4.2               | 4.9               | 4.0                  |
| Taxes on property   | 0.2         | 0.2         | 0.2         | 0.2               | 0.2               | 0.2               | 0.2               | 0.3               | 0.2                  |
| Taxes on goods and services   | 8.0         | 8.0         | 7.9         | 7.8               | 7.9               | 8.0               | 7.2               | 8.3               | 8.5                  |
| General taxes on goods and services   | 4.9         | 5.0         | 4.9         | 4.8               | 5.0               | 5.1               | 4.7               | 5.4               | 5.6                  |
| Value added tax (ITBIS)   | 4.5         | 4.6         | 4.6         | 4.5               | 4.6               | 4.7               | 4.4               | 4.8               | 5.1                  |
| Taxes on financial and capital transactions                                   | 0.4         | 0.4         | 0.4         | 0.4               | 0.4               | 0.4               | 0.4               | 0.6               | 0.4                  |
| Selective goods tax   | 2.4         | 2.3         | 2.2         | 2.3               | 2.2               | 2.2               | 1.9               | 2.1               | 2.1                  |
| Taxes on specific services  | 0.4         | 0.4         | 0.4         | 0.4               | 0.4               | 0.4               | 0.4               | 0.4               | 0.4                  |
| Taxes on use of goods and on permission to use goods or perform activities    | 0.3         | 0.3         | 0.4         | 0.3               | 0.3               | 0.4               | 0.3               | 0.4               | 0.5                  |
| Taxes on international trade and transactions                                 | 0.9         | 1.0         | 1.0         | 0.9               | 0.9               | 0.9               | 0.7               | 0.9               | 1.0                  |
| Other taxes   | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| Social contributions  | 0.1         | 0.0         | 0.0         | 0.1               | 0.1               | 0.1               | 0.1               | 0.1               | 0.1                  |
| Grants <sup>b</sup>   | 0.2         | 3.0         | 0.0         | 0.1               | 0.0               | 0.0               | 0.3               | 0.1               | 0.0                  |
| Other revenue   | 0.7         | 0.8         | 0.9         | 0.9               | 1.1               | 1.0               | 1.4               | 1.1               | 1.2                  |
| <b>Expenditure</b>  | <b>15.0</b> | <b>14.5</b> | <b>15.2</b> | <b>15.6</b>       | <b>15.0</b>       | <b>15.2</b>       | <b>20.8</b>       | <b>17.1</b>       | <b>15.8</b>          |
| Compensation of employees   | 4.3         | 4.8         | 4.3         | 4.4               | 4.5               | 4.5               | 4.8               | 4.4               | 4.0                  |
| Wages and salaries  | 3.9         | 4.3         | 3.9         | 3.9               | 4.0               | 4.0               | 4.3               | 3.9               | 3.5                  |
| Employers' social contributions   | 0.4         | 0.5         | 0.4         | 0.5               | 0.5               | 0.5               | 0.5               | 0.5               | 0.5                  |
| Use of goods and services   | 1.5         | 1.5         | 1.4         | 1.8               | 1.7               | 1.9               | 2.3               | 2.1               | 1.4                  |
| Interests   | 2.4         | 2.3         | 2.5         | 2.5               | 2.6               | 2.7               | 3.2               | 3.1               | 4.0                  |
| To non-residents  | 0.9         | 1.0         | 1.2         | 1.2               | 1.3               | 1.5               | 1.7               | 1.7               | 2.4                  |
| To residents  | 1.5         | 1.3         | 1.4         | 1.3               | 1.3               | 1.3               | 1.5               | 1.4               | 1.5                  |
| including: Central Bank capitalization bonds <sup>c</sup>                     | 0.6         | 0.5         | 0.5         | 0.4               | 0.4               | 0.4               | 0.3               | 0.2               | 0.1                  |
| Subsidies   | 1.6         | 1.0         | 0.8         | 0.7               | 0.6               | 0.7               | 0.9               | 1.4               | 1.2                  |
| To public corporations  | 1.6         | 1.0         | 0.8         | 0.6               | 0.6               | 0.6               | 0.8               | 1.1               | 0.9                  |
| including: to the electricity sector  | 1.4         | 0.8         | 0.6         | 0.5               | 0.4               | 0.5               | 0.6               | 0.9               | 0.8                  |
| To private companies  | 0.1         | 0.1         | 0.1         | 0.1               | 0.0               | 0.1               | 0.1               | 0.3               | 0.3                  |
| Grants  | 2.8         | 2.3         | 3.0         | 2.7               | 2.6               | 2.7               | 3.4               | 3.3               | 2.5                  |
| To foreign governments  | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| To international organizations  | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.1               | 0.0                  |
| To other units of the general Government                                      | 2.8         | 2.3         | 3.0         | 2.7               | 2.6               | 2.7               | 3.3               | 3.3               | 2.5                  |
| Social benefits   | 1.4         | 1.3         | 1.2         | 1.3               | 1.2               | 1.3               | 4.2               | 1.7               | 1.4                  |
| Other expenditure   | 0.9         | 1.2         | 1.8         | 2.2               | 1.8               | 1.5               | 2.0               | 1.1               | 1.2                  |
| Transfers not included under another heading                                  | 0.9         | 1.2         | 1.8         | 2.2               | 1.8               | 1.5               | 2.0               | 1.1               | 1.2                  |
| Current transfers not included under another heading                          | 0.3         | 0.4         | 0.5         | 0.5               | 0.5               | 0.6               | 0.3               | 0.2               | 0.7                  |
| including: Central Bank capitalization transfers <sup>c</sup>                 | 0.0         | 0.1         | 0.2         | 0.2               | 0.2               | 0.3               | 0.0               | 0.0               | 0.5                  |
| Capital transfers not included under other headings                           | 0.6         | 0.8         | 1.4         | 1.6               | 1.2               | 0.9               | 1.7               | 0.9               | 0.5                  |
| including: for investment projects  | 0.6         | 0.8         | 1.1         | 1.3               | 0.8               | 0.5               | 0.9               | 0.9               | 0.3                  |
| <b>Gross operating balance<sup>d</sup></b>                                    | <b>-0.7</b> | <b>2.2</b>  | <b>-1.3</b> | <b>-1.6</b>       | <b>-0.8</b>       | <b>-0.8</b>       | <b>-6.6</b>       | <b>-1.5</b>       | <b>-0.7</b>          |
| <b>Gross investment in non-financial assets</b>                               | <b>2.0</b>  | <b>2.1</b>  | <b>1.7</b>  | <b>1.8</b>        | <b>1.5</b>        | <b>1.5</b>        | <b>1.7</b>        | <b>1.5</b>        | <b>0.8</b>           |
| Fixed assets  | 2.0         | 2.1         | 1.6         | 1.7               | 1.5               | 1.5               | 1.6               | 1.5               | 0.8                  |
| Valuables   | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| Non-produced assets   | 0.1         | 0.1         | 0.1         | 0.1               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| <i>Memorandum item: Capital expenditure (IMF FSM Manual 1986)<sup>g</sup></i> | 2.9         | 3.3         | 3.0         | 3.4               | 2.7               | 2.3               | 2.9               | 2.8               | 1.3                  |
| <b>Expenditure</b>  | <b>17.0</b> | <b>16.6</b> | <b>16.9</b> | <b>17.4</b>       | <b>16.5</b>       | <b>16.7</b>       | <b>22.5</b>       | <b>18.6</b>       | <b>16.5</b>          |
| <b>Primary balance</b>  | <b>-0.4</b> | <b>2.3</b>  | <b>-0.6</b> | <b>-0.5</b>       | <b>0.4</b>        | <b>0.6</b>        | <b>-4.7</b>       | <b>0.2</b>        | <b>3.0</b>           |
| <b>Net lending (+) / net borrowing (-)<sup>e</sup></b>                        | <b>-2.8</b> | <b>0.0</b>  | <b>-3.1</b> | <b>-3.1</b>       | <b>-2.2</b>       | <b>-2.2</b>       | <b>-7.9</b>       | <b>-2.9</b>       | <b>-1.0</b>          |
| <b>Net acquisition of financial assets</b>                                    | <b>-0.8</b> | <b>-0.1</b> | <b>0.3</b>  | <b>0.3</b>        | <b>0.8</b>        | <b>1.6</b>        | <b>3.2</b>        | <b>0.6</b>        | <b>4.8</b>           |
| <b>Internal receivables</b>   | <b>-0.8</b> | <b>-0.1</b> | <b>0.3</b>  | <b>0.2</b>        | <b>0.8</b>        | <b>1.6</b>        | <b>3.2</b>        | <b>0.6</b>        | <b>4.8</b>           |
| Currency and deposits   | -0.7        | -0.1        | 0.2         | 0.2               | 0.7               | 0.3               | 3.0               | 0.3               | 4.8                  |
| Equity and investment fund shares   | 0.1         | 0.1         | 0.1         | 0.1               | 0.1               | 0.0               | 0.2               | 0.3               | 0.0                  |

|  | 2014        | 2015        | 2016        | 2017 <sup>a</sup> | 2018 <sup>a</sup> | 2019 <sup>a</sup> | 2020 <sup>a</sup> | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|--|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Other accounts receivable                              | -0.1        | 0.0         | 0.0         | 0.0               | 0.0               | 1.3               | 0.0               | 0.0               | 0.0                  |
| <b>External receivables</b>                            | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.1</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>           |
| Equity and investment fund shares                      | 0.0         | 0.0         | 0.0         | 0.1               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| <b>Net incurrence of liabilities</b>                   | <b>2.0</b>  | <b>0.0</b>  | <b>3.4</b>  | <b>3.4</b>        | <b>3.0</b>        | <b>3.8</b>        | <b>11.1</b>       | <b>3.5</b>        | <b>5.8</b>           |
| <b>Domestic creditors</b>                              | <b>0.3</b>  | <b>0.1</b>  | <b>1.6</b>  | <b>2.0</b>        | <b>-0.1</b>       | <b>1.7</b>        | <b>1.8</b>        | <b>0.6</b>        | <b>-5.6</b>          |
| Debt securities  | 1.1         | 1.2         | 2.3         | 2.0               | 0.4               | 2.3               | 3.7               | 0.7               | -2.6                 |
| including: domestic bonds                              | 1.0         | 1.1         | 2.0         | 2.1               | 0.4               | 2.3               | 3.7               | 0.6               | -2.3                 |
| Issues   | 1.1         | 1.3         | 2.3         | 2.2               | 0.7               | 2.6               | 3.9               | 2.8               | 0.0                  |
| Amortization   | -0.2        | -0.2        | -0.3        | -0.2              | -0.4              | -0.4              | -0.2              | -2.2              | -2.3                 |
| Balance <sup>f</sup>                                   | 0.0         | 0.0         | 0.0         | 0.1               | 0.0               | 0.1               | 0.0               | 0.0               | 0.0                  |
| Loans  | -1.0        | 0.4         | -0.3        | -0.1              | -0.1              | 0.5               | -0.4              | -0.1              | -0.2                 |
| With the banking sector                                | -1.4        | 0.4         | -0.4        | 0.0               | -0.1              | 0.5               | -0.4              | -0.1              | -0.2                 |
| With the non-banking sector                            | 0.4         | 0.0         | 0.1         | -0.1              | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| Other liabilities                                      | 0.1         | -1.6        | -0.4        | 0.1               | -0.4              | -1.0              | -1.5              | 0.1               | -2.8                 |
| <b>External creditors</b>                              | <b>1.7</b>  | <b>-0.1</b> | <b>1.8</b>  | <b>1.4</b>        | <b>3.1</b>        | <b>2.1</b>        | <b>9.3</b>        | <b>2.9</b>        | <b>11.4</b>          |
| Debt securities  | 2.1         | 4.7         | 1.9         | 2.0               | 3.5               | 2.2               | 7.2               | 2.9               | 10.5                 |
| Issues   | 2.2         | 4.9         | 2.0         | 2.1               | 3.6               | 2.7               | 9.4               | 3.0               | 13.5                 |
| Amortization   | -0.2        | -0.2        | -0.2        | -0.2              | -0.1              | -0.6              | -2.3              | -0.1              | -3.1                 |
| Balance <sup>f</sup>                                   | 0.0         | 0.0         | 0.1         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| Loans  | -0.3        | -4.9        | 0.0         | -0.6              | -0.4              | -0.1              | 2.1               | 0.0               | 1.0                  |
| Outlays  | 1.2         | 2.1         | 1.0         | 0.5               | 0.6               | 0.7               | 2.7               | 0.4               | 1.3                  |
| Amortization <sup>b</sup>                              | -2.1        | -6.9        | -1.0        | -0.9              | -0.9              | -0.8              | -0.7              | -0.5              | -0.4                 |
| Balance  | 0.6         | 0.0         | -0.1        | -0.1              | -0.1              | 0.0               | 0.0               | 0.0               | 0.0                  |
| <b>Overall statistical discrepancy<sup>g</sup></b>     | <b>0.0</b>  | <b>-0.1</b> | <b>-0.1</b> | <b>0.3</b>        | <b>0.2</b>        | <b>0.1</b>        | <b>0.4</b>        | <b>0.1</b>        | <b>0.6</b>           |
| <b>Rest of the NFPS<sup>h</sup></b>                    | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>           |
| <b>Net lending (+) / net borrowing (-)<sup>e</sup></b> | <b>-0.7</b> | <b>-0.2</b> | <b>0.4</b>  | <b>0.3</b>        | <b>-0.1</b>       | <b>-0.1</b>       | <b>0.3</b>        | <b>0.2</b>        | <b>1.5</b>           |
| <b>Net acquisition of financial assets</b>             | <b>0.4</b>  | <b>0.0</b>  | <b>0.4</b>  | <b>0.1</b>        | <b>0.2</b>        | <b>0.1</b>        | <b>-0.1</b>       | <b>0.3</b>        | <b>1.3</b>           |
| Internal receivables                                   | 0.4         | 0.0         | 0.4         | 0.1               | 0.2               | 0.1               | -0.1              | 0.3               | 1.3                  |
| External receivables                                   | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| <b>Net incurrence of liabilities</b>                   | <b>1.1</b>  | <b>0.2</b>  | <b>-0.1</b> | <b>-0.2</b>       | <b>0.3</b>        | <b>0.2</b>        | <b>-0.4</b>       | <b>0.1</b>        | <b>-0.2</b>          |
| Domestic creditors                                     | 1.1         | 0.2         | -0.1        | -0.2              | 0.3               | 0.2               | -0.4              | 0.1               | -0.2                 |
| External creditors                                     | 0.0         | 0.0         | 0.0         | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               | 0.0                  |
| <b>Non-financial public sector<sup>i</sup></b>         | <b>-3.5</b> | <b>-0.3</b> | <b>-2.7</b> | <b>-2.8</b>       | <b>-2.3</b>       | <b>-2.3</b>       | <b>-7.6</b>       | <b>-2.7</b>       | <b>0.5</b>           |
| <b>Net lending (+) / net borrowing (-)<sup>e</sup></b> | <b>-3.5</b> | <b>-0.3</b> | <b>-2.7</b> | <b>-2.8</b>       | <b>-2.3</b>       | <b>-2.3</b>       | <b>-7.6</b>       | <b>-2.7</b>       | <b>0.5</b>           |

a Preliminary figures.

b In 2015, DOP 93,157.2 million relating to the discount on the face value of the prepaid debt to Petróleos de Venezuela, S.A. and DOP 179,148.6 million for the repayment of 97.7% of the accumulated debt as at December 2014 are included as grant income.

c Includes bonds to capitalize the Central Bank (Law No. 121-05) and bonds to recapitalize the Central Bank (Law No. 167-07). The Law on Recapitalization is divided into two parts: (1) Bonds issued, interest payments on bonds and arrears on those payments are included under the following headings: (i) interest, and (ii) debt securities; and (2) when interest on bonds issued falls short of the amount committed by the central Government through the schedule stipulated in the Law or through the General State Budget, the shortfall is classified as: (i) current transfers not elsewhere classified, and (ii) other liabilities.

d Income minus expenditure, except consumption of fixed capital. Consumption of fixed capital is not registered due to the unavailability of high-frequency data.

e Net lending/borrowing is equivalent to the former "balance sheet" or "surplus/deficit" of public sector institutional units.

f Includes net arrears, capitalizations, renegotiations, assignments of debts and net adjustments for premium on issue of debt securities and accrued interest on the placement.

g The overall statistical discrepancy is the difference between net lending/net borrowing calculated in two ways: (1) net acquisition of financial assets minus net incurrence of liabilities; and (2) income minus expenditure.

h The rest of the NFPS includes the extra-budgetary central Government, local governments (city councils), social security funds and non-financial public corporations (non-financial public enterprises). The term "extra-budgetary" indicates that these institutions receive transfers from the budgetary central Government and use the funds independently. Due to data availability, only financing of these institutions, which gives the net lending/borrowing amount, is presented here.

i The NFPS includes general Government (central Government as well as local governments (city councils)) and non-financial public corporations (non-financial public enterprises).

Source: BCRD.

1.18. To address the effects of the pandemic, the Government implemented a package of measures to protect jobs and support the productive sectors. The package includes tax assistance for businesses of all sizes, and ranges from the deferral of tax payments owed to the adjustment of advance payments, including relief at the time of execution. The initial package, announced in

March 2020, included assistance programmes, as well as support programmes for citizens and businesses, totalling DOP 32,062.5 million (about USD 576 million, or 0.75% of GDP) from the following financial sources: DOP 12 billion from the technical reserves of the Dominican Institute for the Protection and Prevention of Occupational Hazards (IDOPRIL); DOP 12 billion from a Central Bank loan to the Government; and USD 150 million from a loan granted by the World Bank in 2017 for emergency purposes.<sup>14</sup>

1.19. The original economic measures included several social spending programmes, in particular, the *Quédate en Casa* programme, with resources of DOP 16,980 million, to subsidize 1.5 million households identified as poor or vulnerable. The programme extended coverage of the existing *Comer es Primero* ("Eating comes first") programme, which paid DOP 5,000 per month (about USD 90) to 811,003 families, to include 688,997 new households over a two-month period. The programme also made an additional transfer of up to DOP 2,000 to households with a member over 60 years of age or with pre-existing health problems. The Employee Solidarity Assistance Fund (FASE) was also created, with a budget of up to USD 15 billion, providing some 754,000 families of laid-off formal workers with a monthly transfer of up to 70% of their last formal salaries, of at least DOP 5,000. In May 2020, a new programme entitled *Pa' Ti* ("For You") was introduced with an estimated budget of DOP 2.4 billion to support the self-employed, providing DOP 5,000 per month to each beneficiary, as well as a further subsidy available for health care. The new Government extended the duration of all social welfare programmes until the end of 2020.<sup>15</sup>

1.20. Other pandemic-response measures include a decision by the Central Bank to reduce the monetary policy rate (MPR) by 100 basis points and to inject liquidity exceeding DOP 80 million and USD 600 million into financial intermediaries, and to increase funds released from the reserve requirement to DOP 30,133.4 million to facilitate lending to households and productive sectors. Further measures included granting extensions to companies and individuals for the payment of the ISR and a 10-day grace period for the declaration and payment of the tax on the transfer of industrialized goods and services (ITBIS), and the possibility of paying in four equal instalments without incurring penalties; halving instalment amounts of all existing payment agreements, thereby doubling their validity period; and enabling taxpayers in arrears to regularize their payments without incurring penalties.

1.21. Under Decree No. 358-20 of 19 August 2020, the new Government extended the validity of the programmes FASE I, FASE II, *Quédate en Casa* and *Pa' Ti* until 31 December 2020. The FASE I programme was subsequently extended again until April 2021 and the *Navidad para los trabajadores* ("Christmas for Workers") fund was set up, providing all laid-off employees benefiting from the FASE I programme with a transfer equivalent to one twelfth of the amount received under the FASE I welfare programme, with total expenditure amounting to DOP 2.3 billion. In June and September 2020, amended budgets were approved. In January 2021, the President announced that the *Quédate en Casa* programme would be extended until April 2021 and possibly replaced by a new programme, *Supérate* ("Get ahead"). While *Quédate en Casa* and FASE I ended in late April, the Government announced a further FASE programme up until July 2021 for workers in the tourism sector. Table 1.3 presents the data on government expenditure on social protection programmes in response to the COVID-19 pandemic, as of February 2022.

**Table 1.3 Central Government expenditure on social protection programmes in response to COVID-19, February 2022**

(Expenditure in DOP million, number of beneficiaries and start/end date)

| Initiative                       | Expenditure    | Beneficiaries | Start  | End    |
|----------------------------------|----------------|---------------|--------|--------|
| <i>Quédate en Casa</i>           | 86,656         | 1,570,760     | Mar-20 | Apr-21 |
| FASE                             | 51,019         | 942,359       | Mar-20 | Jul-21 |
| Fase I/Fase I extended           | 50,909         | 407,746       | Apr-20 | Apr-21 |
| Fase II                          | - <sup>a</sup> | 534,613       | May-20 | Dec-20 |
| Tourism phase                    | 110            | 5,854         | May-21 | Jul-21 |
| <i>Pa' Ti</i>                    | 7,403          | 190,375       | May-20 | Dec-20 |
| Incentives for humanitarian work | 8,341          | 177,872       | Mar-20 | Feb-22 |

<sup>14</sup> Government of the Dominican Republic. Ministry of Finance (2020). *Gobierno Lanza un Paquete de Ayuda Económica para Proteger a la República Dominicana*, 27 March. Viewed at: <https://www.hacienda.gob.do/gobierno-lanza-un-paquete-historico-de-ayuda-economica-para-proteger-a-la-republica-dominicana>.

<sup>15</sup> IMF, "Policy Responses to COVID-19". Viewed at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>.

| Initiative   | Expenditure    | Beneficiaries      | Start  | End     |
|--|----------------|--------------------|--------|---------|
| COVID-19 contracts   | 9,818          | 1,565 <sup>b</sup> | Mar-20 | Feb-22  |
| Other expenditure  | 41,766         | n/a                | Mar-20 | Ongoing |
| Vacunate RD ("Get vaccinated DR") <sup>c</sup> , total expenditure | 21,176         | 35+ million doses  | Feb-21 |         |
| First dose   |                | 7,263,927          |        |         |
| Second dose  |                | 6,026,042          |        |         |
| Booster  |                | 2,430,927          |        |         |
| <b>Overall total</b>   | <b>226,179</b> | <b>10,145,293</b>  |        |         |

Notes: Preliminary figures, subject to correction by the competent government agencies.

a Included in Fase I total.

b Total number of contracts concluded by the State in the context of COVID-19. This figure does not include active contracts as of the date specified.

c The expenditure figures reflect the amount accrued for the purchase of vaccine doses by the Ministry of Public Health between January and September 2021, in accordance with the Budget Implementation Report for the same semester published by the Directorate-General of the Budget (DIGEPRES).

Source: Information provided by the authorities.

1.22. In October 2020, the Government approved a further budget increase of DOP 202 billion (4.5% of GDP) to mitigate the pandemic-induced crisis. The budget was amended twice in 2021. The first amendment, approved in August through Law No. 166-21, modified the total revenues, expenditures and financing due to the positive domestic environment and increasing pressures on expenditure in order to implement the vaccination programme, vital welfare programmes, and mechanisms to respond to rising international commodity prices. Based on a positive revenue outlook and given higher spending on the above items, the fiscal deficit as a percentage of GDP was projected to increase, which savings from the debt buy-back in late 2020 would cover comfortably. Given that revenues exceeded expectations, and in order to offset higher fuel and fertilizer prices, a new budget was approved, amended in December through Law No. 341-21, which provided for a lower deficit as a percentage of GDP compared with the August amendment, thereby reverting to the levels of the initial budget.<sup>16</sup> This was partly possible because, to protect itself from rising international prices of oil derivatives, the Dominican Government decided to purchase a call option for natural gas in April 2021 to guarantee a maximum price (USD 3.25 per MMBtu).<sup>17</sup> Despite this, subsidies were the fastest growing expenditure item in 2021, with DOP 13,045.8 million allocated to mitigate the effect of increased prices of oil derivatives and DOP 47,397.6 million to subsidize expenditures on the liabilities of electricity distribution companies.

1.23. In June 2021, Decree No. 396-21 reducing superficial expenditure was approved, in order to address rising expenditure, which saved DOP 12,409.3 million, according to the authorities. As a result, the central Government posted a surplus of 0.2% of GDP in 2021, and an overall deficit of 2.9% of GDP. The overall deficit of the NFPS was 2.7% of GDP. External financing covered 83.6% of the deficit, through bonds issued on international markets and bilateral loans, while domestic financing covered 16.4%, mostly through bonds issued on the local market.<sup>18</sup>

1.24. In 2020, USD 3.8 billion of sovereign bonds were issued on the international market to deliver on welfare programmes and to expand the budget.<sup>19</sup> This ensured that the necessary resources were obtained to meet the commitments of the welfare programmes until year-end and the health sector

<sup>16</sup> Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>.

<sup>17</sup> The procurement of this coverage was phased, covering 80% of fuel imports from May to December 2021, 60% of imports in 2022 and 40% in 2023. Natural gas is used in 50% of the country's electricity production grid.

<sup>18</sup> Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>; and Ministry of Finance, Directorate-General of Fiscal Analysis and Policy, *Informe de Coyuntura Fiscal, diciembre de 2021. Monitoreo trimestral y acumulado de las finanzas públicas de la República Dominicana*. Viewed at: [https://www.hacienda.gob.do/wp-content/uploads/2022/03/Coyuntura\\_Fiscal\\_Diciembre\\_2021-1.pdf](https://www.hacienda.gob.do/wp-content/uploads/2022/03/Coyuntura_Fiscal_Diciembre_2021-1.pdf).

<sup>19</sup> This transaction was divided into three tranches: a new bond for a total of USD 1.8 billion, with a 12-year term, yielding 4.875%; the reopening of the dollar bond maturing in 2060, yielding 6.25%, for USD 1.7 billion; and the reopening of the DOP 17.5 billion (USD 300 million) bond, yielding 10% and maturing in 2026.

plans. Loans and trade credit lines were also obtained from the International Monetary Fund (IMF), the World Bank, the Inter-American Development Bank, the Development Bank of Latin America and the Central American Bank for Economic Integration. A budget support subsidy of DOP 725 million (USD 12.4 million) was obtained from the European Union (EU) and domestic debt of USD 700 million was raised, with maturities ranging from 10 to 20 years at a 10-11% interest rate. In December, the Government announced plans to reopen its 2032 global bonds to repurchase four series of dollar bonds maturing between 2021 and 2025, for up to USD 3.5 billion. In January 2021, the Government issued an additional USD 2.5 billion, with maturities of 10 and 40 years, and interest rates of 4.5% and 5.875%, respectively.

1.25. Public debt buybacks continued in 2022. The Government cancelled USD 1,162.2 million in obligations for 2022-24 through the Liability Management Operation in February 2022.<sup>20</sup> Two new bonds were also issued, maturing in 2029 and 2033 with a coupon of 5.5% and 6.0% respectively. The cost of the debt decreased by 3 basis points and the maturity of the dollar bond portfolio increased by 0.3 years.<sup>21</sup> Public debt levels fell in 2021 as a result of the debt buyback. As of December 2021, NFPS debt amounted to USD 47,674.1 million, equivalent to 50.5% of GDP (external debt accounted for 35.3% of GDP and domestic debt for 15.2% of GDP, respectively), compared with 56.7% in December 2020.<sup>22</sup> The decrease as a percentage of GDP also reflects the accelerated GDP growth in 2021.

1.26. During the Dominican Republic's previous Article IV review, the IMF noted that there is scope to mobilize more tax revenue by broadening the tax base and streamlining exemptions while calibrating its distributional impact. The IMF considers that this would contribute to inclusive fiscal consolidation in the medium term, while leaving room for essential expenditures.<sup>23</sup> According to the IMF, fiscal authorities took advantage of the economic recovery in 2021 to front-load a consolidation, securing policy sustainability. The budget redirected spending at aiding the reopening – especially through vaccination – and at mitigating the impact of rising commodity prices. The recovery allowed the gradual phase-out of income and employment pandemic-related support, which along with strict expenditure controls, helped reduce the deficit by about 5% of GDP.<sup>24</sup> The IMF noted that the 2022 budget continues to prioritize expenditure rationalization while mitigating the impact of higher commodity prices and that a neutral fiscal stance could be expected in 2022. The authorities were expected to continue curbing current spending and proceed with reforms in the electricity sector – including gradually adjusting tariffs and replacing consumption-based subsidies with targeted transfers. However, 2022 subsidies were expected to remain elevated to mitigate the impact of higher energy and food prices.

1.27. The Dominican Republic publishes statistics on *ex ante* estimates of tax expenditures.<sup>25</sup> In accordance with these estimates, Chart 1.1 shows that tax expenditure as a percentage of GDP was on a downward path between 2016 and 2019, falling from 6.6% to 5.1% of GDP. After a slight upturn in 2020, partly explained by pandemic-response measures, tax expenditure entered a new

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<sup>20</sup> USD 178.8 million (15%) of this amount are 2022 obligations, USD 575.9 million (50%) are 2023 obligations, and USD 407.5 million (35%) are 2024 obligations.

<sup>21</sup> Ministry of Finance, Directorate-General of Fiscal Analysis and Policy, *Informe de Coyuntura Fiscal, marzo de 2022. Monitoreo trimestral y acumulado de las finanzas públicas de la República Dominicana*. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/03/Informe-Coyuntura-Fiscal-Marzo-2022.pdf>.

<sup>22</sup> This was the result of the three liability management operations carried out by the Directorate-General of Public Credit of the Ministry of Finance, between 2020 and 2022. These operations were aimed at ensuring public debt sustainability by making significant reductions in short- and medium-term debt service through repurchase or exchange transactions. The three operations cancelled USD 4,047 million of debt for 2021-27, USD 3,549 million of which was deducted from debt service. Government of the Dominican Republic. Ministry of Finance, *Marco Fiscal de Mediano Plazo 2022-2026*, April 2022. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2022/05/MFMP-2022-2026-30042022-86.pdf>.

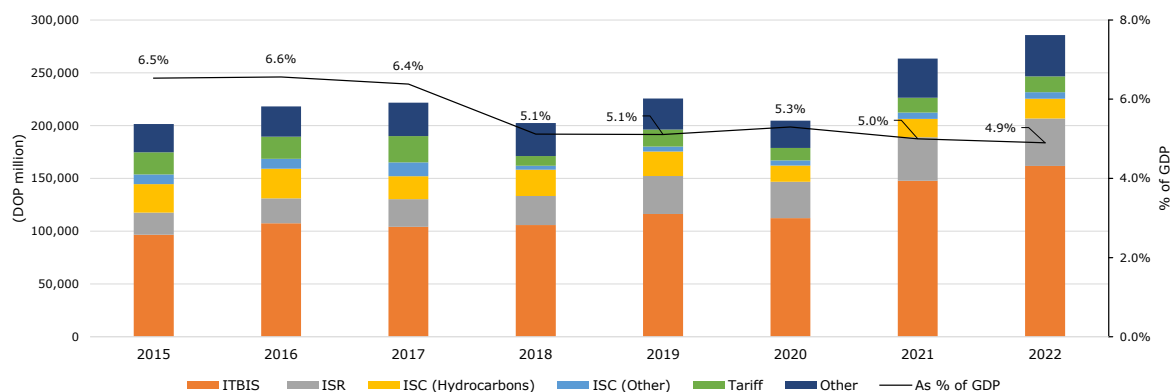
<sup>23</sup> IMF (2022), "IMF Staff Completes 2022 Article IV Mission to the Dominican Republic", 16 May 2022. Press Release No. 22/154. Viewed at: <https://www.imf.org/en/News/Articles/2022/05/16/pr22154-imf-staff-completes-2022-article-iv-mission-to-the-dominican-republic>.

<sup>24</sup> IMF (2022), IMF Country Report No. 22/217. "Dominican Republic. 2022 Article IV Consultation-Press Release; and Staff Report". July 2022. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/07/08/Dominican-Republic-2022-Article-IV-Consultation-Press-Release-and-Staff-Report-520543>.

<sup>25</sup> The calculation of tax expenditure includes: exemptions, i.e. amounts excluded from the tax base; deductions, i.e. rebates and reductions in the tax base; credits, i.e. amounts that are deducted from or reduce tax; reduced rates, i.e. rates that are lower than the standard rate applicable to certain transactions or subjects; and deferral, i.e. postponement of tax payments.

downward phase, accounting for 5% of GDP in 2021<sup>26</sup> and 4.9% of GDP estimated for 2022. By tax type, the largest tax expenditure is value-added tax, or the ITBIS, which accounted for 52.2% (2.9% of GDP during the period) of average estimated tax expenditure between 2016 and 2022. This is followed by tax expenditure on income tax (14%; 0.78% of GDP) and fuel tax (9.7%; 0.54% of GDP).<sup>27</sup> Of the total estimated tax expenditure, 90% relates to tax exemptions collected by the Director-General of Internal Revenue (DGII) and 10% to taxes levied by the Directorate-General of Customs (DGA). Tax expenditure on tariffs accounted for 0.1% of GDP in 2020 and 2021. The main beneficiaries of tax expenditures are individuals (40% of the total), industrial areas (13% in 2021), health (10%), power generation (5%) and tourism (3%).

**Chart 1.1 Tax expenditure by tax type and as a percentage of GDP, 2015-22**



Source: Ministry of Finance.

### 1.2.3 Monetary and exchange-rate policy

1.28. The main objective of the Dominican Republic's monetary policy is price stability, as established by Monetary and Financial Law No. 183-02 and by the Dominican Constitution of 2010. With a view to complying with this legal mandate, since January 2012 the BCRD has conducted its monetary policy based on an inflation-targeting scheme. Policy decisions are aimed at minimizing any future deviations of inflation from announced targets. The main tool used by the monetary authority to achieve this objective is the MPR, which affects the interbank rate and, potentially, other market interest rates. Lastly, monetary policy transmission mechanisms work in such a way that adjustments in the MPR have an impact on private individuals' consumption, saving and investment decisions.

1.29. The preparation of the monetary programme under the inflation-targeting scheme takes into account the outlook for key variables in the monetary, fiscal, real and external sectors, which in turn, consider the implementation of the monetary policy measures required to meet the inflation target over the stipulated time horizon. Developments in the monetary base and other monetary aggregates are taken as indicative variables.<sup>28</sup> The Central Bank's monetary programme has its legal

<sup>26</sup> Ministry of Finance of the Dominican Republic. *Gasto Tributario en República Dominicana Estimación para el Presupuesto General del Estado del año 2021*, September 2020. Viewed at: <https://www.hacienda.gob.do/wp-content/uploads/2021/01/2020-10-16-Estimacion-del-Gasto-Tributario-2021.pdf>.

<sup>27</sup> The report containing estimated tax expenditure has its legal basis in Organic Public Sector Budget Law No. 423-06 of 17 November 2006, which establishes that the Ministry of Finance shall prepare an explanatory report on the exemptions for the period included in the draft General State Budget (PGE) and which provides that, as one of these elements, a document shall be drawn up stating the amount of the tax exemptions granted. The report is prepared by an inter-institutional commission coordinated by the Directorate-General of Tax Policy and Legislation (DGPLT) and also composed of the Directorate-General of Internal Revenue (DGII) and the Directorate-General of Customs (DGA). The report is prepared by an inter-institutional commission coordinated by the Directorate-General of Tax Policy and Legislation (DGPLT) and also composed of the Directorate-General of Internal Revenue (DGII) and the Directorate-General of Customs (DGA). Tax expenditure estimation reports have been produced since 2008.

<sup>28</sup> BCRD, *Resumen Ejecutivo. Programa Monetario del Banco Central Bajo metas de inflación, 2022*. Viewed at: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-politica-monetaria/documents/informepm2022-06.pdf>.

basis in the provisions of Article 26 of Monetary and Financial Law No. 183-02 and its corresponding Regulations on the Monetary Programme and Monetary Policy Instruments.

1.30. The inflation-targeting scheme is based on four key elements: (a) price stability as the explicit and main goal of monetary policy, in addition to the establishment of quantitative targets for inflation; (b) use of a short-term interest rate to signal the monetary policy stance; (c) mechanisms to guarantee transparency and accountability; and (d) definition of a monetary policy stance from a forward-looking standpoint on inflationary pressures, and a number of other variables. The established target is defined in terms of the year-on-year variation of the consumer price index, and includes a scale of inflation targets. Since 2015, the general price index has been targeted to vary by  $4.0 \pm 1.0\%$  per year.<sup>29</sup> A long-term inflation target of 4.00% is deemed to be an optimum level compatible with a GDP growth rate that is sustainable over time and in line with its potential capacity.

1.31. Under the explicit inflation targeting system, the BCRD holds monthly meetings at which it indicates the monetary policy stance through decisions on the MPR level, based on the domestic and international macroeconomic context, and recent developments in, and the outlook for, key economic indicators, particularly inflation. After the monthly meeting, the BCRD issues a monetary policy communiqué, which is published on the BCRD's website, containing the decision on the MPR and its rationale. The BCRD also publishes a monetary policy report each year in June and December, reviewing the outcomes of the monetary policy implemented over the period and the short- and medium-term outlook for macroeconomic variables.

1.32. According to the authorities, monetary policy was actively used to respond to external shocks during the review period. Between 2014 and 2015 the Dominican economy was affected by a significant reduction in the price of oil and other commodities, putting downward pressure on the general price level. In 2014, the BCRD's monetary policy stance remained unchanged, leaving the MPR at 6.25% as in the previous year. Inflation reached 1.58%, below the lower limit of the target range. In 2015, inflationary expectations came under pressure from exchange rate volatility. The BCRD responded by increasing the reserve requirement rate by two percentage points and intervening in the market by selling up to USD 200 million, thereby steadying expectations and lessening exchange rate volatility. In this context, the BCRD lowered the MPR by 125 basis points between March and May to 5.00% per year, leaving it unchanged until the end of the year. The MPR remained the same until September 2016. In October, in view of a recovery in international oil prices, together with an upward trend in inflation forecasts, it was decided to increase the annual MPR by 50 basis points to 5.50% (Table 1.4). At the close of 2016, inflation was below the target range. During the first half of 2017, monetary policy was neutral, followed by monetary easing in the second half of the year. During the first half of 2017, the BCRD's monetary policy measures were directed towards a more neutral stance that would keep inflation on target and GDP growth at its potential, by raising the MPR to 5.75% in March. Headline inflation, in turn, stood at 4.20% in December 2017, reaching a level close to the central value of the target range of  $4.0\% \pm 1.0\%$  established in the monetary programme.<sup>30</sup>

**Table 1.4 Main monetary indicators, 2014–first quarter 2022**

|   | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|---|------|------|------|------|------|------|------|-------------------|----------------------|
| <b>Monetary aggregates</b>                                    |      |      |      |      |      |      |      |                   |                      |
| Base money, narrow definition, (end-of-period variation in %) | 9.5  | 19.3 | 6.9  | -2.4 | 5.9  | 9.1  | 21.0 | 13.4              | -7.0                 |
| Base money, broad definition, (end-of-period variation in %)  | 15.3 | 4.4  | 14.7 | 12.3 | -2.2 | 21.3 | 34.7 | 32.1              | -12.0                |
| M1 (end-of-period variation in %)                             | 9.3  | 12.2 | 11.0 | 12.2 | 6.6  | 20.7 | 28.9 | 20.8              | -2.8                 |
| M2 (end-of-period variation in %)                             | 10.2 | 11.6 | 10.0 | 10.3 | 4.5  | 10.4 | 16.0 | 15.3              | -2.5                 |
| M3 (end-of-period variation in %)                             | 9.3  | 12.1 | 9.8  | 9.7  | 6.6  | 11.7 | 21.8 | 13.7              | -1.7                 |

<sup>29</sup> The target was 5.50% +/-1.00% in 2012; 5.00% +/-1.00% in 2013; and 4.50% +/-1.00% in 2014. BCRD, *Esquema de Metas de Inflación en República Dominicana*. Viewed at: <https://www.bancentral.gov.do/a/d/4036-estrategia-metas-de-inflacion>.

<sup>30</sup> Information provided by the BCRD.



|   | 2014    | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021 <sup>a</sup> | 2022 Q1 <sup>a</sup> |
|---|---------|-------|-------|-------|-------|-------|-------|-------------------|----------------------|
| <b>Interest rate (annual average %)</b>             |         |       |       |       |       |       |       |                   |                      |
| MPR   | 6.3     | 5.4   | 5.1   | 5.5   | 5.4   | 5.1   | 3.5   | 3.0               | 4.8                  |
| Lending rate <sup>b</sup>                           | 13.8    | 15.0  | 15.0  | 13.8  | 12.5  | 12.4  | 10.8  | 9.6               | 10.0                 |
| Deposit rate <sup>c</sup>                           | 6.5     | 6.5   | 6.7   | 6.0   | 6.0   | 6.1   | 4.7   | 2.5               | 3.9                  |
| Interbank rate <sup>d</sup>                         | 6.5     | 5.9   | 5.9   | 6.3   | 5.8   | 6.1   | 5.5   | 4.3               | 5.9                  |
| <b>Inflation (percentage change over 12 months)</b> |         |       |       |       |       |       |       |                   |                      |
| Inflation target                                    | 4.5+/-1 | 4+/-1 | 4+/-1 | 4+/-1 | 4+/-1 | 4+/-1 | 4+/-1 | 4+/-1             | 4+/-1                |
| National consumer price index (INPC)                | 3.0     | 0.8   | 1.6   | 3.3   | 3.6   | 1.8   | 3.8   | 8.2               | 8.9                  |
| <b>Exchange rate</b>                                |         |       |       |       |       |       |       |                   |                      |
| End-of-period exchange rate (DOP/USD)               | 44.4    | 45.6  | 46.7  | 48.3  | 50.3  | 53.0  | 58.3  | 57.5              | 55.2                 |
| Period average exchange rate (DOP/USD)              | 43.6    | 45.1  | 46.1  | 47.5  | 49.5  | 51.3  | 56.6  | 57.2              | 56.5                 |
| Estimated real effective exchange rate (2010=100)   | 105.8   | 108.6 | 110.7 | 113.0 | 116.4 | 120.6 | 129.6 | 126.9             | 124.4                |

a Preliminary figures.

b Annual weighted average of nominal lending rates at full-service banks (*bancos múltiples*).

c Annual weighted average of nominal deposit rates at full-service banks (*bancos múltiples*).

d Annual weighted average interbank rate in domestic currency.

Source: BCRD.

1.33. During the first half of 2018, the monetary authorities kept the MPR unchanged at 5.25%, but raised it to 5.5% in July on the basis that the economy was growing above its potential and inflation was rising. As a result, market lending and deposit rates increased, while private credit growth slowed. Year-on-year inflation followed a downward trend and ended the year at 1.17%. In response to macroeconomic conditions affected by both external and domestic uncertainties, the BCRD lowered the MPR three times between June and August 2019, bringing the annual MPR to 4.50% at the close of 2019. In addition, DOP 34,364.6 million were released from the reserve requirement in May to be channelled into the productive sectors. The authorities indicated that, as a result of the monetary easing measures, economic activity regained some momentum, inflation returned to the target range and market interest rates fell, while the private credit growth rate improved.<sup>31</sup>

1.34. In 2020, the BCRD implemented a set of monetary easing measures to mitigate the adverse effects of the global health crisis on the Dominican economy. The monetary authorities lowered the MPR by 150 basis points between March and August, from 4.50% to 3.00%, the interest rate on the permanent liquidity expansion facility (one-day repos) was reduced by 250 basis points to 3.50% per year, and the interest rate on short-term interest-bearing deposits at the BCRD (overnight) was lowered from 3.00% to 2.50%. As a result, the interest rate corridor of the BCRD's permanent facilities decreased by 100 basis points (bps), from MPR  $\pm 150$  bps to MPR  $\pm 50$  bps. As of March 2020, the Monetary Board also authorized the implementation of liquidity-providing measures. Up to DOP 190,814.4 million was made available, including a rapid liquidity facility to be channelled to finance the productive sectors and households, and micro, small and medium-sized enterprises (MSMEs).<sup>32</sup> The provision of USD 622.4 million in foreign currency liquidity was also authorized. The BCRD also participated actively in the foreign exchange market through the foreign exchange platform and the use of foreign currency hedging instruments, and implemented temporary measures to lessen the impact of the pandemic on the credit portfolio, including a temporary freeze on debtors' credit ratings and provisions. The monetary easing measures led to a fall in lending and deposit market interest rates of around 300 basis points and an expansion of credit to the private sector. Driven by these measures, GDP started to recover in the second half of 2020, while inflation started to trend upwards, influenced by higher commodity prices, reaching 5.5% year-on-year at the end of December.

<sup>31</sup> Information provided by the BCRD.

<sup>32</sup> These measures included the following: DOP 20,000 million through the 360-day repo; DOP 100,000 million through the rapid liquidity facility; DOP 20,000 million through the liquidity facility for financing the tourism, export, construction and manufacturing sectors; DOP 30,133.4 million through the release of reserve requirement resources; and DOP 20,681 million for financing for MSMEs through the release of reserve requirement resources and repurchase agreements. Information provided by the Dominican authorities.

1.35. In February 2021, the BCRD increased the amount available under the rapid liquidity facility by an additional DOP 25 billion, bringing the total amount of liquidity facilities provided as a result of the pandemic to DOP 215 billion, or about 5.0% of GDP. The MPR remained unchanged during the first 10 months of 2021, at 3%. Inflationary pressures increased in 2021, mainly due to external factors, such as disruptions in global supply chains and higher oil and other commodity prices in international markets. This led the BCRD to decide, in August 2021, to phase out the monetary stimulus in two stages: (a) by cancelling loans granted through the various liquidity facilities as customers repay their loans; and (b) by increasing the MPR by 150 basis points between November and December, returning it to its pre-pandemic level of 4.50% per year. Inflation, which continued to be affected by external developments, accelerated until closing the year at 8.50%.<sup>33</sup>

1.36. Year-on-year inflation continued to accelerate in the first few months of 2022, reaching 9.05% in March 2022. The consumer price index posted a cumulative variation of 2.80% in the first quarter of 2022, which continued to reflect persistent external inflationary pressures causing additional increases in the prices of inputs and primary goods for production and high container shipping costs. Cumulative core inflation recorded a variation of 1.78% between January and March 2022, partly reflecting effects on production related to external supply shocks.<sup>34</sup> Given the rise in inflation above the target, the BCRD continued to implement measures to strengthen the monetary normalization that began in November 2021 in order to help bring inflation into the target range of 4.0% ± 1.0%. In addition, measures were implemented to freeze fuel prices and subsidize imported inputs for domestic production and vulnerable households through the provision of staple foods at preferential prices. In an effort to control inflation, the BCRD increased the MPR by 50 basis points in January and March 2022, respectively, bringing it to 5.50% per year. It also reduced the financial system's excess liquidity through open-market operations and the repayment of loans to businesses and households.

1.37. The Dominican Republic applies a managed floating exchange rate system without pre-announced targets, known as the "other managed system". The BCRD seeks to manage the exchange rate in line with its long-term equilibrium value and its inflation target. The BCRD intervenes in the market in order to avoid excessive volatility in the exchange rate, by buying and selling foreign exchange on the electronic trading platform, and with entities authorized to operate on this platform.

1.38. According to information provided by the authorities, between 2014 and 2021, the average nominal exchange rate depreciated by an average 3.8% per year. The fall in foreign exchange income due to the pandemic resulted in exchange-rate depreciation of 9.3% in 2020. In 2021, this situation turned around to some extent, due to the high level of international remittances and the upturn in activity. This led to a year-on-year exchange rate depreciation of only 1.1% in 2021. In the first half of 2022, cumulative appreciation was 4.8%.<sup>35</sup> According to the authorities' calculations, in real terms, the bilateral and multilateral real exchange rates depreciated by 16.7% and 7.2% between 2014 and 2021, despite a real exchange rate appreciation in 2021. The authorities consider that such depreciation suggests gains in competitiveness in respect of major trading partners.

#### 1.2.4 Balance of payments

1.39. The current account of the Dominican balance of payments reports a structural deficit, which averaged 1.3% of GDP between 2015 and 2020. The deficit reached its lowest level in 2017, when it amounted to only 0.2% of GDP. Remittances are an important component of the current account balance as they partly offset the negative merchandise trade balance. In 2020, the current account deficit grew to a value equivalent to 1.7% of GDP due to COVID-19-related losses in tourism revenue. As economic growth accelerated again in 2021 and imports increased, the current account

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<sup>33</sup> Information provided by the authorities and BCRD (2022), *Informe de Política Monetaria*, December 2021. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta> and BCRD (2022), *Informe de Política Monetaria*, June 2022. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta>.

<sup>34</sup> The groups that had the greatest impact on cumulative inflation were food and non-alcoholic beverages (3.35%), transport (3.56%), housing (4.37%), miscellaneous goods and services (2.59%) and restaurants and hotels (2.41%), which collectively accounted for 89.23% of the variation in the index during the period. BCRD (2022), *Informe de Política Monetaria*, June 2022. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta>.

<sup>35</sup> BCRD (2022), *Informe de Política Monetaria*, June 2022. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta>.

deficit for 2021 rose to 2.8% of GDP. This was also driven by global supply chain problems, rising domestic demand and high commodity prices, especially of oil and other fuels.

1.40. According to the authorities, during the review period, the Dominican Republic's trade balance largely responded to fluctuations in international commodity prices. Between 2015 and 2017, prices of imported commodities, such as oil, were lower than those of exported commodities, such as gold, causing exports to grow faster than imports, and the trade deficit to remain relatively stable. In 2018, after a shock in oil prices, imports jumped by 13.9%, while exports grew by 5.0%, thereby reversing the trend in the trade balance. In 2019, oil prices normalized and imports increased by just 0.3%, while the export growth rate hovered at 5.0%. The adverse impact of the pandemic in 2020 drove down economic activity and international demand, leading to a 15.6% drop in imports and an 8.0% fall in exports. In 2021, the external sector continued to perform well, despite the pandemic. In 2021, with the economic recovery of some markets, domestic merchandise exports rose by 19.9%, while exports from free zones grew by 21.8%. Meanwhile, total imports climbed by 41.1%, mainly on the back of a rebound in domestic demand and higher oil prices on international markets (Table 1.5), pushing the oil bill up to twice that of 2020. The trade deficit, which had stood at around 10.3% of GDP between 2015 and 2019, dropped to 8.6% in 2020, but rose to 12.4% of GDP in 2021.

1.41. The services balance remained in surplus during the review period, despite the negative impact of the COVID-19 pandemic on tourism. Expenditure on freight, insurance and other items was outstripped by income from tourism and other services. The primary income account, which registers, among other items, investment income, was in deficit in the period, reflecting payments made to foreign investors for their capital contributions. The deficit increased by an average 8.7% per year until 2020, when it shrank by 6.0%, also owing to the effects of the pandemic, which hit the profitability of foreign investment firms. Family remittances from Dominican nationals abroad remain an important source of financing for other categories of the current account, as well as providing major support for domestic consumption and, hence, for GDP growth. Between 2015 and 2019, remittances grew by an average 9.4%, reaching 8.0% of GDP in 2019. During the pandemic, remittances saw substantial increases of 16.0% and 26.6% in 2020 and 2021, respectively, accounting for 11% of GDP. In 2021, economic expansion in the United States boosted remittance inflows by record amounts. This, combined with an improvement in the tourism sector due to the support of public policies, helped to offset the adverse impact of the terms of trade caused by global supply chain effects and higher oil prices on international markets.

**Table 1.5 Balance of payments, 2014-21**

(USD million)

|   | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            | 2021             |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>1. Current account</b>                                 | <b>-2,170.2</b> | <b>-1,280.3</b> | <b>-814.7</b>   | <b>-133.1</b>   | <b>-1,321.5</b> | <b>-1,187.9</b> | <b>-1,337.3</b> | <b>-2,688.7</b>  |
| <b>1.1 Goods and services balance</b>                     | <b>-3,290.3</b> | <b>-3,096.9</b> | <b>-2,619.4</b> | <b>-2,049.9</b> | <b>-4,062.7</b> | <b>-4,016.8</b> | <b>-5,412.5</b> | <b>-8,032.3</b>  |
| <b>1.1.1 Goods balance</b>                                | <b>-7,374.2</b> | <b>-7,464.7</b> | <b>-7,559.0</b> | <b>-7,599.7</b> | <b>-9,559.2</b> | <b>-9,075.1</b> | <b>-6,803.1</b> | <b>-11,681.2</b> |
| <b>Exports</b>  | <b>9,898.9</b>  | <b>9,441.8</b>  | <b>9,839.6</b>  | <b>10,134.6</b> | <b>10,638.1</b> | <b>11,192.7</b> | <b>10,301.9</b> | <b>12,462.0</b>  |
| Domestic  | 4,637.2         | 4,018.2         | 4,335.7         | 4,425.0         | 4,602.9         | 4,943.2         | 4,407.4         | 5,282.4          |
| Free zones  | 5,261.7         | 5,423.6         | 5,503.9         | 5,709.6         | 6,035.2         | 6,249.5         | 5,894.5         | 7,179.6          |
| <b>Imports</b>  | <b>17,273.1</b> | <b>16,906.5</b> | <b>17,398.6</b> | <b>17,734.3</b> | <b>20,197.3</b> | <b>20,267.8</b> | <b>17,105.0</b> | <b>24,143.2</b>  |
| Domestic  | 13,849.3        | 13,408.5        | 13,864.5        | 13,987.6        | 16,359.7        | 16,316.2        | 13,484.8        | 19,532.3         |
| Free zones  | 3,423.8         | 3,498.0         | 3,534.1         | 3,746.7         | 3,837.6         | 3,951.6         | 3,620.2         | 4,610.9          |
| <b>1.1.2 Services balance</b>                             | <b>4,083.9</b>  | <b>4,367.8</b>  | <b>4,939.6</b>  | <b>5,549.8</b>  | <b>5,496.5</b>  | <b>5,058.3</b>  | <b>1,390.6</b>  | <b>3,648.9</b>   |
| <b>Credit</b>   | <b>7,053.7</b>  | <b>7,541.8</b>  | <b>8,309.2</b>  | <b>8,856.8</b>  | <b>9,413.6</b>  | <b>9,316.5</b>  | <b>4,587.5</b>  | <b>8,047.0</b>   |
| Travel  | 5,629.8         | 6,115.9         | 6,719.6         | 7,184.1         | 7,547.7         | 7,471.5         | 2,674.8         | 5,686.5          |
| Manufacturing services on physical inputs owned by others | 68.6            | 79.0            | 74.7            | 58.0            | 54.5            | 55.4            | 31.7            | 43.1             |
| Other   | 1,355.3         | 1,346.9         | 1,514.9         | 1,614.7         | 1,811.4         | 1,789.6         | 1,881.0         | 2,317.4          |
| <b>Debit</b>  | <b>2,969.8</b>  | <b>3,174.0</b>  | <b>3,369.6</b>  | <b>3,307.0</b>  | <b>3,917.1</b>  | <b>4,258.2</b>  | <b>3,196.9</b>  | <b>4,398.1</b>   |
| Freight   | 1,079.2         | 1,155.9         | 1,190.7         | 1,103.1         | 1,132.1         | 1,209.0         | 1,140.5         | 1,734.0          |
| Other   | 1,890.6         | 2,018.1         | 2,178.9         | 2,203.9         | 2,785.0         | 3,049.2         | 2,056.4         | 2,664.1          |
| <b>1.2 Primary income</b>                                 | <b>-3,247.4</b> | <b>-2,936.4</b> | <b>-3,253.1</b> | <b>-3,793.8</b> | <b>-3,691.7</b> | <b>-4,068.9</b> | <b>-3,825.0</b> | <b>-4,706.2</b>  |
| Compensation of employees                                 | 84.5            | 75.3            | 79.2            | 76.4            | 128.6           | 76.2            | -121.0          | 107.5            |
| Credit  | 239.2           | 235.6           | 247.6           | 266.0           | 323.5           | 333.5           | 112.4           | 340.3            |
| Debit   | 154.7           | 160.3           | 168.4           | 189.6           | 194.9           | 257.3           | 233.4           | 232.8            |
| Investment income   | -3,331.9        | -3,011.7        | -3,332.3        | -3,870.2        | -3,820.3        | -4,145.1        | -3,704.0        | -4,813.7         |
| Foreign direct investment                                 | -2,745.3        | -2,336.3        | -2,439.5        | -2,724.5        | -2,761.0        | -2,860.7        | -2,442.0        | -3,015.0         |
| Credit  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              |
| Debit   | 2,745.3         | 2,336.3         | 2,439.5         | 2,724.5         | 2,761.0         | 2,860.7         | 2,442.0         | 3,015.0          |

|   | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            | 2021            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Portfolio investment                                | -495.3          | -637.2          | -781.6          | -975.9          | -1,053.8        | -1,288.7        | -1,406.6        | -1,831.6        |
| Credit  | 12.9            | 13.9            | 15.0            | 7.9             | 0.0             | 0.0             | 0.0             | 0.0             |
| Debit   | 508.2           | 651.1           | 796.6           | 983.8           | 1,053.8         | 1,288.7         | 1,406.6         | 1,831.6         |
| Other investment                                    | -91.3           | -38.2           | -111.2          | -169.8          | -126.6          | -161.1          | 16.5            | -8.2            |
| Credit  | 300.2           | 296.0           | 216.1           | 185.5           | 174.7           | 167.0           | 264.1           | 198.1           |
| Debit   | 391.5           | 334.2           | 327.3           | 355.3           | 301.3           | 328.1           | 247.6           | 206.3           |
| Reserve assets                                      | 0.0             | 0.0             | 0.0             | 0.0             | 121.1           | 165.4           | 128.1           | 41.1            |
| Credit  | 0.0             | 0.0             | 0.0             | 0.0             | 121.1           | 165.4           | 128.1           | 41.1            |
| Debit   | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>1.3 Secondary income</b>                         | <b>4,367.5</b>  | <b>4,753.0</b>  | <b>5,057.8</b>  | <b>5,710.6</b>  | <b>6,432.9</b>  | <b>6,897.8</b>  | <b>7,900.2</b>  | <b>10,049.8</b> |
| Credit  | 5,214.0         | 5,621.4         | 5,969.0         | 6,695.3         | 7,343.9         | 7,908.7         | 8,940.4         | 11,252.5        |
| Family remittances                                  | 4,571.2         | 4,960.6         | 5,260.8         | 5,911.8         | 6,494.2         | 7,087.1         | 8,219.2         | 10,402.5        |
| Other transfers                                     | 642.8           | 660.8           | 708.2           | 783.5           | 849.7           | 821.6           | 721.2           | 850.0           |
| Debit   | 846.5           | 868.4           | 911.2           | 984.7           | 911.0           | 1,010.9         | 1,040.2         | 1,202.7         |
| Family remittances                                  | 420.1           | 424.7           | 448.7           | 461.8           | 427.8           | 483.8           | 603.9           | 639.0           |
| Other transfers                                     | 426.4           | 443.7           | 462.5           | 522.9           | 483.2           | 527.1           | 436.3           | 563.7           |
| <b>2. Capital account<sup>a</sup></b>               | <b>0.0</b>      | <b>2,087.1</b>  | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      |
| <b>3. Net lending/net borrowing (3=1+2)</b>         | <b>-2,170.2</b> | <b>806.8</b>    | <b>-814.7</b>   | <b>-133.1</b>   | <b>-1,321.5</b> | <b>-1,187.9</b> | <b>-1,337.3</b> | <b>-2,688.7</b> |
| <b>4. Financial account</b>                         | <b>-3,761.7</b> | <b>-1,512.9</b> | <b>-2,454.9</b> | <b>-2,120.7</b> | <b>-3,083.0</b> | <b>-3,138.7</b> | <b>-3,497.8</b> | <b>-4,786.1</b> |
| Direct investment                                   | -2,208.5        | -2,204.9        | -2,406.7        | -3,570.7        | -2,535.3        | -3,021.0        | -2,559.6        | -3,102.1        |
| Portfolio investment                                | -1,482.4        | -3,457.7        | -1,729.3        | -1,756.7        | -2,696.1        | -2,177.6        | -5,620.1        | -2,596.4        |
| Medium- and long-term public and private debt (net) | -53.2           | 4,101.6         | 692.5           | 1,192.8         | 153.0           | 650.1           | -312.4          | 181.8           |
| Short-term public and private debt (net)            | -503.7          | -206.9          | -61.7           | 185.8           | 235.4           | -482.6          | 590.3           | -186.4          |
| Currency and deposits                               | 361.3           | -114.3          | 611.2           | 1,289.4         | 1,293.5         | 1,560.4         | 4,137.9         | 243.3           |
| Other <sup>b</sup>                                  | 124.8           | 369.3           | 439.1           | 538.7           | 466.5           | 332.0           | 266.1           | 673.7           |
| <b>5. Balance</b>                                   | <b>650.1</b>    | <b>770.2</b>    | <b>891.9</b>    | <b>727.7</b>    | <b>833.1</b>    | <b>1,125.3</b>  | <b>1,295.0</b>  | <b>2,333.2</b>  |
| <b>6. Errors and omissions</b>                      | <b>-941.4</b>   | <b>-1,549.5</b> | <b>-748.3</b>   | <b>-1,259.9</b> | <b>-928.4</b>   | <b>-825.5</b>   | <b>-865.5</b>   | <b>235.8</b>    |
| <b>7. Financing</b>                                 | <b>650.1</b>    | <b>770.2</b>    | <b>891.9</b>    | <b>727.7</b>    | <b>833.1</b>    | <b>1,125.3</b>  | <b>1,295.0</b>  | <b>2,333.2</b>  |
| Reserve assets                                      | 195.4           | 406.9           | 779.7           | 730.7           | 847.0           | 1,149.5         | 1,962.9         | 2,333.6         |
| Use of IMF credit and loans <sup>c</sup>            | -456.9          | -365.2          | -114.3          | 0.0             | 0.0             | 0.0             | 651.1           | 0.0             |
| Transfers (debt forgiveness)                        | 2.2             | 1.9             | 2.0             | 1.5             | 2.2             | 1.4             | 1.0             | 0.4             |
| Other investment liabilities <sup>d</sup>           | 0.0             | 0.0             | 0.1             | 1.5             | 11.7            | 22.8            | 15.8            | 0.0             |
| Memorandum item                                     |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Current account/GDP (%)</b>                      | <b>3.2</b>      | <b>1.8</b>      | <b>1.1</b>      | <b>0.2</b>      | <b>1.5</b>      | <b>1.3</b>      | <b>1.7</b>      | <b>2.8</b>      |

- a Excludes components classified as financing in Group V. According to the sixth version of the Balance of Payments Manual, only current payments are included in the capital account component, while the forgiveness of arrears on debts with official creditors (bilateral, multilateral) are recorded as exceptional financing.
- b Includes commercial credits and other capital.
- c As from 2009, includes the use of IMF credit (disbursements and amortizations) by the Government.
- d Includes drawings on new loans and loan prepayments.

Note: In the public debt figures, the sum of the quarters does not necessarily match the cumulative figures due to methodological differences. Results in accordance with the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

Source: BCRD, International Department, Balance of Payments Sub-Directorate.

1.42. During the first quarter of 2022, the preliminary balance of payments shows a current account deficit of USD 1,029.2 million. This is mainly due to a jump in imports by an additional USD 1,957.7 million (39.2%) compared with the same period in 2021, and lower inflows from family remittances (-6.0%) and gold exports (-25.0%). Total exports expanded by 14.5% in the first quarter of 2022 (an additional USD 422.7 million compared with the same period in 2021, reaching USD 3,328.0 million). There was also extraordinary growth in income from tourism of USD 1,309.8 million (162.2%) during the quarter, which offset these effects on the deficit.<sup>36</sup>

1.43. Gross international reserves increased from USD 4,861.8 million in 2014 to USD 13,034.0 million at the close of 2021, accounting for 6.6 months of imports and 14.0% as a

<sup>36</sup> BCRD (2022), *Informe de Política Monetaria*, June 2022. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta>.

percentage of GDP.<sup>37</sup> As of 31 March 2022, gross international reserves amounted to USD 14,596.3 million, equivalent to 13.6% of GDP and six months of imports of goods and services, excluding free zones.<sup>38</sup>

### 1.3 Developments in Trade and Investment Flows

#### 1.3.1 Trade in goods<sup>39</sup>

##### 1.3.1.1 Composition of trade in goods

1.44. In terms of the composition of domestic goods exports, the share of products from the food industries continued to slip during the review period, down from 16.1% of the total in 2015 to 12.6% in 2021. These products include sugars and sugar confectionery (3%), beverages, spirits and vinegar (2.5%), followed by cocoa (2.3%) and edible preparations (1.6%). The share of precious metals increased to 38.1% of domestic exports in 2021, up from 32.0% in 2015. Gold exports are particularly noteworthy, accounting for 38.0% of domestic exports and 10.8% of total exports in 2021. The production of base metals and articles of base metal rebounded substantially from 4.4% of domestic exports in 2015 to 14.9% in 2021 (Chart 1.2 and Table A1.1). The share of manufactures in total exports remained above 50% (Chart 1.2).

1.45. In free zones, manufactures accounted for the vast majority of total exports in 2021, as was the case in 2015 (Chart 1.3). Key exports include food products, and tobacco (cigars) in particular, as well as electrical machinery and equipment, articles of apparel, footwear, medical instruments, made-up textile articles, jewellery and chemical products (Table A1.2).

1.46. Manufactured goods constitute the main import category. They include imports of electrical machinery and equipment (14.9% of total imports in 2021), along with chemical products (11.8%) and transport equipment (8.9%). Imports of mineral products, mostly hydrocarbons, accounted for 20.9% of the total (Tables A1.3, A1.4 and A1.5).

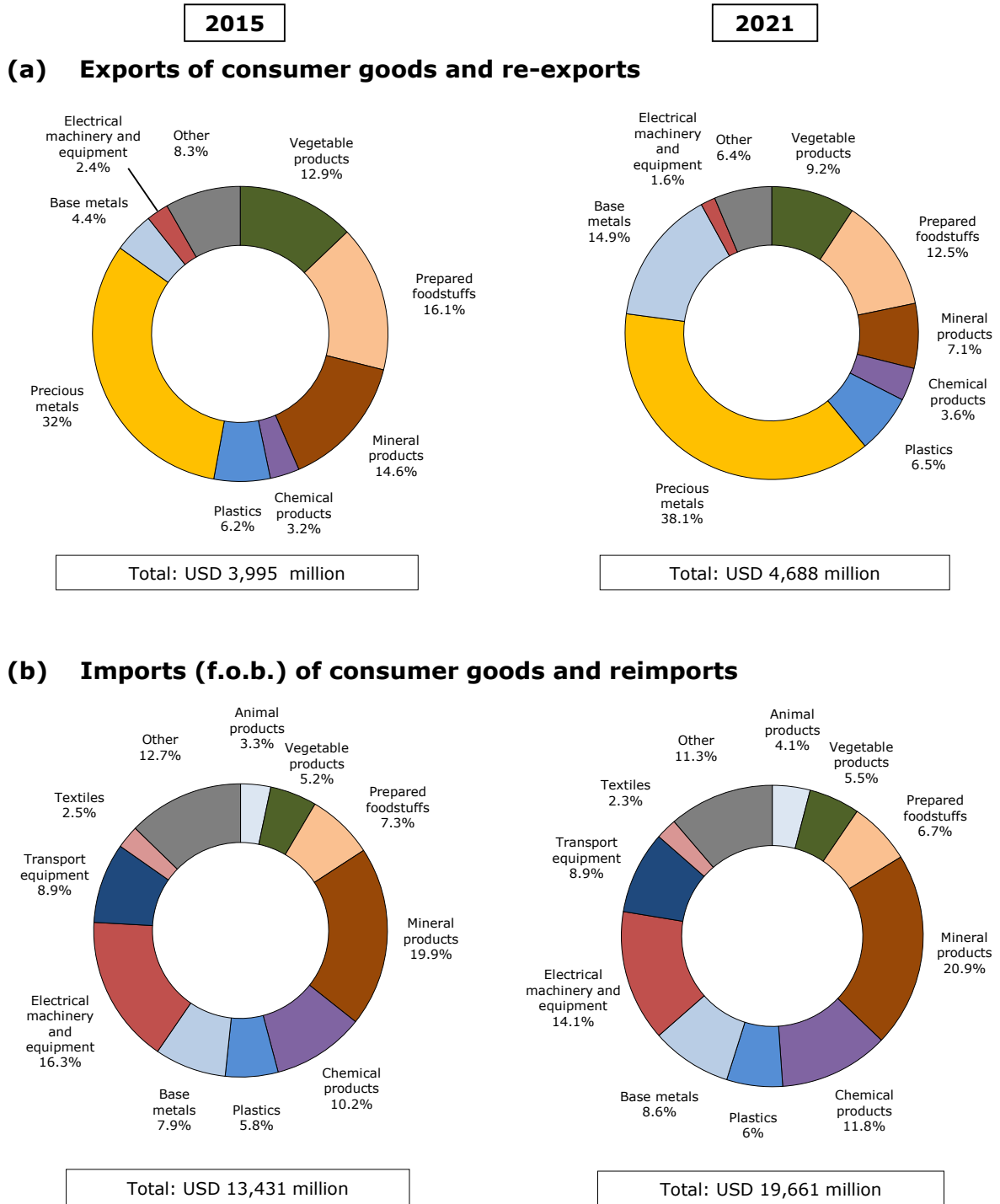
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<sup>37</sup> The authorities noted that in August 2021, in order to strengthen the BCRD's international reserves, the IMF allocated 457.56 million special drawing rights (SDRs), equivalent to USD 649.05 million, to the Dominican Republic. In addition to increasing reserves and building confidence, the purpose of the SDR allocation was to contribute to exchange market stability and reduce the pass-through of exchange rate fluctuations to inflation. SDRs were credited to IMF signatory countries on the basis of their quotas; the Dominican Republic holds 0.1% of the total quota, amounting to SDR 457.56 million.

<sup>38</sup> BCRD (2022), *Informe de Política Monetaria*, June 2022. Viewed at: <https://www.bancentral.gov.do/Publicaciones/Consulta>.

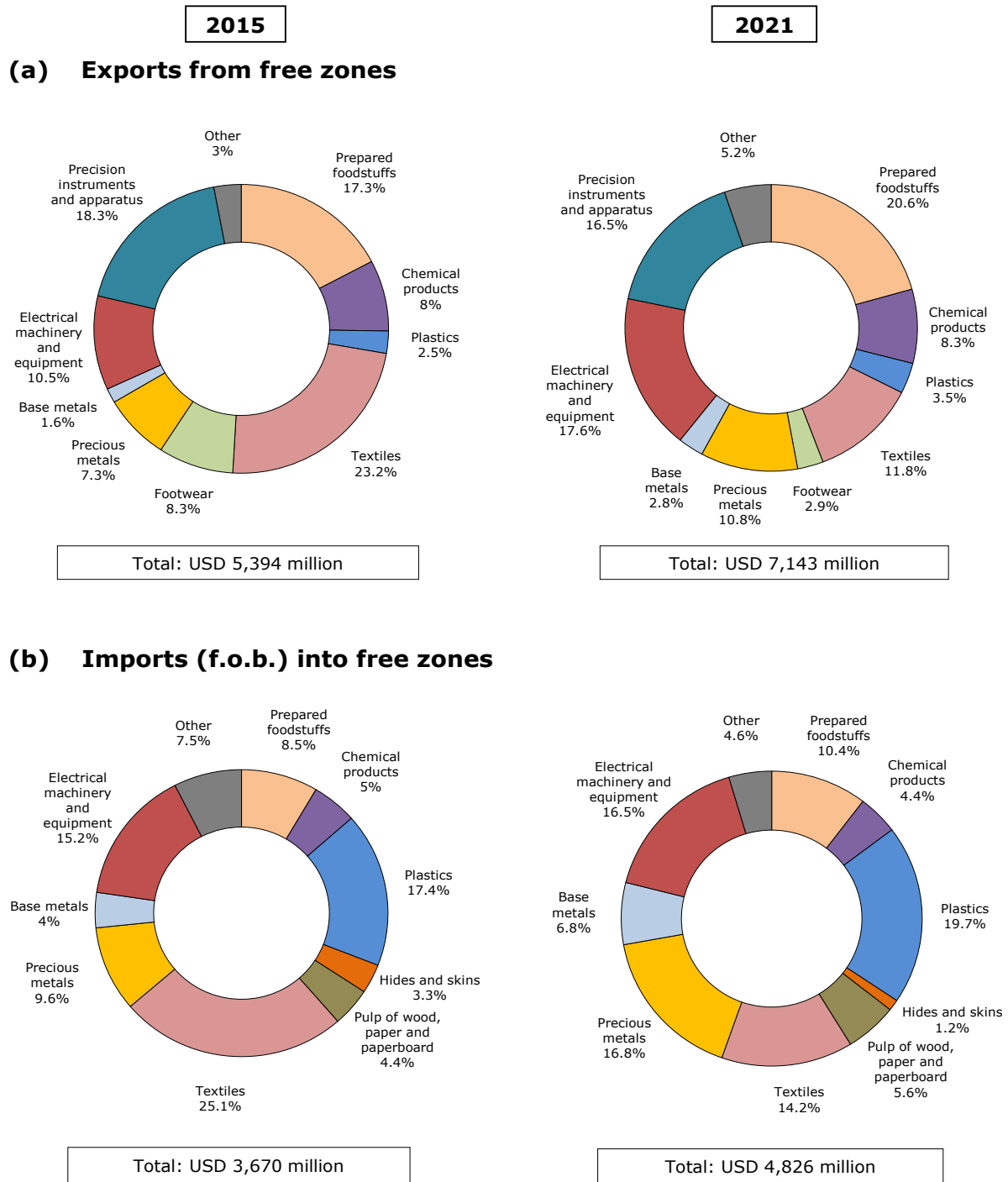
<sup>39</sup> This subsection is based on calculations made by the WTO Secretariat, using data on goods imports (f.o.b.) and exports (f.o.b.) provided by the Dominican authorities.

**Chart 1.2 Merchandise trade by main products, 2015 and 2021**



Source: Calculations by the WTO Secretariat based on COMEX data.

**Chart 1.3 Free zone trade by main products, 2015 and 2021**



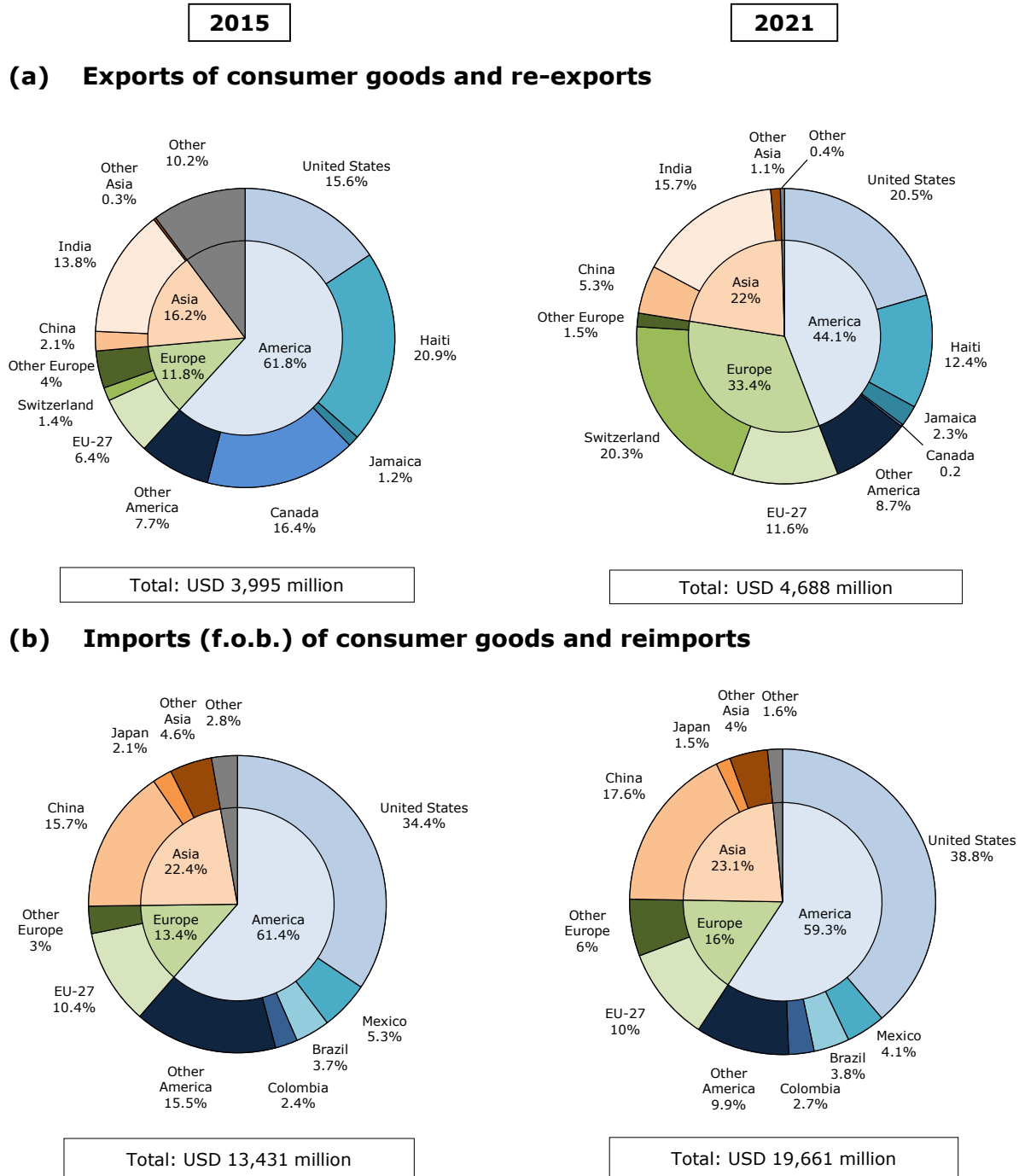
Source: Calculations by the WTO Secretariat based on COMEX data.

**1.3.1.2 Direction of merchandise trade**

1.47. The Dominican Republic's main export market is the United States. Its share in total exports increased compared with the previous review: from 15.6% of total domestic exports in 2015 to 20.5% in 2021, and from 74.6% of total exports from free zones in 2015 to 78.2% in 2021 (Tables A1.6 and A1.7 and Charts 1.4 and 1.5). In the Americas, the second largest export market is Haiti, which absorbed 12.4% of domestic exports and 5.3% of free zone exports in 2021. Switzerland received 20.3% of the Dominican Republic's domestic exports in 2021, India 15.7% and the EU 11.3%. Exports to Asia increased from 16.2% of the total in 2015 to 22.0% in 2021.

1.48. The United States is also the leading source of Dominican imports, contributing to 38.8% of the country's total imports in 2021 (Tables A1.8, A1.9 and A.10). China was the source of 17.6% of total imports, while the EU accounted for 11.7%.

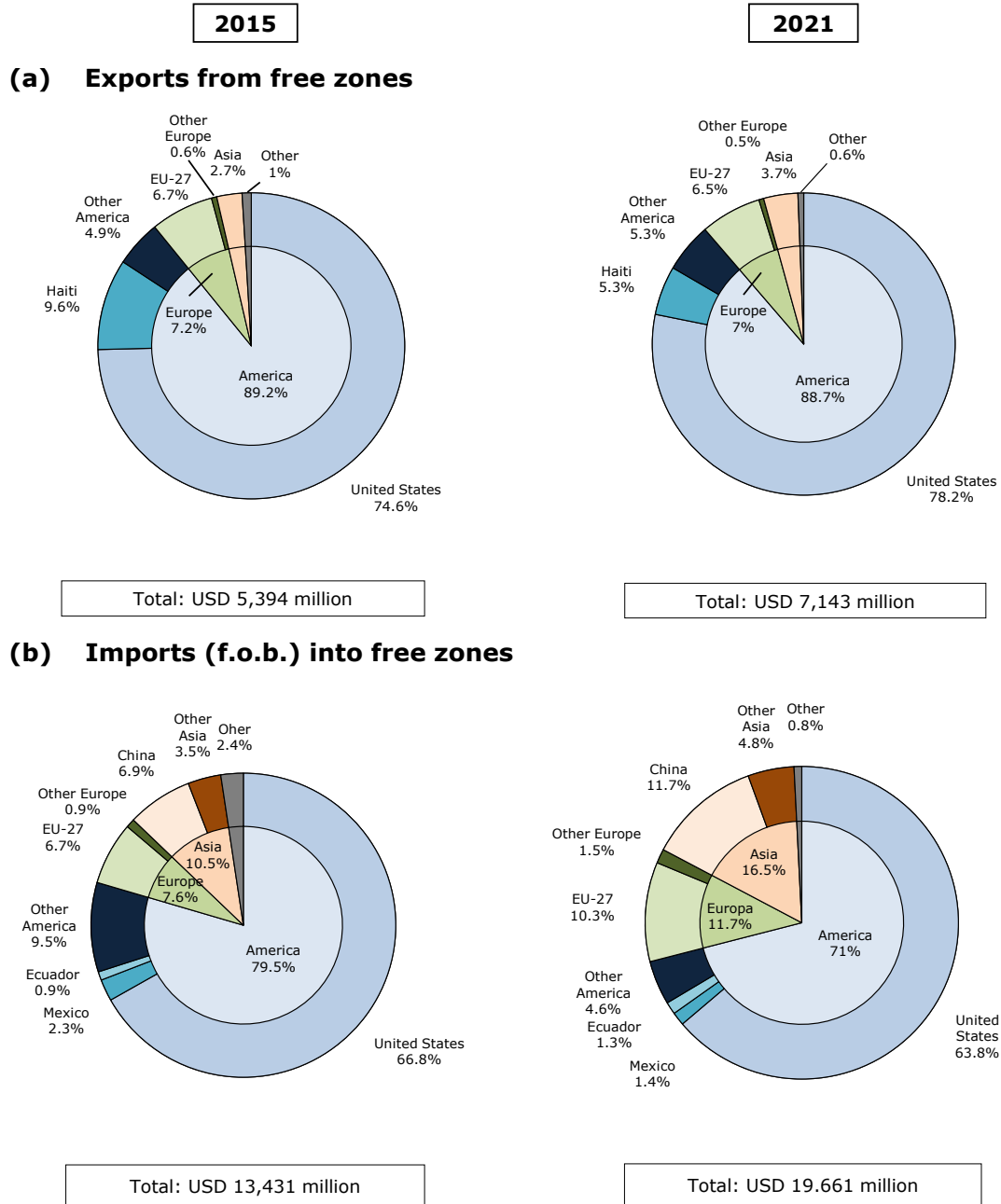
**Chart 1.4 Merchandise trade by trading partner, 2015 and 2021**



Source: Calculations by the WTO Secretariat based on COMEX data.



**Chart 1.5 Free zone merchandise trade by trading partner, 2015 and 2021**



Source: Calculations by the WTO Secretariat based on COMEX data.

**1.3.2 Trade in services**

1.49. Trade in services is of the utmost importance for the Dominican Republic, both in terms of value added and employment, and for its role as a generator of foreign exchange. The services balance sustained its long-standing surplus between 2015 and 2021 and peaked at USD 5,549.8 million in 2017. Tourism is the main service export, with revenues averaging 8.7% of GDP between 2015 and 2019. Following average annual growth of 7.3% between 2015 and 2018, income from tourism (travel) declined by 1.0% in 2019. In 2020, due to the closure of airports in the country and the travel restrictions put in place internationally to fight the effects of the COVID-19 pandemic, income from tourism fell by 64.2%. This income increased by 112.6% year-on-year in 2021, which remained lower than in 2019, but demonstrated a recovery in the sector after the onset of the pandemic (Table 1.6). Regarding service expenditures, transport is the main category,

accounting for 45.8% of the total between 2015 and 2021, increasing by an average 2.4% between 2015 and 2019. In common with other activities, it slumped dramatically due to the pandemic, and in 2021 saw rises because of the impact of the crisis on the global supply chain.

**Table 1.6 Services balance, 2015-21**

(USD million)

| ITEMS  | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>I. CREDIT</b>   | <b>7,541.8</b> | <b>8,309.2</b> | <b>8,856.8</b> | <b>9,413.6</b> | <b>9,316.5</b> | <b>4,587.5</b> | <b>8,047.0</b> |
| A. Goods for processing in the reporting economy         | 79.0           | 74.7           | 58.0           | 54.5           | 55.4           | 31.7           | 43.1           |
| B. Transport   | 547.7          | 581.0          | 609.6          | 645.5          | 671.7          | 341.2          | 575.1          |
| C. Travel  | 6,115.9        | 6,719.6        | 7,184.1        | 7,547.7        | 7,471.5        | 2,674.8        | 5,686.5        |
| D. Telecommunications, computer and information services | 168.3          | 147.2          | 130.1          | 118.5          | 98.3           | 84.6           | 67.6           |
| E. Insurance and pension services                        | 45.3           | 47.7           | 68.6           | 73.5           | 81.2           | 76.9           | 86.0           |
| F. Financial services                                    | 29.6           | 39.0           | 46.1           | 44.4           | 45.7           | 54.3           | 225.0          |
| G. Charges for the use of intellectual property          | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| H. Government goods and services                         | 274.4          | 320.7          | 315.1          | 310.0          | 314.3          | 315.7          | 317.4          |
| I. Other business services                               | 273.0          | 336.1          | 404.3          | 554.4          | 559.9          | 940.7          | 936.3          |
| J. Personal, cultural and recreational services          | 8.6            | 43.2           | 40.9           | 65.1           | 18.5           | 67.6           | 110.0          |
| <b>II. DEBIT</b>   | <b>3,174.0</b> | <b>3,369.6</b> | <b>3,307.0</b> | <b>3,917.1</b> | <b>4,258.2</b> | <b>3,196.9</b> | <b>4,398.1</b> |
| A. Goods for processing in the reporting economy         | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| B. Transport   | 1,550.4        | 1,626.0        | 1,571.1        | 1,646.3        | 1,703.9        | 1,408.3        | 2,199.6        |
| C. Travel  | 462.8          | 503.0          | 530.3          | 548.5          | 623.6          | 210.8          | 692.8          |
| D. Telecommunications, computer and information services | 63.1           | 88.3           | 98.3           | 123.2          | 149.2          | 100.5          | 108.9          |
| E. Insurance and pension services                        | 189.3          | 194.2          | 219.1          | 234.7          | 252.7          | 236.9          | 280.9          |
| F. Financial services                                    | 325.5          | 257.5          | 231.2          | 216.0          | 205.4          | 329.6          | 321.9          |
| G. Charges for the use of intellectual property          | 88.9           | 98.4           | 134.0          | 34.6           | 41.5           | 81.9           | 119.5          |
| H. Government goods and services                         | 147.3          | 140.7          | 154.8          | 152.0          | 172.2          | 139.3          | 123.6          |
| I. Other business services                               | 329.4          | 432.6          | 332.5          | 922.6          | 1,071.8        | 653.8          | 513.0          |
| J. Personal, cultural and recreational services          | 17.3           | 28.9           | 35.7           | 39.2           | 37.9           | 35.8           | 37.9           |
| <b>III. BALANCE (I-II)</b>                               | <b>4,367.8</b> | <b>4,939.6</b> | <b>5,549.8</b> | <b>5,496.5</b> | <b>5,058.3</b> | <b>1,390.6</b> | <b>3,648.9</b> |

Note: Statistics in accordance with the sixth edition of the IMF's Balance of Payments and International Investment Position Manual.

Source: International Department, Balance of Payments Sub-Directorate, Service Transaction Statistics Division.

### 1.3.3 Foreign direct investment (FDI)

1.50. The Dominican Republic saw an upsurge in FDI during the review period. FDI flows to the Dominican Republic totalled USD 21,610 million between 2014 and 2021 (equivalent to an average of around USD 2.7 billion per year). FDI averaged 3.4% of GDP between 2014 and 2020. The main sectors that received such investment were: tourism (28.8%), commerce (20.5%) and real estate (17.4%). The mining, free zone and energy sectors received 8.0%, 8.9% and 6.9%, respectively, of total FDI (Table 1.7).

**Table 1.7 FDI flows by sector, 2014-21**

(USD million)

|                    | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | Total         |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Total</b>       | <b>2,209</b> | <b>2,205</b> | <b>2,407</b> | <b>3,571</b> | <b>2,535</b> | <b>3,021</b> | <b>2,560</b> | <b>3,102</b> | <b>21,610</b> |
| Tourism            | 301          | 672          | 790          | 704          | 854          | 994          | 954          | 962          | 6,231         |
| Trade/industry     | 607          | 368          | 413          | 1,365        | 540          | 356          | 441          | 331          | 4,421         |
| Telecommunications | 257          | 336          | -264         | 67           | -240         | 312          | -124         | 84           | 428           |
| Energy             | 352          | -96          | -8           | 64           | 203          | 277          | 431          | 280          | 1,503         |
| Finance            | 207          | 190          | 125          | 91           | 179          | 94           | 83           | 121          | 1,090         |
| Free zones         | 191          | 237          | 224          | 264          | 234          | 260          | 232          | 286          | 1,928         |
| Mining             | -39          | 6            | 486          | 410          | 185          | 225          | -7           | 473          | 1,739         |
| Real estate        | 306          | 412          | 587          | 546          | 518          | 441          | 453          | 497          | 3,760         |
| Transport          | 27           | 81           | 54           | 60           | 63           | 62           | 97           | 69           | 513           |

Note: The negative figures shown for some sectors represent operational losses, disinvestment and/or dividend payments. Statistics in accordance with the sixth edition of the IMF's Balance of Payments and International Investment Position Manual.

Source: International Department, Balance of Payments Sub-Directorate, Foreign Investment Statistics and Registration Division.

1.51. The main sources of FDI in 2014-21 were the United States (accounting for 25.7% of total flows), Canada (10.2%), Spain (7.3%) and Mexico (7.3%) (Table 1.8).

**Table 1.8 FDI flows by country of origin, 2014-21**

(USD million)

|                        | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | Total         |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Total flows</b>     | <b>2,209</b> | <b>2,205</b> | <b>2,407</b> | <b>3,571</b> | <b>2,535</b> | <b>3,021</b> | <b>2,560</b> | <b>3,102</b> | <b>21,610</b> |
| United States          | 321          | 405          | 356          | 732          | 709          | 937          | 730          | 1,362        | 5,552         |
| Mexico                 | 244          | -19          | 118          | -45          | -80          | 609          | 337          | 392          | 1,556         |
| Canada                 | 158          | 91           | 480          | 473          | 329          | 259          | 80           | 342          | 2,212         |
| British Virgin Islands | 35           | 2            | 24           | 52           | 74           | 62           | 34           | 279          | 562           |
| Spain                  | 7            | 32           | 281          | 206          | 288          | 355          | 194          | 210          | 1,573         |
| Panama                 | -20          | 11           | 5            | 3            | 12           | 12           | 84           | 98           | 205           |
| Denmark                | 0            | 4            | 32           | 63           | -460         | 7            | -114         | 75           | -393          |
| France                 | 40           | 3            | 4            | 6            | 5            | 239          | 80           | 44           | 421           |
| Italy                  | 10           | -1           | 48           | 32           | 24           | 45           | 19           | 38           | 215           |
| Germany                | 3            | 8            | 7            | 7            | 20           | 30           | 29           | 27           | 131           |
| Switzerland            | 1            | 5            | 12           | 9            | 6            | 17           | 12           | 23           | 85            |
| United Kingdom         | 3            | 11           | 1            | 3            | 5            | -26          | 19           | 17           | 33            |
| Colombia               | 1            | 4            | 4            | 2            | 1            | 5            | 18           | 16           | 51            |
| Netherlands            | 70           | -134         | 35           | 31           | 37           | 54           | 46           | 9            | 148           |
| Australia              | -14          | 24           | -4           | -8           | 0            | 8            | 0            | 0            | 6             |
| Balance                | 1,351        | 1,761        | 1,004        | 2,004        | 1,566        | 409          | 993          | 170          | 9,258         |

Note: Statistics in accordance with the sixth edition of the IMF's Balance of Payments and International Investment Position Manual.

Source: International Department, Balance of Payments Sub-Directorate, Foreign Investment Statistics and Registration Division.

## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General Framework

2.1. The Dominican State is governed by three independent powers: legislative, executive and judicial. Legislative power is vested in the National Congress, which consists of the Chamber of Deputies and the Senate of the Republic. Deputies (190) and senators (32) are elected for four years, as is the President of the Republic, who is the head of the Executive power.<sup>1</sup> Since 2015, the President has been able to stand for re-election for a second, consecutive, term of office.<sup>2</sup> The Judicial power consists of the Supreme Court of Justice and subordinate courts, such as the courts of appeal, the courts of first instance, the magistrates' courts and the courts with specialized jurisdictions. There is also a Constitutional Court, which is independent in carrying out its functions.<sup>3</sup>

2.2. During the period under review, there were no major changes in the composition of the Government of the Dominican Republic or the Executive. However, modifications made include changing the name of the Ministry of Industry and Trade to the Ministry of Industry, Trade and MSMEs (MICM) in 2017, and the creation of the Ministry of Housing, Habitat and Buildings in 2021.<sup>4</sup> There are currently (August 2022) 23 ministries.<sup>5</sup>

2.3. The Dominican Republic is composed of 31 provinces and a National District. The provinces are headed by a governor appointed by the Executive.<sup>6</sup> These are in turn divided into 158 municipalities (governed by a municipal council) and 235 municipal districts. The National District also has a district council like the municipalities.<sup>7</sup>

2.4. A new constitution was proclaimed in 2015, which included only one change from the 2010 Constitution, that of allowing the President to be re-elected. The President or the National Congress have the power to launch a constitutional reform process (Box 2.1). In the legal hierarchy, the Constitution is the supreme law. International human rights treaties have the same rank as the Constitution.<sup>8</sup> Below the Constitution are other international treaties, laws, regulations and decrees issued by the Executive, and acts, resolutions and decisions.<sup>9</sup> To be incorporated into domestic legislation, international treaties must be ratified by the National Congress, after the Constitutional Court has checked that they comply with the Constitution. International treaties are signed by the President or, failing that, by the Foreign Minister.

<sup>1</sup> Presidential and legislative elections are held at the same time; the latter were held in 2020.

<sup>2</sup> Article 124 of the Constitution.

<sup>3</sup> Constitutional Court. Viewed at: <https://www.tribunalconstitucional.gob.do/sobre-el-tc/sobre-nosotros/quienes-somos>.

<sup>4</sup> Law No. 37-17 and Law No. 160-21.

<sup>5</sup> Administrative Office of the President (MAPRE), Ministry of Public Administration (MAP), Ministry of Agriculture (MA), Ministry of Culture (MINC), Ministry of Defence (MIDE), Ministry of Sports and Recreation (MIDEREC), Ministry of Economic Affairs, Planning and Development (MEPyD), Ministry of Education (MINERD), Ministry of Higher Education, Science and Technology (MESCYT), Ministry of Energy and Mining (MEM), Ministry of Finance (MH), Ministry of Industry, Trade and MSMEs (MICM), Ministry of the Interior and the Police (MIP), Ministry of Youth (MJ), Ministry of Women's Affairs (MMUJER), Ministry of Presidential Affairs (MINPRE), Ministry of Housing, Habitat and Buildings (MIVHED), Ministry of the Environment and Natural Resources (MARENA), Ministry of Public Works and Communications (MOPC), Ministry of Foreign Affairs (MIREX), Ministry of Public Health and Social Assistance (MISPAS), Ministry of Labour (MIT) and Ministry of Tourism (MITUR).

<sup>6</sup> Article 198 of the Constitution.

<sup>7</sup> Information provided by the authorities.

<sup>8</sup> Article 74(3) of the Constitution.

<sup>9</sup> The legislation is available at: <http://www.consultoria.gov.do/consulta>.

### Box 2.1 Constitutional reform process

The National Congress and the President have the power to initiate constitutional reform. The National Congress issues a law declaring "the need to reform the Constitution of the Republic", which stipulates the purpose of the reform and the articles to be amended. All provisions of the Constitution may be subject to reform, except the system of government of the Dominican Republic, which will always be civilian, republican, democratic and representative. The reform bill is discussed in a national review meeting composed of deputies and senators; it must be approved by a qualified majority (two thirds). Amendments of certain provisions must be approved by referendum. This is the case for rights, fundamental guarantees and duties; land-use and town planning; the system for nationality, citizenship and alien affairs; the currency regime; and the reform processes laid down in the Constitution.

Source: Articles 267–272 of the Constitution.

2.5. There are two types of laws in the Dominican Republic: ordinary laws; and organic laws that regulate certain matters, including the economic and financial regime (for example, the currency or banking regime).<sup>10</sup> The legislative procedure has not changed since 2015 (Box 2.2). Only the National Congress has the power to legislate; at no time, not even when a "state of emergency" is declared, is legislative power delegated to the Executive.

### Box 2.2 Legislative procedure

|                                      |   |
|--------------------------------------|---|
| <b>Draft laws</b>                    | Regardless of the type of law, those who have the right to put forward draft laws are deputies, senators, the President, the Supreme Court of Justice (on judicial matters), the Central Electoral Board (on electoral issues) and citizens (with the support of 2% of persons registered on the electoral roll).   |
| <b>Formulation of laws</b>           | <p>Draft laws may be presented either in the Chamber of Deputies or the Senate. The chamber in which the draft law is presented is the originating chamber and the other is the review chamber.</p> <p>The draft law passed by both chambers is forwarded to the Executive.</p> <p>The review chamber amends and returns the draft law to the originating chamber. If the originating chamber approves the amendments, the draft law is sent to the Executive. If the originating chamber rejects the amendments, the draft law returns to the review chamber. In such cases, if the latter insists on its amendments, the draft law is sent back to the Executive.</p> <p>A draft law is passed or amended by an absolute majority of those present in each chamber. For organic draft laws, a qualified majority (two thirds) of those present in both chambers is required, except if the draft law relates to the currency or banking regime, in which case a qualified majority of all deputies and senators is required.</p> <p>Draft laws rejected by the originating chamber or the review chamber are shelved; they cannot be debated again during the same legislature.</p> |
| <b>Observations and promulgation</b> | <p>If the Executive has no observations, the law is promulgated. Laws are published in the Official Journal.</p> <p>If the Executive considers the draft law unconstitutional or objects to it on other grounds, it returns it, together with its observations, to the chamber that submitted it.</p> <p>If the chamber insists on the original text (with the approval of a qualified majority of those present), it refers it to the other chamber; if the other chamber, in turn, approves the original text (by the same majority), it "shall be deemed to be law, promulgated and published".</p>  |

Source: Articles 96–113 and 232 of the Constitution.

2.6. The Dominican Republic's legislative framework is characterized by the fact that many existing laws are very old and may be outdated in some areas. Moreover, in a number of cases, the laws do not yet have implementing regulations, or the implementing regulations were enacted years after the law came into force. For example, in the area of trade, the Customs Law (No. 168-21) was issued in 2021 to replace Law No. 3489-53. However, according to the authorities, its implementing regulations are still being drafted and Law No. 3489-53 is therefore largely still being implemented. The Mining Law (Law No. 146-71), which is still in force, dates back to 1971, but its implementing

<sup>10</sup> According to Article 112 of the Constitution, organic laws are issued to regulate: fundamental rights; government structure and organization; the civil service; the electoral system; the economic and financial regime; the budget, planning and public investment; territorial organization; constitutional procedures; security and defence; matters explicitly provided for in the Constitution and others of a similar nature.

regulations (Decree No. 207-98) were not issued until 1998, that is, 27 years after the Law's enactment. In other cases, it has not been possible to implement the law for a number of years because the implementing institution had not been established. This is so for the Competition Law, which was enacted in 2008 but only came into force in 2017, once the National Competition Commission (Pro-Competencia) had been established.<sup>11</sup> A comprehensive review and update of the legislation might be necessary to provide economic operators with a more transparent and predictable environment, a process which, according to the authorities, has already started.

2.7. The Dominican Republic's legislation is published online, which makes it easy to consult. However, there is no updated version of the legislation, with all the changes that have taken place over the years.<sup>12</sup>

## 2.2 Trade Policy Formulation and Objectives

2.8. The Dominican Republic's foreign trade policy continues to be set out in the National Development Strategy (END) 2030, adopted in 2012, which outlines the long-term socio-economic development guidance and objectives.<sup>13</sup> During the period under review, in order to implement the END 2030, the Dominican Republic completed implementation of the National Public Sector Multiannual Plan (PNPSP) for the periods 2013–16 and 2017–20, and began implementation of the PNPSP 2021–24, the National Export Development Plan (PNFE) 2020–30 and the National Export Strategy for Modern Services (ENESM) 2021–25.

2.9. The Ministry of Foreign Affairs (MIREX), in coordination with other government institutions, formulates and implements the trade and foreign investment attraction policy, which includes the negotiation of trade agreements. Negotiations are conducted through the National Trade Negotiations Commission (CNNC), headed by MIREX, in which other ministries are involved, including the Ministry of Industry, Trade and MSMEs (MICM). The MICM formulates and implements policies related to the promotion of foreign trade, in particular export promotion, the development of free zones and other special regimes, and the competitiveness of the industrial sector and MSMEs. It is also responsible for administering trade agreements; the Vice-Ministry of Foreign Trade is used for this purpose.

2.10. In addition to MIREX and the MICM, other ministries are also involved in the formulation and implementation of trade policy, notably the Ministry of Economic Affairs, Planning and Development and the Ministry of Finance, and, where necessary, the ministries responsible for sector portfolios, such as the Ministry of Agriculture or the Ministry of Tourism, and other institutions involved in foreign trade, for example, the Dominican Republic Export and Investment Center (ProDominicana) or the National Council for Free Export Zones (CNZFE).<sup>14</sup>

2.11. Business and citizens' associations are also consulted when formulating trade policy. Since 2020, coordination with the private sector and civil society has been strengthened through consultative councils (known as "*gabinetes*"), where the design and development of policies and strategies linked to the economy, agriculture, tourism and investment promotion are discussed.<sup>15</sup> For example, the Consultative Council for Export Development, attached to the MICM, was established in 2022.<sup>16</sup> The Government's main partners include the Dominican Exporters' Association (ADOEXPO) and the Dominican Agribusiness Board (JAD).

2.12. ProDominicana is the state agency that provides free advice and support to Dominican exporters and foreign investors. In addition, both the MICM (Vice-Ministry of Foreign Trade) and MIREX (Directorate of Trade and Investment Promotion) provide trade intelligence services and advice to investors.

<sup>11</sup> Article 67 of Law No. 42-08.

<sup>12</sup> Government Legal Advisory Service. Viewed at: <http://www.consultoria.gob.do/consulta>.

<sup>13</sup> Law No. 1-12.

<sup>14</sup> National Export Development Plan (PNFE) 2020–30, viewed at: <https://prodominicana.gob.do/Documentos/PD%20PNFERD%20W.pdf>; and Decree No. 74-97, as amended by Decree No. 52-99.

<sup>15</sup> Decrees No. 498-20 and No. 65-21.

<sup>16</sup> Decree No. 172-22.

2.13. In 2021, the Dominican Republic enacted Law No. 167-21 to support the regulatory improvement process. According to this law, all measures, including trade measures, must undergo a regulatory impact analysis (RIA). The analysis is conducted by the institution implementing the measure and submitted to the Ministry of Public Administration (MAP) for approval. The RIA is carried out only if the measure involves a cost to economic operators. The aim of the analysis is to ensure that the costs of implementing the measure are lower than the benefits and that requirements are minimized and procedures streamlined. Existing measures should be evaluated every five years (*ex post* RIA) to determine whether they need to be retained, amended or abolished.

2.14. The Dominican Republic's trade policy objectives are to: increase exports and create a favourable environment for foreign investment as a tool to support export potential. To promote exports, the Dominican Republic gives priority to those products and services for which the country has traditionally been competitive. Since 2021, it has been developing a new exportable supply based on "modern services", those of the creative economy, the audiovisual industry, telecommunications and information technology. In addition, the aim is to achieve greater sophistication of the existing exportable supply, through innovation, improved quality and increased added value. Efforts are focused on taking advantage of existing market access conditions, as well as on seeking and developing new markets. Facilitating access to finance, streamlining export procedures and developing logistics systems are also elements that are actively sought to improve export competitiveness. A number of measures have been implemented in this regard (Table 2.1). The Dominican Republic is also continuing to implement the free zone regime, and the incentives granted under the PROINDUSTRIA regime for manufacturing. The Dominican Republic has adopted a digital transformation agenda (Digital Agenda 2030), which takes into account the digital economy, cybersecurity and technological innovation. According to an assessment of the END 2030, conducted by the Ministry of Economic Affairs, Planning and Development in 2020, both the volume and competitiveness of Dominican goods exports had increased between 2012 and 2018. By sector, agricultural exports were more competitive than manufacturing exports.<sup>17</sup>

**Table 2.1 Measures to promote exports, 2015–21**

| Areas              | Measures implemented   |
|--------------------|--|
| Trade facilitation | The "Exporta +" programme was introduced in 2021 with a view to speeding up container departures.<br>A practical guide for exporters was published, which stipulates the procedures and requirements for exporting.<br>A new customs law (Law No. 168-21) was enacted. |
| Export financing   | In 2015, the National Bank for the Promotion of Housing and Production (BNV) became the National Development Bank (BANDEX). In 2021, this then became the Export and Development Bank (BANDEX). The bank operates as a first- and second-tier bank.                    |

Source: WTO Secretariat and information provided by the authorities.

2.15. In its foreign trade strategy, the Dominican Republic promotes women's export culture as a tool to increase exports and turn women into drivers of growth and poverty reduction.<sup>18</sup> To achieve this goal, in 2020 the Export and Development Bank (BANDEX) created the Women Exporters Fund (DOP 500 million) to finance the export of products made by women-led enterprises (Section 3.2.5).<sup>19</sup> ProDominicana has also been organizing an annual event called "*Mujeres Exportadoras*" (Women Exporters) for the past two years to raise awareness of the role of women in exports and the Dominican economy (Box 2.3).<sup>20</sup>

<sup>17</sup> Ministry of Economic Affairs, Planning and Development (2020), *Informe de Mediano Plazo sobre el Avance en el Logro de los Objetivos y Metas de la Estrategia Nacional de Desarrollo 2030*, public consultation document. Viewed at: [https://www.ces.gob.do/images/2020/Informe\\_de\\_Mediano\\_Plazo\\_Avance\\_Objetivos\\_y\\_Metas\\_END\\_2030.pdf](https://www.ces.gob.do/images/2020/Informe_de_Mediano_Plazo_Avance_Objetivos_y_Metas_END_2030.pdf).

<sup>18</sup> National Export Development Plan (PNFE) 2020–30.

<sup>19</sup> BANDEX (2021), *Memoria Institucional Año 2021*. Viewed at: <https://memorias.minpre.gob.do/api/documents/2651/download>.

<sup>20</sup> Information provided by the authorities.

### Box 2.3 The role of women in Dominican exports

In 2021, the Dominican Republic had 3,318 women exporters; 76.1% were natural persons. In 2021, women-led exporting enterprises employed around 26,000 people.

In 2021, 55% of female-managed exporting enterprises had an export turnover of less than USD 10,000 and 0.8% had an export turnover of more than USD 10 million. Some 76.1% of enterprises recorded export values below USD 50,000.

Between 2015 and 2021, exports by women accounted for a substantial share of total Dominican exports, including gold: on average 17.7%. Excluding gold, their average share amounted to 2.5%.

#### Share of women exporters in Dominican exports, 2015–21

|                | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|----------------|-------|-------|-------|-------|-------|-------|-------|
| Including gold | 17.0% | 20.4% | 18.8% | 16.6% | 16.4% | 19.3% | 15.7% |
| Excluding gold | 2.8%  | 3.0%  | 2.6%  | 2.6%  | 2.3%  | 2.2%  | 2.1%  |

Gold is the Dominican Republic's main export product, as well as the main product exported by Dominican women exporters. In 2020, gold accounted for 88.6% of the total value of goods exported by women, followed by cocoa beans, whole or broken, raw or roasted (2.5%). Other products exported by women were soybean oil (1.8% of the total value exported in 2020), sweet biscuits, bananas (fresh or dried), groats and meal of maize, fruit (guavas, mangoes and mangosteens), wheat or meslin flour and preparations for use on the hair.

Products exported by women are destined for the traditional markets of the Dominican Republic. In 2021, 51.9% of women's exports, including gold, went to Switzerland, followed by India (34.8%) and Haiti (4.6%). Excluding gold, the main destinations were Haiti (34%), the United States (21%) and Puerto Rico (5.7%).

Most of the products exported by women are produced outside the free zones. In the case of exports excluding gold, women make greater use of regimes such as free zones and temporary admission.

#### Customs regimes used by women exporters in 2021

|                | National customs regime | Industrial free zone | Temporary admission | Re-exportation consumption |
|----------------|-------------------------|----------------------|---------------------|----------------------------|
| Including gold | 96%                     | 3%                   | 1%                  | 0%                         |
| Excluding gold | 70%                     | 25%                  | 5%                  | 0%                         |

Source: ProDominicana (2020), *Mujeres Exportadoras en República Dominicana*, viewed at: <https://prodominicana.gob.do/Documentos/Mujeres%20Exportadoras%20en%20Rep%C3%percentBAblica%20Dominicana.pdf>; ProDominicana (2021), *II Edición Mujeres en Exportación: Hacia la Resiliencia*, viewed at: <https://prodominicana.gob.do/Documentos/Mujeres%20en%20Exportacion.pdf>; and information provided by the authorities.

## 2.3 Trade Agreements and Arrangements

### 2.3.1 WTO

2.16. The Dominican Republic has been a Member of the WTO since 9 March 1995; it grants most-favoured-nation (MFN) treatment to all its trading partners. This is its fifth Trade Policy Review. Since the previous review in 2015, the Dominican Republic has notified several trade and trade-related measures (Table A2.1).

2.17. International trade is of utmost importance to the Dominican Republic, as can be seen from the high growth rates it has experienced, which have contributed to job creation.<sup>21</sup> It is therefore important for the country to have a flexible multilateral trading system that contributes to inclusive, sustainable and fair development. To this end, the Dominican Republic supports the elimination of distortions in agricultural trade and greater inclusion of MSMEs in international trade, and highlights that 51% of Dominican MSMEs are headed by women.<sup>22</sup> The Dominican Republic therefore participates in the informal working group to support MSME participation in global trade, as well as in the informal discussions on investment facilitation for development.

<sup>21</sup> WTO documents WT/MIN(15)/ST/41 and WT/MIN(17)/ST/39, of 18 December 2015 and 18 December 2017 respectively.

<sup>22</sup> WTO document WT/MIN(17)/ST/39 of 18 December 2017.



2.18. The Dominican Republic considers that, within the WTO, the needs of small and vulnerable economies, developing countries and least developed countries must be taken into account. The country therefore expresses the hope that, in the Agreements, special and differential treatment and the special agricultural safeguard mechanism will be maintained, and that a "permanent solution for public stockholding programmes" will be approved to guarantee food security.<sup>23</sup> The Dominican Republic participates in several negotiating groups: the ACP Group, the G90, the Group of Small and Vulnerable Economies, the G33, the "W52" sponsors<sup>24</sup> and the group of sponsors of a joint proposal.<sup>25</sup>

2.19. During the Twelfth Ministerial Conference in June 2022, and faced with the challenges posed by the health and geopolitical crises, the Dominican Republic encouraged the WTO to reach a consensus on the stability of international trade. For the Dominican Republic, it is important that Members "advocate specific action (...) so that we undertake commitments geared towards global food security and an inclusive agricultural economy and development, resilient to current global tensions". The country also supports a reduction in the impact of trade on the environment and natural resources, especially marine resources and those linked to food production.<sup>26</sup>

2.20. In 2016, the Dominican Republic ratified the Trade Facilitation Agreement.<sup>27</sup> It entered into force in 2017, and the Dominican Republic established its National Trade Facilitation Committee (NTFC) in the same year to coordinate the implementation of the Agreement.<sup>28</sup> The NTFC is composed of nine public-sector agencies and bodies<sup>29</sup> and a similar number of private-sector organizations<sup>30</sup>; it is chaired by the Directorate-General of Customs (DGA). In 2018, the Dominican Republic notified its commitments under the Agreement; by August 2022, 90.8% of these had been implemented and, according to the schedule, the remainder will be implemented by June 2023.<sup>31</sup>

2.21. The Dominican Republic accepted the Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). It is also party to the Information Technology Agreement (ITA); however, the authorities stated that the Dominican Republic had not ratified the Agreement. It is not party to the Agreement on Government Procurement or the Agreement on Trade in Civil Aircraft; nor does it have observer status in the committees that administer those agreements.

2.22. From 2015 to 2022 (August), the Dominican Republic was involved in one dispute settlement case as a respondent<sup>32</sup>; it has not had recourse to the dispute settlement mechanism as a complainant; and it was involved in two cases as a third party.

### 2.3.2 Regional and preferential agreements

2.23. The Dominican Republic has trade agreements with Central America, the United States, Panama, the United Kingdom, the European Union, the Caribbean Community and the member States of the Caribbean Forum (CARIFORUM) (Chart 2.1). All the agreements in which the Dominican Republic participates, except the agreement with Panama, include trade in goods and

<sup>23</sup> WTO document WT/MIN(17)/ST/39 of 18 December 2017.

<sup>24</sup> Proposal for "modalities" in negotiations on geographical indications (the multilateral register for wines and spirits, and extending the higher level of protection beyond wines and spirits) and "disclosure" (patent applicants to disclose the origin of genetic resources and traditional knowledge used in the inventions).

<sup>25</sup> Proposal for the establishment of a fully voluntary database for the registration of geographical indications.

<sup>26</sup> WTO document WT/MIN(22)/ST/40 of 12 June 2022.

<sup>27</sup> Resolution No. 696-16.

<sup>28</sup> Decree No. 431-17.

<sup>29</sup> Directorate-General of Customs (DGA), MICM, Ministry of Defence, Ministry of Public Health and Social Assistance, MIREX, Ministry of Agriculture, Ministry of Economic Affairs, Planning and Development, Executive Board of the National Competitiveness Council, and National Council for Free Export Zones (CNZFE).

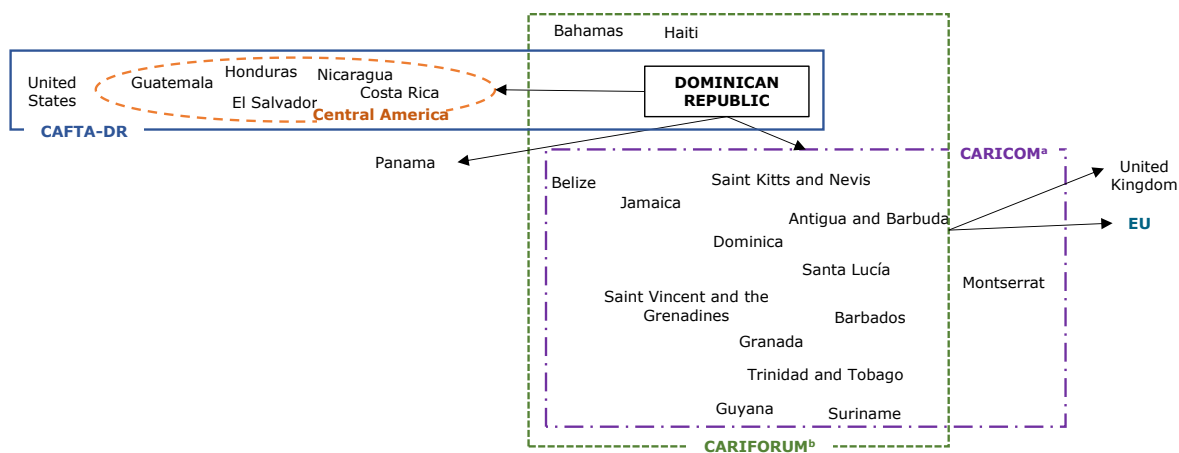
<sup>30</sup> Dominican Industry Association, American Chamber of Commerce of the Dominican Republic, Dominican Exporters Association, Dominican Free Zone Association, National Organization of Business Enterprises, Dominican Republic Shipowners Association, National Private Enterprise Council, Dominican Customs Brokers Association, Dominican Airlines Association and Dominican Agribusiness Board.

<sup>31</sup> Trade Facilitation Agreement Database. Viewed at: <https://tfadatabase.org/members/dominican-republic>.

<sup>32</sup> The complaint, filed by Costa Rica in 2020, concerns anti-dumping measures on corrugated steel bars (DS605). The Panel was established on 8 April 2022.

services. The partial-scope agreement with the Republic of Panama only covers trade in goods and only grants preferences to a limited number of products. The other agreements also include other trade disciplines; for example, investments, electronic commerce, intellectual property, or labour- or environment-related aspects.

**Chart 2.1 Trade agreements in force in 2022**



- a The Bahamas and Haiti are members of CARICOM, but do not participate in the agreement with the Dominican Republic. They therefore do not appear in the CARICOM group.
- b Cuba is part of CARIFORUM but does not participate in the agreements with the European Union and the United Kingdom and therefore does not appear on the chart.

Source: MICM. Viewed at: <https://www.micm.gob.do/direcciones/comercio-externo/acuerdos-comerciales-vigentes>.

2.24. In 2020, the Dominican Republic ratified a new agreement, the Economic Partnership Agreement (EPA) between the CARIFORUM States and the United Kingdom of Great Britain and Northern Ireland, which entered into force on 1 January 2021.<sup>33</sup> The EPA with the United Kingdom maintains the market access conditions and other trade disciplines agreed under the EPA with the European Union. As a result, no new commitments were agreed. Only the legal and technical changes required to implement the agreement were made in the EPA; for example, the rules of origin were adjusted to allow cumulation of origin with materials originating in the European Union. The authorities also indicated that, while the Dominican Republic granted a tariff rate quota for powdered milk under the EPA with the European Union, this quota was not negotiated with the United Kingdom.

2.25. According to the Vice-Ministry of Foreign Trade, much of the Dominican Republic's trade is conducted under preferential agreements; the CAFTA-DR is the most important trade agreement.<sup>34</sup> Regarding tariffs, the Dominican Republic is continuing with the tariff reduction schedule negotiated in the CAFTA-DR, according to which all tariff lines will be duty-free for all the parties by 2025.<sup>35</sup> Under the treaty, the Dominican Republic has negotiated tariff rate quotas for agricultural products originating in Costa Rica, the United States and Nicaragua (Section 3.1.4). According to the authorities, some of these quotas with the United States were eliminated in 2017 and 2020.

2.26. The Dominican Republic's trading relationship with Costa Rica, El Salvador, Honduras, Guatemala and Nicaragua continues to be governed by two trade agreements (Chart 2.1.) In the event of differences in tariff preferences, the agreement offering the least-restrictive treatment is used.<sup>36</sup>

<sup>33</sup> Information provided by the authorities.

<sup>34</sup> MICM (several years), *Informe de Seguimiento al Desempeño Comercial de la República Dominicana*. Viewed at: <https://www.micm.gob.do/nosotros/publicaciones>

<sup>35</sup> WTO document WT/REG211/3 of 18 July 2016.

<sup>36</sup> AMCHAM (2020), *Guía del Inversionista 2019*. Viewed at: [https://amcham.org.do/images/pdf/Guia%20Inversionista\\_2019\\_master.pdf](https://amcham.org.do/images/pdf/Guia%20Inversionista_2019_master.pdf).

2.27. The Dominican Republic and Panama are in the process of negotiating the expansion of the partial-scope trade agreement. According to the Vice-Ministry of Foreign Trade, the agreement, which has been in force since 1985, is no longer in line with the Dominican "export matrix".<sup>37</sup>

### 2.3.3 Other agreements and arrangements

2.28. According to information provided by the authorities, Australia, Belarus, Japan, Kazakhstan, New Zealand, the Russian Federation, Switzerland and Türkiye offer preferential treatment to the Dominican Republic under the Generalized System of Preferences (GSP).

## 2.4 Investment Regime

### 2.4.1 Legal framework

2.29. The legal framework for foreign investment in the Dominican Republic was not amended during the period under review and is regulated by the Constitution and by the Foreign Investment Law (Law No. 16-95) and amendments and implementing regulations thereto.<sup>38</sup> This legislation also governs the signing of technology transfer contracts from abroad. The Law recognizes different types of investment (foreign direct investment (FDI), foreign reinvestment, and new foreign investment)<sup>39</sup>, regulates their destination and includes the principle of equal treatment between domestic and foreign investments, ensuring non-discriminatory treatment, with the same rights and obligations.<sup>40</sup> The Constitution of the Dominican Republic also guarantees national treatment to foreign investors.<sup>41</sup> The right to property is also recognized and guaranteed by the Constitution (Article 51), which establishes that any expropriation is subject to financial compensation.<sup>42</sup> Recently, Law No. 47-20 was adopted, which introduced a new regulatory framework for the development of public-private partnerships (PPPs).<sup>43</sup>

2.30. Other sectoral laws, like trade agreements, have provisions on foreign investment. With the exception of the agreement with Panama, all the trade agreements signed by the Dominican Republic include detailed investment provisions. As of June 2022, the Dominican Republic had concluded several Agreements on the Reciprocal Promotion and Protection of Investments (ARPPIs), and ratification of one more with Argentina is pending.<sup>44</sup> Although no new ARPPIs were signed during the period under review, the authorities have stated that the negotiation of such agreements continues to be part of the Dominican Republic's trade strategy.<sup>45</sup> In this regard, the Dominican Republic is currently negotiating agreements with Qatar and Türkiye. The Dominican Republic also has agreements with Canada and Spain to avoid double taxation, and a tax information exchange agreement with the United States to prevent tax evasion and fraud.<sup>46</sup>

2.31. At the institutional level, the Dominican Republic Export and Investment Center (ProDominicana), an institution attached to the MICM, continues to be the state agency responsible for implementing the Foreign Investment Law and for promoting foreign investment.<sup>47</sup> ProDominicana assists MIREX in the negotiations on regional trade agreements that include

<sup>37</sup> DICOEX (2020), *Informe de Seguimiento al Desempeño Comercial de la República Dominicana 2019*.

Viewed at: <https://www.micm.gob.do/nosotros/publicaciones>.

<sup>38</sup> Law No. 16-95 was last amended in 2003 through Law No. 98-03. The Law's implementing regulations (Decree No. 380-96) were last amended in 2004 through Decree No. 214-04.

<sup>39</sup> Foreign reinvestment refers to the reinvestment of profits in the enterprise that generated them, whereas new foreign investment is the reinvestment of profits in other enterprises. The term "foreign investment" is used in this text to describe all three types of investment, unless otherwise indicated.

<sup>40</sup> The Dominican Republic does not apply exchange controls or limit capital repatriation.

<sup>41</sup> National treatment was introduced through Article 221 of the 2010 Constitution, and remained unchanged in the 2015 Constitution.

<sup>42</sup> The authorities stated that there were no direct expropriations during the period under review.

<sup>43</sup> Previously, this type of partnership or agreement was governed by Articles 46 to 64 of Law No. 340-06.

<sup>44</sup> The Dominican Republic has signed ARPPIs with: Argentina (2001); Chile (2000); Finland (2001); France (1999); Italy (2006); the Republic of Korea (2006); Morocco (2002); the Netherlands (2006); Panama (2003); Spain (1995); and Switzerland (2004).

<sup>45</sup> These negotiations are coordinated by the National Trade Negotiations Commission (Decree No. 74-97).

<sup>46</sup> National Congress Resolution No. 191-19.

<sup>47</sup> Although ProDominicana is a state body, its board of directors is drawn from public and private sector representatives (Decree No. 275-17).

investment provisions. Other services offered, generally free of charge, include technical support to potential investors (strategic information, guidance and support for project installation and development, identification of local operators and infrastructure opportunities) and other post-establishment services, including project expansion.<sup>48</sup> ProDominicana also manages the official register for foreign direct investment and maintains staff in some embassies or consulates abroad.

2.32. The Dominican Republic is seeking to attract foreign investment to strategic sectors that are specified in different national plans, strategies and policy documents.<sup>49</sup> In 2020, the Consultative Council for Investment Promotion was established<sup>50</sup>, chaired by the Vice-President<sup>51</sup>, which designs policies aimed at improving the country's competitiveness. These projects and their implementation plans are discussed directly with the President. Pillar 4 (goal 4.3) of the National Export Development Plan (PNFE) 2020–30 is also aimed at increasing foreign investment.<sup>52</sup> In this connection, the authorities have indicated that an assessment of the possible regulatory changes required to achieve this goal is under way.

2.33. In general, all economic activities are open to foreign investment except those specified in the Foreign Investment Law and in certain sectoral laws. Article 5 of the Law prohibits foreign investment in activities related to the handling of toxic, hazardous or radioactive waste produced abroad, as well as activities affecting public health, environmental balance or national security. In other words, there is no list of specific activities in which FDI is not allowed.

2.34. There are FDI restrictions in the mining, energy, broadcasting and air transport sectors (Table 2.2), as well as in a number of professional services, such as legal, medical, auditing, architectural, nursing and engineering services. The provision of professional services in the Dominican Republic is regulated primarily by Law No. 111-42, on the professional exequatur, which establishes the national system governing the process for obtaining the exequatur by persons wishing to practise a profession who have obtained higher education degrees in academic institutions in the country or abroad.

**Table 2.2 Restrictions on foreign investment, 2022**

| Sector                                  | Provisions  | Legal basis                                   |
|---|---|---|
| Communication and dissemination         | It is a requirement to be a Dominican national or a naturalized foreign national to hold a controlling share (51% or more) in the concession-holding enterprise of public broadcasting services.  | General Law on Telecommunications No. 153-98. |
| Mining                                  | Mining concessions may not be granted to any foreign government, either directly or through the intermediation of a natural person or enterprise.   | Mining Law No. 146-71 and amendments thereto. |
| Oil extraction and exploitation         | Foreign governments may not obtain exploration, exploitation and commercial rights in respect of petroleum and other hydrocarbons, nor may they be admitted as partners, joint partners, or shareholders by any person or company that holds such rights. | Law No. 4532-56 and amendments thereto.       |
| Electricity generation and transmission | The State reserves for itself hydroelectric generation activities in excess of 5 MW and power transmission activities.  | General Law on Electricity No. 125-01.        |

<sup>48</sup> ProDominicana ed. (2021), *Guía de Inversión 2021* and online information. Viewed at: <https://prodominicana.gob.do/InvestInDR>.

<sup>49</sup> These documents include the National Development Strategy (END) 2030, the National Export Development Plan (PNFE) and some sectoral laws. They also refer to strategic sectors as priority or key sectors. Currently, these sectors include agribusinesses, energy, service outsourcing, the film industry, logistics and connectivity, manufacturing, mining, textiles and leather products, and tourism.

<sup>50</sup> The Consultative Council for Investment Promotion was established through Decree No. 498-20. The Consultative Council for Investment for Strategic Projects, established in 2009, was decommissioned through Decree No. 849-21.

<sup>51</sup> Decree No. 85-22.

<sup>52</sup> The PNFE 2020–30 is part of the set of initiatives linked to the third strategic pillar of the National Development Strategy (END) 2030, which relates to the development of a sustainable, integrated and competitive economy.

| Sector               | Provisions  | Legal basis  |
|----------------------|---|--|
| Air transport        | Domestic or cabotage operations are reserved for air carriers set up under Dominican law, in which at least 51% of the capital or fixed assets belong to Dominican nationals, two thirds of the management staff are nationals, and which maintain effective control over their aircraft fleet. Any enterprise acting as the operator, agent or trustee of charter flights must be set up in accordance with Dominican law; at least 51% must belong to Dominican nationals, and Dominican nationals must be employed in senior management. Foreign capital has been allowed to own up to 100% of enterprises operating charter flights, provided that the investment belongs to an internationally recognized foreign airline or a subsidiary authorized by the President. | Civil Aviation Law No. 491-06 and amendments thereto.<br><br>Decree No. 751-02 governing and regulating the operators, agents and trustees of charter flights. |
| News agency services | The director of any printed newspaper or periodical produced in the Dominican Republic must be a Dominican national.  | Law No. 6132-72.   |

Source: WTO Secretariat.

2.35. In some of its trade agreements, the Dominican Republic reserved the right to adopt measures relating to the ownership or control of land within 20 km of the border.<sup>53</sup> The authorities have indicated that no such measures have been taken.

2.36. Foreign investment does not require any prior approval in the Dominican Republic. For statistical purposes<sup>54</sup>, ProDominicana keeps a register of foreign investment; it is free of charge and has been operating through a digital platform since 2021 for investments outside the free zones.<sup>55</sup> Foreign investors can register at any time. Investments in free zones are registered with the National Council for Free Export Zones (CNZFE), which subsequently notifies ProDominicana.<sup>56</sup>

2.37. In 2012, the Single Window for Investment (VUI) project was launched, which was to include a digital platform, to facilitate foreign investment.<sup>57</sup> To date, the digital platform is not up and running.

2.38. In 2020, the law on public-private partnerships (PPPs) was enacted, which in turn has an impact on foreign investment.<sup>58</sup> To regulate the different stages (for example, approval, implementation and conclusion) of PPPs, this law introduces the principles, *inter alia*, of equality (national treatment) and free competition, transparency, due process and risk sharing. The Directorate-General for Private-Public Partnerships, created in 2020, is the institution responsible for regulating and coordinating projects in the Dominican Republic under PPPs in any sector of the economy.<sup>59</sup>

2.39. The Dominican Republic signed, but has not yet ratified, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (Washington Convention of 1965 or the ICSID Convention) establishing the International Centre for the Settlement of Investment Disputes (ICSID).<sup>60</sup> The Dominican Republic implements the New York Convention (on the Recognition and Enforcement of Foreign Arbitral Awards) and the Inter-American Convention on International Commercial Arbitration (ratified in 2008). The Dominican Republic is also a member of

<sup>53</sup> These measures may include: restrictions on the transfer and control of an enterprise, disposal of any interest held in an existing state enterprise, or measures relating to the nationality of an enterprise's executives and board members.

<sup>54</sup> All foreign investment registrations are forwarded to the Central Bank of the Dominican Republic for statistical purposes.

<sup>55</sup> Foreign investors can establish themselves in the Dominican Republic by adopting any one of the legal forms described in Law No. 479-08 and must be entered in the Trade Name Register, the Business Register and the National Taxpayers Register. In total, the procedures can take up to 16 (working) days and cost the equivalent of DOP 8,255.

<sup>56</sup> FDI registration in the free zone has not been computerized and is free of charge.

<sup>57</sup> Decree No. 626-12.

<sup>58</sup> Law No. 47-20 and Decree No. 434-20.

<sup>59</sup> A number of PPP projects have already been approved so far under this new law. These include: the construction of the Ámbar motorway between Santiago and Puerto Plata, the Pedernales Province tourism development project, Puerto Arroyo Barril, an electronic secured transaction system, and the expansion of the national power transmission and distribution system.

<sup>60</sup> In this connection, the authorities consider that complaints may not be lodged against the Dominican Republic under the ICSID Convention, but only under its Additional Facility Rules.

the Multilateral Investment Guarantee Agency (MIGA) and of the Overseas Private Investment Corporation (OPIC). During the period under review, one case was settled against the Dominican Republic by ICSID involving the mining sector, and other proceedings are currently under way involving the construction and sugar industries. Two more cases were settled in the Permanent Court of Arbitration (PCA), and other proceedings are currently under way in the PCA.

#### 2.4.2 Investment incentives

2.40. The Dominican Republic continues to offer incentives, mainly tax incentives, to domestic and foreign investors with a view to promoting certain sectors or regions (Table 2.3). Through these programmes, for example, tariff concessions are granted on imports of machinery and other capital goods, as well as inputs and raw materials, and, in many cases, additional benefits are granted as a result of productive activity, such as the payment of the ITBIS and/or the ISR.

2.41. During the period under review some of these incentives were amended, while other programmes, such as incentives to the film, mining, textiles and tourism industries, as well as the investment regime in free trade zones, have remained unchanged since the previous review (Table 2.3).<sup>61</sup>

**Table 2.3 Investment and/or production incentives, 2022**

| Sector   | Incentives   | Legal basis                                  |
|--|--|--|
| <b>Amended or new programmes</b>                       |  |  |
| Renewable energies                                     | <ul style="list-style-type: none"> <li>- Exemption from import taxes on equipment, machinery and accessories for the production of energy from renewable sources.</li> <li>- Tax reduction (5% instead of 10%) on external financing on the value of interest paid.</li> <li>- Self-producers can obtain a loan for the payment of the ISR based on their investment.</li> <li>- Exemption from the ISR for 10 years, with a maximum time limit of 2020.</li> </ul>  | Law No. 57-07, as amended by Law No. 115-15  |
| Integrated management and co-processing of solid waste | <ul style="list-style-type: none"> <li>- Exemption from tax on assets for five years and from tariffs and the ITBIS levied on machinery and equipment needed for their operations.</li> <li>- Exemption from the ISR, excluding dividends, for five years.</li> </ul>  | Law No. 225-20                               |
| Manufacturing and industry                             | <ul style="list-style-type: none"> <li>- 50% exemption from the ITBIS for the importation of equipment and machinery used in the production process.</li> <li>- Reduction of up to 50% of the net taxable income relating to investments in the purchase of machinery, plant and technology.</li> <li>- 50% exemption from the ITBIS levied on imports of raw materials and inputs.</li> <li>- Refund to exporters of the ITBIS, the selective consumption tax (ISC) and tax on cheques.</li> <li>- Authorization for partial processing.</li> </ul> | Law No. 392-07, as amended by Law No. 242-20 |

<sup>61</sup> The free zone regime was notified by the Dominican Republic to the Committee on Subsidies and Countervailing Measures (WTO document G/SCM/N/343/DOM of 12 July 2019).

| Sector   | Incentives   | Legal basis                             |
|--|--|---|
| Special Integrated Border Development Zone             | <ul style="list-style-type: none"> <li>- Exemption from the payment of tariffs and the ITBIS on machinery and equipment imported or purchased in the local market for the setting up and operational start-up of the enterprise.</li> <li>- Exemption from payment of property transfer tax and other taxes related to property transactions on the land and infrastructure where the project is being developed.</li> <li>- Exemption from taxes, fees and registration duties related to the increase in capital and transfer of shares in commercial enterprises within the Special Zone.</li> <li>- Exemption from the payment of the ISR and the ISC applicable to the use of telecommunications and insurance services for project facilities, the ITBIS for the purchase and importation of inputs and raw materials used in the production of goods exempt from the ITBIS, and the tariff for the importation of production inputs and raw materials not produced in the country.</li> <li>- 50% reduction in the ITBIS for the purchase and importation of inputs and raw materials used in the production of goods not exempt from the ITBIS.</li> </ul> | Law No. 12-21                           |
| Public-private partnerships (PPPs)                     | <ul style="list-style-type: none"> <li>- Exemption from the payment of the ITBIS for five years for the purchase or rental of equipment, materials and inputs directly related to the construction, repair or expansion of the goods and infrastructure covered by the PPP contract.</li> <li>- Accelerated depreciation and amortization system.</li> </ul>   | Law No. 47-20                           |
| <b>Incentive programmes that have not been changed</b> |  |   |
| Film industry  | <ul style="list-style-type: none"> <li>- Exemption from the ISR: (i) for the reinvestment of income earned by producers and distributors of Dominican feature films and exhibitors in the film sector; and (ii) for the construction of film and recording studios.</li> <li>- Deduction of 100% of the actual value invested against the ISR (limited to 25% of the tax payable).</li> <li>- Exemption from the ITBIS for goods, services and/or leases directly related to the pre-production, production and post-production of film and audiovisual works.</li> <li>- Exemption from 50%–100% of the ISR for income received by cinemas.</li> </ul>  | Law No. 108-10 and amendments thereto   |
| Textiles   | <ul style="list-style-type: none"> <li>- Exemption from payment of the ITBIS and other taxes on the importation and/or purchase of machinery and equipment.</li> <li>- Exemption from payment of the ITBIS and other taxes on the importation and/or purchase of inputs, raw materials and services required.</li> <li>- Exemption from payment of the ISR on the production process.</li> </ul>   | Law No. 56-07                           |
| Tourism  | <ul style="list-style-type: none"> <li>- Exemption from local and national registration and construction taxes.</li> <li>- Exemption from import duties and other applicable taxes on plant, equipment and furniture needed for the initial equipping and operational start-up of the tourist facility concerned.</li> <li>- Deduction of the investment cost from other taxable income at a rate of 20% per annum for five years.</li> <li>- Exemption from payment of taxes on gross sales and the ITBIS.</li> <li>- Exemption from the ISR.</li> </ul>  | Law No. 158-01 and amendments thereto   |
| Free zones   | <ul style="list-style-type: none"> <li>- Tax exemptions of up to 100% of tax payments on the construction, registration and transfer of property; of taxes on the setting up of companies or increase in capital; and of customs duties on raw materials, equipment and building materials to be used for construction, equipping and operating in free zones.</li> <li>- Exemptions from the payment of the ISR and customs duties on the importation and exportation of the raw materials, equipment and machinery used to produce goods.</li> </ul>   | Law No. 8-90 and the amendments thereto |

Note: Production incentives are shown in grey background.

Source: WTO Secretariat.

2.42. In addition, a foreign investment regime, introduced in 2008, was abolished in June 2017, which allowed the establishment of international financial zones.<sup>62</sup> The authorities indicated that there were no operators established under this regime.

2.43. Since 2007, incentives have been offered to install plants using solar, wind, and hydro power and, in 2015, these incentives were extended to facilities producing energy from biomass and solid waste, as well as geothermal plants.<sup>63</sup> In addition, since 2020, incentives have been granted to energy and materials recovery plants, including processing.<sup>64</sup> These incentives include: (i) 100% exemption from asset tax for five years; and (ii) 100% exemption from tariffs and the ITBIS on machinery and equipment.<sup>65</sup>

2.44. Similarly, in 2020, some incentives for the manufacturing industry, which had expired in 2017, were reinstated for 15 fiscal years.<sup>66</sup> In addition to other production incentives, the ITBIS reduction continues to be granted for the purchase of machinery, equipment and technologies used in the production process; however, this exemption is only 50% and not 100% as before.

2.45. According to the 2015 Constitution (Article 221), special treatment may be given to investments located in less-developed areas or investments in activities of national interest, particularly in the border provinces. The incentives regime for the Special Border Development Zone in place since 2001<sup>67</sup> expired in 2021 and was replaced by a new regime called the Special Comprehensive Border Development Zone.<sup>68</sup> The current regime, like the previous one, offers incentives to enterprises setting up in the provinces of Pedernales, Independencia, Elías Piña, Dajabón, Montecristi, Santiago Rodríguez and Bahoruco. The incentives granted specifically for investment were changed, however, to extend the period of validity to 30 years instead of 20 years. Some of the production incentives granted under the regime for the Special Comprehensive Border Development Zone were changed; for example, the 50% exemption from payment for transit and use of ports and airports was abolished, and the ITBIS exemption for the purchase of inputs and raw materials used in the production of goods was reduced from 100% to 50%. The period of validity was also extended.<sup>69</sup>

2.46. Since 2020, PPPs have also been granted incentives (Table 2.3).

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<sup>62</sup> Law No. 155-17, which repealed Law No. 480-08.

<sup>63</sup> The incentives provided for in the Law have not been amended and have simply been extended to other renewable energy producers (Law No. 57-07 and Decree No. 202-08, and Law No. 115-15).

<sup>64</sup> Law No. 225-20.

<sup>65</sup> In addition, a 100% exemption from the ISR, excluding dividends, is granted for five years from the date of enactment of the Law.

<sup>66</sup> Law No. 242-20 amended the scope of Law No. 392-07 on Industrial Competitiveness and Innovation, as amended by Law No. 542-14.

<sup>67</sup> Law No. 28-01, as amended by Law No. 236-05.

<sup>68</sup> Law No. 12-21 and Decree No. 766-21.

<sup>69</sup> Council for the Coordination of the Special Border Development Zone. Viewed at: <https://ccdf.gob.do/phocadownload/SobreNosotros/MarcoLegal/Beneficios/Beneficios%20Ley%2012-21.pdf>.



### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures and requirements

3.1. Since the most recent review, conducted in 2015, substantial changes have been made to the Dominican Republic's customs regime, as a result of the enactment of new customs legislation aimed at modernizing and simplifying customs regimes and procedures: Law No. 168-21 on Customs of the Dominican Republic, which superseded former General Customs Law No. 3489-53 and constitutes the primary basis for customs procedures and the clearance of goods. However, the authorities indicated that the new Law is not yet being fully implemented, since its implementing regulations are in the process of approval. The Law seeks to harmonize Dominican domestic legislation with the international multilateral and bilateral commitments undertaken by the country over the past three decades, such as the WTO Agreements, the International Convention on the Simplification and Harmonization of Customs Procedures (revised Kyoto Convention) and the free trade agreements to which the Dominican Republic is a party (Box 3.1). It also harmonizes customs legislation with provisions of the Constitution and with other legislation such as the Code of Criminal Procedure, the Tax Code and Law No. 107-13 on Administrative Procedures. In addition, the consolidation of legislation – since the new Law and its implementing regulations will nullify the various regulatory provisions that previously governed customs activities – facilitates a better understanding of, and compliance with, customs formalities and procedures.

#### Box 3.1 Main changes introduced by Law No. 168-21

Customs legislation is harmonized with constitutional provisions, the Code of Criminal Procedure and Law No. 107-13.

Customs procedures and regimes are listed in a clear and orderly manner.

The Law provides for joint inspections by state para-customs bodies under the coordination of Customs (Article 4 of Law No. 168-21).

There are provisions on the use of non-intrusive or non-invasive inspections.

There are provisions on the use of information technology, in particular electronic or digital signatures.

The deadline for submitting an import declaration is reduced from 10 to 5 calendar days from the arrival of the goods.

The time frame for goods to be considered abandoned is shortened (from six months to between 15 and 90 days) in order to reduce congestion at ports and airports.

There are provisions on payment through banking institutions.

The statute of limitations is increased to three years, in line with the Tax Code.

There are provisions on advance declarations and rulings.

New criminal offences are established, including customs fraud, unlawful removal of property from customs supervision and falsification of documents.

The amount and type of guarantee will depend on the operator's level of risk.

The Law defines the qualitative elements of customs taxes and the tax-law relationship in customs matters. The new Customs Law includes the concepts of "tax liability", "active subject" and "passive subject", which establish the relationship between taxpayers and the tax administration, i.e. the Directorate-General of Internal Revenue and the Directorate-General of Customs.

The Law authorizes the administrative seizure of regulated or restricted goods, such as alcoholic beverages, tobacco products and fuels, the provenance of which is proven to be illicit.

It is possible to correct, rectify and reject a declaration without incurring penalties.

The Law incorporates trade facilitation measures such as the authorized economic operator and the single window for foreign trade, which were previously provided for in separate regulations.

Source: Information provided by the authorities and the Directorate-General of Customs. Viewed at: <https://www.aduanas.gob.do/ley-168-21>.

3.2. Other relevant customs laws are Law No. 8-90 on the Promotion of Free Zones and Law No. 11-92 on the Tax Code (Table 3.1).

**Table 3.1 Main laws relating to customs procedures, 2022**

| Law   | Legal framework   | Date of enactment | Last amendment                     |
|---|-------------------|-------------------|------------------------------------|
| Law No. 168-21 on Customs of the Dominican Republic   | Law No. 168-21    | 9 August 2021     | None                               |
| Tariff Reform Law, amending Law No. 14-93 on the Customs Tariff                               | Law No. 146-00    | 27 December 2000  | 30 July 2013                       |
| Law on the Tax Code   | Law No. 11-92     | 16 May 1992       | 9 November 2012                    |
| Law on Reviving and Promoting Exports   | Law No. 84-99     | 6 August 1999     | None                               |
| Law on the Promotion of Free Zones  | Law No. 8-90      | 15 January 1990   | 9 November 2012<br>3 February 2017 |
| Regulations on Customs Valuation in conformity with the GATT 1994 Customs Valuation Agreement | Decree No. 36-11  | 20 January 2011   | None                               |
| Law on Industrial Competitiveness and Innovation  | Law No. 392-07    | 4 December 2007   | 5 December 2014                    |
| Implementation of a Single Window for Foreign Trade   | Decree No. 470-14 | 12 December 2014  | None                               |

Source: WTO Secretariat.

3.3. The Directorate-General of Customs (DGA) remains the authority responsible for facilitating and monitoring foreign trade and for collecting tariffs and other trade-related duties, among other tasks. The Dominican Republic has several types of customs regime. In addition to definitive import and export regimes, which entail the full payment of customs duties, goods may be subject to other customs regimes, namely: temporary or duty suspension regimes; duty drawback regimes; and duty exemption regimes (Table A3.1). These regimes already existed in 2014; the new customs legislation preserves their essence.

3.4. Under the new Customs Law, transit is considered a customs operation. The Law establishes that goods in transit are not subject to any duties, taxes or charges, and must be inspected only in exceptional cases for reasons of national security. Goods in transit may remain in the country for up to one year. Warehousing procedures are not governed by the new Law; they continue to be regulated by Law No. 456-73, which established them.

3.5. Since 2014, when the single window for foreign trade (VUCE) was launched, import (and export) procedures have been carried out electronically.<sup>1</sup> The VUCE includes the services offered by the government agencies that issue import (and export or transit) authorizations.<sup>2</sup> Through the VUCE, trade operators can consult the importation (and exportation or transit) procedures and requirements and request in advance the authorizations, permits, certifications or conformity assessments required by the various competent entities for the importation (and exportation or transit) of goods.

3.6. Both natural and legal persons may engage in foreign trade operations. In the Dominican Republic, importers (and exporters) are subject to specific mandatory registration with the DGA; other foreign trade operators require a licence to operate (Article 34 of Customs Law No. 168-21).

3.7. In the Dominican Republic, it is not compulsory to use the services of a customs agent. To carry out imports or exports, or opt for a particular customs regime, the operator must use the Integrated Customs Management System (SIGA) ([www.aduanas.gob.do](http://www.aduanas.gob.do)) to submit a single customs declaration, a commercial invoice, a transport document (bill of lading, air waybill or consignment note) and, for imports under preferential arrangements, a certificate of origin. In addition, depending on the nature of the product, import (or export) permits or authorizations and plant and animal

<sup>1</sup> Decree No. 470-14 and Article 403 of Law No. 168-21.

<sup>2</sup> Currently, the VUCE system comprises, among others, the following institutions: the DGA; the Ministry of Agriculture; the Ministry of Public Health and Social Welfare; the Ministry of the Environment and Natural Resources; the National Drug Control Directorate (DNCD); the Ministry of the Armed Forces; the Ministry of Public Works and Communications (MOPC); the Export and Investment Center of the Dominican Republic (CEI-RD); the Dominican Institute for Quality (INDOCAL); the Dominican Sugar Institute (INAZUCAR); the Dominican Port Authority (APORDOM); and the Dominican Tobacco Institute (INTABACO).

health certificates must be submitted. These are processed through the VUCE and presented in electronic format. All types of payments (for permits/authorizations or customs services) are made through Internet banking.<sup>3</sup> The VUCE is free to use; however, it costs DOP 200 to file a single customs declaration.

3.8. In addition to streamlining customs procedures, the new Customs Law legalized electronic declarations and the use of electronic means. As a result, commercial invoices and documents are now submitted electronically and can be presented in English.

3.9. All goods entering or leaving the customs territory must be declared, even if they are not subject to the payment of duties, by means of a customs declaration, with the exception of goods transported under international transit or transshipment conditions. The single customs declaration must provide the details required by Customs to apply the selected regime. The customs declaration must be made electronically, and only when this is physically impossible may the DGA exceptionally consider other ways of filing the declaration. An advance declaration may be used to expedite the process.

3.10. Prior to the clearance of goods, the DGA carries out customs checks, which may require a documentary inspection or a documentary and physical inspection. The type of verification, valuation or inspection required is determined on the basis of a risk analysis. The physical and documentary checks may be full or partial, but must be performed within eight hours of the goods being placed at the disposal of the authorized customs official, unless a longer period of time is required for extraordinary reasons or because of the nature and characteristics of the goods. If, during the verification process, discrepancies are found with respect to the declaration, Customs shall notify the declarant or his/her representative within a period not exceeding eight hours. Customs will correct the single customs declaration when the following discrepancies are detected: (1) when the goods are found to be of a different nature, unit of measurement, quality or weight, to have different characteristics or to be in a different condition, or when the physical verification reveals an incorrect tariff classification, origin or value; and (2) when errors or omissions are detected in the name of the importer (exporter), shipper or consignee, the size or number of the container, or the seals, among other aspects.

3.11. For the goods to be released, the importer must have paid all duties and taxes in full, except in cases where a guarantee is provided. This may occur when it is necessary to delay the determination of the customs duty payable, for example when the final determination of the value is delayed, or when the importer contests, through an administrative appeal, the result of the tax determination. If, after the payment has been made, Customs finds, as a result of a review carried out within the time limit prescribed by the Law, that less tax and duty was paid than was due, it will demand payment of the difference and may impose penalties. Similarly, at the request of the importer, any excess duties that have been collected owing to an valuation or calculation error, or a duly verified error of any other nature, shall be reimbursed. Within a period of five days after the goods have been unloaded, the manifest or transport document may be amended to specify the inbound goods not delivered to Customs and those that were delivered without being included in the document.

3.12. Provisions on certification as an authorized economic operator (AEO), which is free of charge, were adopted in the Dominican Republic in 2012 and are reiterated in the new Customs Law.<sup>4</sup> AEOs benefit from simplified customs processes and checks.<sup>5</sup> Any Dominican or foreign natural or legal person, lawfully established in the Dominican Republic, who is involved in the trade logistics chain and satisfies the prerequisites and minimum safety requirements may join the programme.<sup>6</sup> The authorities indicated that, as of 2022, more than 500 companies had been certified as AEOs.

3.13. The National Committee on Trade Facilitation (CNFC), chaired by the DGA, was created in 2017 to facilitate interaction with other trade control agencies and the private sector, and to implement the WTO Trade Facilitation Agreement. In addition, the Committee serves as a permanent

<sup>3</sup> VUCE. Viewed at: <https://vucerd.gob.do/acerca-de-vuce/c%C3%B3mo-utilizar-la-vuce>.

<sup>4</sup> Decree No. 144-12 and Article 404 of Law No. 168-21.

<sup>5</sup> Articles 15-18 of Decree No. 144-12.

<sup>6</sup> Article 3 of Decree No. 144-12.

forum for dialogue in which to address issues related to trade facilitation and logistics (Article 399 of Law No. 168-21).

### 3.1.2 Customs valuation

3.14. The Dominican Republic continues to apply a customs valuation system based on the WTO's Customs Valuation Agreement.<sup>7</sup> According to the Dominican authorities, the transaction value is used to determine customs value in around 84% of import transactions.

3.15. The Dominican Republic does not have legal instruments to set minimum/reference or official prices. In this regard, it may use reference values only for risk measurement purposes.

3.16. With the aim of removing bureaucratic impediments to trade facilitation, the paper version of the value declaration form was scrapped in 2015. The most important elements of the form were incorporated into the electronic version of the single customs declaration – thus saving the importer from having to repeat information that is already contained in the declaration – and which include the importer's obligation to provide the information and documents required to determine the customs value.<sup>8</sup>

3.17. The Dominican Republic issues advance rulings for all imports, irrespective of their origin or provenance, on the application of customs valuation criteria, among other issues. Regarding checks or inspections, risk analysis systems continue to be used as a fundamental criterion in the selection of the goods to be inspected. In this regard, the Dominican Republic has adopted a risk-based control methodology for the three stages: before, during and after clearance. Post-clearance control is considered important both as a facilitation tool and to ensure compliance with regulations related to the valuation of goods. With regard to the latter, the authorities indicated that the World Customs Organization guidelines for post-clearance audit are followed. Goods may be withdrawn subject to provision of a guarantee if, in the course of determining the customs value, it becomes necessary to delay the final determination of that value (Article 30 of Decree No. 36-11).

3.18. In 2019, the Dominican Republic notified the WTO of the provisions related to complaints and appeals against decisions of the customs authorities that take account of the right of appeal without penalty.<sup>9</sup> The Constitution of the Republic establishes the type of appeal that may be filed<sup>10</sup> and provides for precautionary measures intended to suspend the effects of an administrative act. Appellants are informed of their appeal rights when they are notified of an administrative or judicial act.

### 3.1.3 Rules of origin

3.19. The Dominican Republic applies only preferential rules of origin. However, according to the Law, the origin of the goods may be determined for non-preferential purposes and for the imposition of countervailing duties, safeguards and quotas.<sup>11</sup>

3.20. The preferential rules of origin were not substantially modified during the period 2015-21. During the review period, the Dominican Republic signed only one new trade agreement: the Economic Partnership Agreement (EPA) between the member countries of the Caribbean Forum (CARIFORUM) and the United Kingdom of Great Britain and Northern Ireland. This Agreement maintained the rules of origin that had already been negotiated within the framework of the EPA with the EU.

3.21. The criteria conferring origin may be general or specific. The use of non-originating materials that do not undergo the change in tariff classification is permitted provided that they do not exceed a given percentage of the total cost or weight of the product. Cumulation of origin, including

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<sup>7</sup> Decree No. 36-11 and Article 80 of Law No. 168-21.

<sup>8</sup> Rule No. 001-2015 of 20 March 2015 replaced Rule No. 001-2001 of 29 June 2001 on application of the customs value declaration (DVA) form.

<sup>9</sup> WTO document G/VAL/N/2/DOM/1, 20 December 2019.

<sup>10</sup> These include administrative appeals (appeals for reconsideration and hierarchical appeals) and judicial appeals (contentious-tax appeals and contentious-administrative appeals).

<sup>11</sup> Article 230 of Law No. 168-21.

extended cumulation, is permitted, meaning inputs may be used from non-party States with which the Parties have a trade agreement.

### 3.1.4 Tariffs

#### 3.1.4.1 Structure and levels

3.22. In 2014, the Dominican Republic's tariff schedule contained 7,048 lines at the eight-digit level of the Harmonized System (HS 2012). As of 2021, it contains 7,242 lines at the eight-digit level of the Harmonized System (HS 2017), owing to the opening and incorporation of new lines in the Dominican tariff schedule when it was transposed to the sixth amendment to the Harmonized System.

3.23. During the period under review, no major changes were made to the Dominican Republic's tariff schedule. The Dominican Republic applies only *ad valorem* tariffs. Some tariffs increased slightly, although the simple average MFN tariff remained unchanged from 2014 at 7.8%, as a result of the rise in the number of tariff lines contained in the tariff (Table 3.2). The slight increase in tariffs is reflected in a greater percentage of tariff lines with rates above 15% and an increase in average MFN tariffs for agricultural (WTO classification) and non-agricultural products.

**Table 3.2 Structure of MFN tariffs, 2014 and 2021**

|   | 2014<br>(HS 2012) | 2021<br>(HS 2017) |
|---|-------------------|-------------------|
| Total number of lines   | 7,048             | 7,242             |
| <i>Ad valorem</i> rates (> 0%)                                      | 3,268             | 3,377             |
| Tariff-free   | 3,780             | 3,865             |
| Non- <i>ad valorem</i> rates  | 0                 | 0                 |
| Tariff rate quotas (% of tariff lines)                              | 0.4               | 0.4               |
| Duty-free tariff lines (% of tariff lines)                          | 53.6              | 53.4              |
| Average of lines exceeding zero (%)                                 | 16.7              | 16.8              |
| Simple average (%)  | 7.8               | 7.8               |
| Agricultural products (WTO definition) (%)                          | 14.2              | 14.5              |
| Non-agricultural products (including petroleum, WTO definition) (%) | 6.5               | 6.6               |
| Domestic tariff peaks (% of tariff lines) <sup>a</sup>              | 1.1               | 1.0               |
| International tariff peaks (% of tariff lines) <sup>b</sup>         | 29.5              | 29.9              |
| Overall standard deviation of applied rates                         | 10.2              | 10.4              |
| Bound tariff lines (% of tariff lines)                              | 100.0             | 100.0             |

a Domestic tariff peaks are defined as rates that exceed three times the overall simple average applied rate.

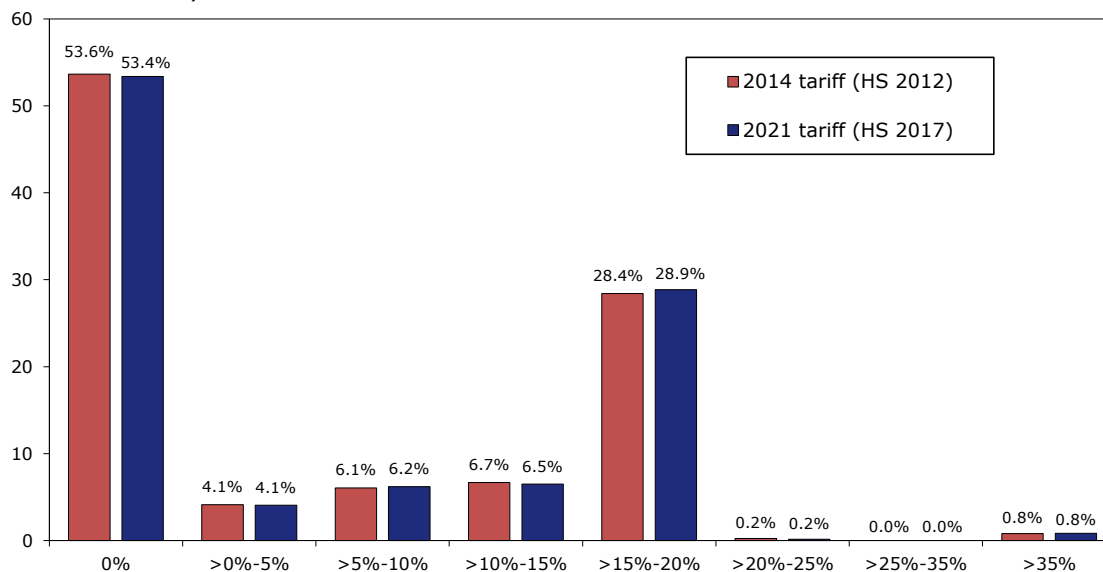
b International tariff peaks are defined as rates that exceed 15%.

Source: Calculations by the WTO Secretariat on the basis of data provided by the authorities.

3.24. As in 2014, non-agricultural products are subject to a lower average tariff than agricultural products, though the tariff did increase slightly during the review period, from 6.5% to 6.6%. The average MFN tariff for agricultural products (WTO definition) also edged up compared to 2014, from 14.2% to 14.5%. In the Dominican Republic, the highest tariffs, which range from 40% to 99%, are applied only to agricultural products, including rice, sugar, meats, dairy products and vegetables. On average, as in 2014, the highest tariffs are applied to dairy products (25.9%) and sugar and confectionery (24.2%) (Table A3.2). However, most of the above-mentioned products are subject to tariff rate quotas and are therefore eligible for lower tariffs. Average tariffs applied to non-agricultural products have not changed significantly, as they have increased for only a few products since 2014, specifically fish and fish products (from 17.1% in 2014 to 17.4% in 2021). The products with the highest average tariff are fish and fish products and clothing (19.8% in both 2014 and 2021).

3.25. The Dominican tariff schedule still has 12 different rates<sup>12</sup>, which range from 0% to 99%. Apart from the 0% rate, which is applied to 53.4% of lines, the most common tariff rates in 2022 were 20% (2,090 lines, or 28.9% of the total), 14% (470 lines, or 6.5%), and 8% (450 lines, or 6.21%) (Chart 3.1). Tariffs above 25%, which were applied to only 72 tariff lines, were used mainly for agricultural products.

<sup>12</sup> The 12 tariff levels are: 0%, 3%, 8%, 14%, 20%, 25%, 40%, 56%, 85%, 89%, 97% and 99%.

**Chart 3.1 Frequency distribution of tariffs, 2014 and 2021**(% of all tariff lines<sup>a</sup>)

a There were a total of 7,048 lines for the 2014 tariff and 7,242 for the 2021 tariff.

Source: Calculations by the WTO Secretariat based on data provided by the authorities.

3.26. The Dominican Republic has bound all its tariff lines in the WTO at rates ranging from 0% to 99% (Table A3.2). Most of the products (62.7%) are bound at a rate of 40%. The highest tariff rates, i.e. those above 85%, are applied to only 0.3% of tariff lines and parts thereof under the HS 2002 nomenclature. The highest rate of 99% is applied to meat and edible meat offal (HS 0207.11.00, 0207.12.00, 0207.14.10, 0207.14.11, 0207.14.91, 0207.14.92, 0207.14.93 and 0207.14.99), garlic (HS 0703.20.00) and rice (HS 1006.10.00, 1006.20.00, 1006.30.00 and 1006.40.00). This is followed by the 97% rate, which is applied to only one tariff line, namely onions and shallots (HS 0703.10.00), the 89% rate, which is applied to beans (HS 0713.31.00, 0713.32.00 and 0713.33.00), and the 85% rate, which is applied to sugar (HS 1701.11.00, 1701.12.00, 1701.91.00 and 1701.99.00). The tariff applied to these products is at the same level as the bound tariff, except in the case of two meat-related tariff lines (HS 0207.14.93 and HS 0207.14.99) for which the MFN tariff is lower than the bound tariff.

3.27. In 2021, the applied MFN tariff appeared to exceed the bound tariff for some 15 tariff lines and 16 subheadings at the eight-digit level (Table A3.3).<sup>13</sup>

3.28. The Dominican Republic reserves the right to modify its schedule of concessions during 2018-23.<sup>14</sup>

### 3.1.4.2 Preferential tariffs

3.29. As of 2022, the Dominican Republic had six trade agreements; as a result, originating imports are granted preferential treatment. The duty-free status granted under the agreements, except that with Panama, covers between 75.8% and 95% of the total tariff schedule (Table 3.3).

3.30. The average preferential tariff in the free trade agreements (FTAs) negotiated by the Dominican Republic is in all cases lower than the average MFN tariff.<sup>15</sup> The average preferential tariffs range from 0% to 2.8%, except for the one applied to products originating in Panama, since

<sup>13</sup> This finding was obtained by comparing the applied MFN Tariff (2021), which is in the HS 2017 nomenclature, with the approved bound tariff, which is in the HS 2002 nomenclature, taking into account only the lines that are strictly comparable in the two nomenclatures.

<sup>14</sup> WTO documents G/MA/339 and G/MA/388 of 12 September 2017 and 26 November 2020, respectively.

<sup>15</sup> The lowest rate between the MFN tariff and the preferential tariff was used to calculate this average for each product.

the agreement is partial in scope and covers only 208 tariff lines. Therefore, in this case, the average preferential tariff is 7.4%, very similar to the average MFN tariff of 7.8%. Preferences granted to agricultural products are lower than those granted to non-agricultural products; however, under the various CAFTA-DR agreements, the preferential rates are very similar for the two types of product, with duty-free lines reaching almost 100%.

**Table 3.3 Summary analysis of preferential tariffs, 2021**

|                                       | Number of preferential lines | Preferential part of the tariff (%) | Total       |                     | WTO categories        |                     |   |                     |
|---------------------------------------|------------------------------|-------------------------------------|-------------|---------------------|-----------------------|---------------------|---|---------------------|
|                                       |                              |                                     | Average (%) | Duty-free lines (%) | Agricultural products |                     | Non-agricultural products (including petroleum) |                     |
|                                       |                              |                                     |             |                     | Average (%)           | Duty-free lines (%) | Average (%)                                     | Duty-free lines (%) |
| <b>MFN</b>                            | -                            | -                                   | <b>7.8</b>  | <b>53.4</b>         | <b>14.5</b>           | <b>31.7</b>         | <b>6.6</b>                                      | <b>57.3</b>         |
| CAFTA-DR <sup>a</sup>                 | 3,377                        | 46.6                                | 0.0         | 99.8                | 0.2                   | 98.8                | 0.0   | 100.0               |
| CAFTA-DR - Costa Rica <sup>a</sup>    | 3,377                        | 46.6                                | 0.1         | 99.8                | 0.3                   | 98.7                | 0.0   | 100.0               |
| CAFTA-DR - Nicaragua <sup>a</sup>     | 3,377                        | 46.6                                | 0.1         | 99.7                | 0.4                   | 98.3                | 0.0   | 100.0               |
| CAFTA-DR - United States <sup>a</sup> | 3,377                        | 46.6                                | 0.0         | 99.8                | 0.3                   | 98.8                | 0.0   | 100.0               |
| CARICOM                               | 3,014                        | 41.6                                | 1.2         | 95.0                | 3.9                   | 87.3                | 0.7   | 96.4                |
| Central America                       | 2,986                        | 41.2                                | 1.3         | 94.3                | 3.0                   | 91.2                | 1.0   | 94.9                |
| EPA <sup>a</sup>                      | 2,640                        | 36.5                                | 2.8         | 75.8                | 9.5                   | 48.0                | 1.6   | 80.9                |
| United Kingdom                        | 2,640                        | 36.5                                | 2.8         | 75.8                | 9.5                   | 48.0                | 1.6   | 80.9                |
| Panama                                | 208                          | 2.9                                 | 7.4         | 55.9                | 14.0                  | 34.1                | 6.2   | 59.8                |

a Tariff averages are based on the preferential tariffs for 2021.

Note: Where the MFN rate is lower than the preferential tariff, the MFN rate has been used to calculate the averages.

Source: WTO Secretariat, on the basis of data provided by the authorities.

### 3.1.4.3 Tariff quotas

3.31. The Dominican Republic applies tariff quotas under both the WTO and its preferential agreements. In the WTO, there are eight products subject to tariff quotas: poultry meat, powdered milk, onions, garlic, dried beans, maize, rice and sugar. These products correspond to 30 eight-digit HS 2017 tariff lines. In some cases, the Dominican Republic has expanded market access, as imports were needed to meet demand or maintain reserves, hence the use of some of the quotas is in excess of 100%. In the case of maize, for example, the tariff has been kept at 0% for several years and the quota has remained open (Table A3.4).<sup>16</sup>

3.32. In 2021, Decrees Nos. 505-99 and 569-12, which set out the methods for allocating MFN tariff quotas, were repealed. The authorities indicated that regulations governing the allocation of these quotas have been submitted to the executive branch and are awaiting issuance (Section 4.1).<sup>17</sup> At present, these quotas are allocated at the request of the importer.

3.33. Regarding preferential quotas in 2021, under CAFTA-DR, the Dominican Republic maintains quotas for six products originating in the United States (11 lines at the HS 2017 eight-digit level), two products originating in Costa Rica (eight lines at the HS 2017 eight-digit level) and three products originating in Nicaragua (six tariff lines at the eight-digit level).<sup>18</sup> All preferential quotas are for agricultural products. Under the agreement between CARIFORUM and the EU, a tariff quota applies to powdered milk (three HS six-digit tariff lines: 0402.10, 0402.21 and 0402.29). This preferential quota was not negotiated under the new agreement with the United Kingdom (Table A3.5). The procedures for allocating preferential quotas did not change during the period under review.<sup>19</sup>

<sup>16</sup> Information provided by the authorities.

<sup>17</sup> Decree No. 605-21.

<sup>18</sup> Article 3.13 and General Notes on the Tariff Schedule of the Dominican Republic under the Free Trade Agreement between the Dominican Republic, Central America and the United States.

<sup>19</sup> Decree No. 701-10, which establishes regulations governing the administration of the CAFTA-DR tariff quotas, is still in force. Under the EPA, the tariff rate quota for powdered milk is managed by the

### 3.1.4.4 Tariff concessions

3.34. Law No. 14-93, which determines the customs tariff, also includes a list of specific products that are exempt from import duty.<sup>20</sup> This exemption also applies to products imported by government agencies in the case of an emergency<sup>21</sup> and by representations of foreign governments; in addition to donations; imports of personal and household effects<sup>22</sup>; books for personal use<sup>23</sup>; samples and catalogues; imports of components, spare parts and materials for repair or maintenance of merchant and tourism vessels and aircraft in the process of loading and unloading, as long as they provide international transport services; imports of goods for the health sector<sup>24</sup>; and imports of computers, their parts and replacements, for personal use.

3.35. Goods entering the Dominican Republic under temporary admission schemes, whether for inward processing or without processing, and under duty exemption schemes (free zones and duty-free shops) are not subject to duties under either the suspended duty or the exemption regime, as applicable (Table A3.1). Law No. 168-21 contains an illustrative list of 21 types of good that may benefit from the temporary admission scheme for re-exportation in the same state, which includes goods for cultural or scientific purposes, vehicles for transporting goods and passengers abroad, and capital goods for which a lease agreement has been signed.<sup>25</sup>

3.36. Courier imports, when they are not for commercial use, do not require an import licence or permit, and have a value equal to or less than USD 200, are exempt from the payment of duty and domestic consumption taxes.<sup>26</sup>

3.37. Imports under the free zone regime and other export support programmes, such as the Centre for Industrial Development and Competitiveness (PROINDUSTRIA), are also duty-free. Tariff exemptions are also granted under certain sectoral support programmes (Section 3.1).

### 3.1.5 Other charges affecting imports

3.38. In addition to tariffs, imports are subject to the customs service fee; the tax on the transfer of industrialized goods and services (ITBIS); and the selective consumption tax (ISC). The ITBIS and the ISC apply to both imports and domestic goods.

3.39. There has been no change to the customs service fee since the last review.<sup>27</sup> This is a specific fee that depends on the weight and volume of the shipment and is paid in national currency at the official exchange rate in effect at the time the customs declaration is submitted (Table 3.4).

**Table 3.4 Customs service fees, 2022**

| Type of charge                                     | Amount (USD)   |
|--|--|
| 20-foot containers                                 | 75   |
| 40- or 45-foot containers                          | 100  |
| Consolidated cargo (except express dispatch cargo) | 0.25 per kilo or fraction thereof, with a ceiling of 60 for each bill of lading  |
| Loose or bulk goods                                | 0.50 per metric tonne, with a ceiling of 500 per bill of lading  |
| Motor vehicles, equipment and machinery            | 100 per unit   |
| Express shipments                                  | 0.25 per kilo or fraction thereof, with a ceiling of 10 for each waybill issued by the international express transport company |

Source: Presidential Decree No. 627-06.

European Union by means of an export licence mechanism (Section 3, Article 27 of Regulation (EC) No. 1187/2009).

<sup>20</sup> Article 13 of Law No. 14-93, amended by Article 6 of Law No. 146-00.

<sup>21</sup> The import tax exemptions that were in effect during the pandemic for imports of certain medical supplies, equipment and devices were applicable to all importers, including government agencies.

<sup>22</sup> Provided that they belong to foreigners who will reside permanently in the country or to nationals returning to the country after having resided abroad for two consecutive years.

<sup>23</sup> Provided that they belong to Dominican students who have studied abroad.

<sup>24</sup> Small samples of pharmaceuticals; inputs, packaging, machinery and equipment for the manufacture of medicines for human or animal use; pacemakers for treating cardiac diseases; and special hearing aids.

<sup>25</sup> Article 2 of General Rule No. 001-2014 of the Directorate-General of Customs, Article 1 of Resolution No. 68-06 of the Ministry of Finance, and Article 265 of Law No. 168-21.

<sup>26</sup> Decree No. 402-05; General Rule No. 01-2018 of the Directorate-General of Customs, Ministry of Finance; and DGA. Viewed at: <https://www.aduanas.gob.do/faq>.

<sup>27</sup> Law No. 226-06; Law No. 424-06; and Presidential Decree No. 627-06.



3.40. A service fee is also levied on goods destined for customs warehouses. This fee is currently an *ad valorem* fee of 1% for tax warehouses and 1.5% for re-export warehouses, calculated as a percentage of the value of the good. However, under new Customs Law No. 168-21, this fee must be set according to the approximate cost of the services rendered and will be adjusted annually in accordance with the consumer price indices published by the Central Bank.<sup>28</sup>

3.41. Imports of all fishery products, whether processed or not, are subject to a special single *ad valorem* tax of 0.5%, which will be used to finance the Dominican Fisheries and Aquaculture Council (CODOPESCA).<sup>29</sup> Exemptions apply to products used in aquaculture, for example: seeds and inputs such as feed, hormones, fishing line and hooks, in addition to navigation and refrigeration equipment and engines imported by aquaculture producers or fishers registered with CODOPESCA or with a research centre. The executive branch may, for exceptional reasons, exempt importers from the payment of the tax, provided that CODOPESCA does not object.<sup>30</sup>

3.42. The ITBIS, a value-added type general consumption tax, is applied to the transfer and importation of new or used industrialized goods and to the provision of services. The standard rate is 18%. A reduced rate of 16% applies to certain products such as: sugars; cocoa and chocolate; coffee (some types); edible animal and vegetable fats; and yogurt and butter. Some agricultural consumer goods and inputs for the agricultural and/or food industry are exempt. These products include live animals, fresh, chilled and frozen meat, fish for mass consumption or reproduction, and dairy products (except yogurt and butter).<sup>31</sup>

3.43. The ISC is levied on the transfer and importation of certain domestically produced goods, and on telecommunications and insurance services (Table 3.5). The ISC rate depends on the type of product or service. Rates are *ad valorem*, except in the case of alcoholic beverages and tobacco. In these cases, the ISC has an *ad valorem* component and a specific component, which is adjusted quarterly according to the inflation index. The *ad valorem* part of the ISC for alcoholic beverages and tobacco is calculated by adding the specific component to the recommended retail price (RRP).<sup>32</sup>

**Table 3.5 ISC rates, 2022**

| Product  | Rate   |
|--|--------|
| Alcohol, alcoholic beverages and beer  | 10%    |
| <b>Specific amount (DOP) per litre of alcohol (pure)<sup>a</sup></b>   |        |
| Beer made from malt (other than malt extract)  | 695.50 |
| Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09   | 695.50 |
| Vermouth and other wine of fresh grapes flavoured with aromatic substances   | 695.50 |
| Other fermented beverages and non-alcoholic beverages, not elsewhere specified or included   | 695.50 |
| Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength  | 695.50 |
| Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; other spirits, mixed alcoholic preparations of a kind used to manufacture beverages                          | 695.50 |
| High-alcohol spirits obtained by distilling grape wine for producing brandy  | 695.50 |
| Spirits obtained by distilling grape wine (e.g. cognac and other brandies)   | 695.50 |
| Spirits obtained by distilling grape marc (e.g. grappa)  | 695.50 |
| High-alcohol whisky (e.g. malt spirits) for blending   | 695.50 |
| Irish whiskey and Scotch whisky  | 695.50 |
| Scotch whisky in a bottle of a net content not exceeding 700 ml and of a value not exceeding one pound sterling (GBP 1)  | 695.50 |
| Other whiskies   | 695.50 |
| Rum and other spirits obtained by distilling fermented sugar-cane products in containers holding more than 5 litres, with an alcoholic strength by volume not exceeding 45%, whether or not aged | 695.50 |

<sup>28</sup> Customs Law No. 168-21.

<sup>29</sup> Fish in its natural state; shellfish in their natural state; canned, smoked, stuffed, restructured fish products; fish products, salted or in brine (Article 26 of Law No. 307-04).

<sup>30</sup> Article 26 of Law No. 307-04.

<sup>31</sup> Exempt goods and products: live animals; fresh, chilled and frozen meat; fish for popular consumption or reproduction; dairy products (except yogurt and butter); honey; other animal products; plants for sowing; unprocessed legumes, vegetables, tubers for mass consumption; unprocessed fruit for mass consumption; unroasted, non-decaffeinated coffee, coffee husks and skins; cereals, flour, worked grains; grain mill products; oilseeds and other seeds (for fats, sowing or animal feed); sausages; and cocoa beans, whole or broken, raw or roasted, and cocoa shells, husks, skins and other cocoa waste. DGII. Viewed at: <https://dgii.gov.do/cicloContribuyente/obligacionesTributarias/principalesImpuestos/Paginas/Itbis.aspx>.

<sup>32</sup> Article 375 of Law No. 11-92 (Tax Code), as amended by Law No. 253-12.

| Product  | Rate                |
|--|---------------------|
| Rum and other spirits obtained by distilling fermented sugar-cane products in containers holding 5 litres or less, with an alcoholic strength by volume of more than 45% but not exceeding 80%, aged | 695.50              |
| Other rum  | 695.50              |
| Gin and genever  | 695.50              |
| Vodka  | 695.50              |
| Anise liqueur  | 695.50              |
| Cream liqueur  | 695.50              |
| Other liqueurs   | 695.50              |
| Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.:  | 695.50              |
| Obtained by distilling agave   | 695.50              |
| Obtained by distilling anise   | 695.50              |
| Obtained by distilling grapes (e.g. pisco)   | 695.50              |
| Other  | 695.50              |
| Tobacco  | 20%                 |
| <b>Specific amount (DOP) per packet of 20 cigarettes<sup>a</sup></b>   |                     |
| Dark tobacco   | 58.83               |
| Light tobacco  | 58.83               |
| Other  | 58.83               |
| <b>Specific amount (DOP) per packet of 10 cigarettes<sup>a</sup></b>   |                     |
| Dark tobacco   | 29.42               |
| Light tobacco  | 29.42               |
| Other  | 29.42               |
| Water pipes  | 130%                |
| <b>Services</b>  |                     |
| Telecommunications   | 10%                 |
| Insurance  | 16%                 |
| Issuance of checks and wire transfers  | 1.5<br>per thousand |

a The specific amounts are for the period from 1 July to 30 September 2022.

Source: DGII. Viewed at:

<https://dqii.gov.do/cicloContribuyente/obligacionesTributarias/principalesImpuestos/Paginas/impuestoSelectivoConsumo.aspx>.

3.44. Hydrocarbon fuels imported or refined locally are also subject to a "selective consumption tax" (Table 3.6).<sup>33</sup> Like alcoholic beverages and cigarettes, fuels are subject to a tax consisting of a specific component and an *ad valorem* component: the specific component is a fixed amount levied on the price per gallon of fuel, which is adjusted quarterly in accordance with the inflation rate (Law No. 112-00); and the *ad valorem* component, of 16%, is levied on the import parity price (aviation turbine fuel (Avtur) is subject to a reduced rate of 6.5%). In addition, each gallon of petrol and diesel is subject to a tax of DOP 2.0 (Law No. 253-12).

**Table 3.6 Tax on hydrocarbons, 2022 (July)**

| HS Code    | Description                            | Ad valorem (%) | Specific amount (DOP) |
|------------|--|----------------|-----------------------|
| 2710.12.11 | Avtur (Jet A-1 for aviation turbines)  | 6.5            | 6.30                  |
| 2710.12.19 | Premium petrol                         | 16.0           | 71.85                 |
| 2710.12.19 | Regular petrol                         | 16.0           | 63.83                 |
| 2710.12.41 | Kerosene                               | 16.0           | 17.99                 |
| 2710.12.50 | Premium diesel                         | 16.0           | 34.53                 |
| 2710.12.50 | Regular diesel                         | 16.0           | 28.06                 |
| 2710.12.60 | Fuel oil                               | 16.0           | 17.99                 |
| 2711.11.00 | Natural gas, liquefied                 | 16.0           | n.a.                  |
| 2711.12.00 | Liquefied petroleum gas (LPG), propane | 16.0           | n.a.                  |
| 2711.13.00 | Liquefied petroleum gas (LPG), butane  | 16.0           | n.a.                  |
| 2711.19.00 | Liquefied petroleum gas (LPG), other   | 16.0           | n.a.                  |
| 2711.21.00 | Natural gas, in the gaseous state      | 16.0           | n.a.                  |

n.a. Not applicable.

Source: Information provided by the authorities.

<sup>33</sup> The ISC was introduced pursuant to Law No. 11-92 on the Tax Code for alcoholic beverages, tobacco products, telecommunications and insurance; however, it was not applied to hydrocarbons until 2000, pursuant to Law No. 112-00 (specific ISC), and until 2005, under Law No. 557-05 (ad valorem ISC) (DGII).

3.45. There is a reimbursement system for the tax on fuels for electricity generation to be used by companies that sell energy to the national grid (SENI) or for stand-alone systems.<sup>34</sup> The reimbursement is granted only for the fuel used to generate energy (i.e. for the energy actually generated), not for all the fuel purchased by the power plant.

### 3.1.6 Import prohibitions, restrictions and licensing

3.46. The Dominican Republic maintains import prohibitions and restrictions for reasons of public health and safety, animal and plant health, and environmental protection, and in order to comply with the requirements of the international agreements to which it is a party.

3.47. Most of the prohibitions currently maintained by the Dominican Republic are for plant and animal health reasons, and their objective is to prevent the entry of pests and diseases into the national territory, in view of the high commercial interest of the products they are intended to protect (Table 3.7). Therefore, in some instances, the import prohibition applies only to countries affected by the pests or diseases.

3.48. The import prohibition on certain used products (clothing, vehicles and household electrical appliances) is still in effect, as is the prohibition on firearms and ammunition, and right-hand-drive vehicles for public safety reasons.

**Table 3.7 Import prohibition, 2015-22**

| Product  | HS Code                    | Legal instrument   | Objective  |
|--|----------------------------|--|--|
| Pesticides   | 3808                       | Decree No. 217-91<br>Resolution No. 50-2009<br>Resolution No. 61-2011<br>Resolution No. RES-MA-2019-28 | Improve the system for the control and use of pesticides on fruit and vegetables.  |
| Cocoa plants, fruits, seeds and any parts thereof; Musaceae (banana plants) and any parts thereof.   | 0602.20<br>1801<br>1802    | Resolution No. 83-2013 of 9 December 2013  | Prevent the entry of pests that affect cocoa plantations.  |
| Whole plants, corms, leaves, pseudostems, pollen and botanical seeds of Musaceae plants or parts thereof, fresh or dried (including handicrafts), in addition to other plants that present risks, and substrates for sowing. | 0602<br>0604<br>0803       | Resolution No. RES-MA-2019-43  | Prevent the entry of banana wilt disease ( <i>Fusarium oxysporum</i> f. sp. cubense tropical race 4 (Foc TR4)).  |
| Ginger rhizomes, turmeric rhizomes, potato tubers, handicrafts and Musaceae plants.  | 0601                       | Circular No. MARD-2021-15262   | Prevent the entry of Foc TR4.  |
| Live pigs, pork products and by-products.  | 0103<br>0203               | Resolution No. RES-MA-2019-17  | Prevent the entry of African Swine Fever.  |
| Live or dead shrimp of the species <i>Litopenaeus vannamei</i> and <i>Penaeus monodon</i> , at any stage of development, frozen or raw.  | 0306.16<br>0306.35         | Resolution No. RES-MARD-2021-41  | Prevent the entry of the disease in shrimp known as Early Mortality Syndrome (EMS) or Acute Hepatopancreatic Necrosis Syndrome (AHPNS).  |
| Used beekeeping equipment, bees, beekeeping products and edible products containing honey, pollen, royal jelly and propolis.   | 0106.41<br>0409.00<br>8436 | Article 8 of Resolution No. 04-2006  | Prevent the entry of the bee diseases known as American foulbrood, European foulbrood, Acarapisosis, the small hive beetle ( <i>Aethina tumida</i> ), and other significant beekeeping pests and diseases. |

Source: Information provided by the authorities.

3.49. In its most recent notification, in 2016, the Dominican Republic indicated that the import licensing procedure had not changed.<sup>35</sup> The Dominican Republic continues to use a system of automatic and non-automatic licences, sometimes referred to as import permits. Licences are issued for statistical purposes, to control and monitor quality, and/or to administer import levels; they are

<sup>34</sup> Article 19 of Law No. 253-12 amends the direct exemption from the tax on fuel for electricity generation and replaces it with a reimbursement mechanism established by Decree No. 275-16.

<sup>35</sup> WTO document G/LIC/N/3/DOM/8, 2 February 2016.

not intended to limit quantities. An import licence is currently still required for all agricultural products (with a few exceptions<sup>36</sup>, namely arms and ammunition; medicines; telecommunications equipment; and ozone-depleting gases and substances) (Table 3.8). An import licence is also required for all products under WTO quotas. As part of this review, the authorities indicated that they are in the process of updating the regulations on the issuance of import licences (i.e. agricultural import permits). A non-automatic licence is also required to import oil.<sup>37</sup>

3.50. In the case of sugar (HS 1701), prior to its importation, the Dominican Sugar Institute (INAZUCAR) must issue a "declaration of necessity" based on the existence of a deficit in domestic production.<sup>38</sup>

**Table 3.8 Products subject to import licensing, 2022**

| Product  | General remarks  | Legal instrument  |
|--|--|---|
| Agricultural products  | Automatic licences<br>Non-automatic licences<br>Ministry of Agriculture<br>Purpose: sanitary control/tariff quota management<br>Validity: 90 days.<br>Non-transferable   | Law No. 8-65<br>Decree No. 605-21<br>Decree No. 319-22  |
| Arms and ammunition  | Automatic licences <sup>a</sup><br>Non-automatic licences <sup>b</sup><br>Ministry of Defence<br>Purpose: national security<br>Validity: one year<br>Non-transferable    | Law No. 138<br>Law No. 36<br>Law No. 262<br>Law No. 873 |
| Medicines, sanitary and personal hygiene products, pharmaceutical products of natural origin sold for therapeutic purposes and household cleaning products | Import authorization<br>Ministry of Public Health and Social Assistance (MISPAS)<br>Purpose: sanitary control<br>Validity: 45 days<br>Non-transferable                   | Law No. 50-88<br>Decree No. 246-06<br>Law No. 42-01     |
| Telecommunications equipment   | Certificate of No Objection from the Dominican Telecommunications Institute (INDOTEL)<br>Purpose: quality control<br>Validity: no period of validity<br>Non-transferable | Law No. 153-98  |
| Ozone-depleting gases and substances   | Non-automatic licences<br>Ministry of the Environment and Natural Resources<br>Purpose: compliance with the Montreal Protocol<br>Validity: 30 days<br>Non-transferable   | Decree No. 565-11                                       |
| Fuels  | Non-automatic licences<br>Ministry of Industry, Trade and MSMEs<br>Purpose: ..<br>Validity: annual<br>Non-transferable   | Law No. 37-17   |

.. Not available.

a Granted to armouries and companies authorized to import explosives and chemical substances.

b Granted to persons requesting authorization to import explosives.

Source: WTO document G/LIC/N/3/DOM/8, 2 February 2016; and information provided by the authorities.

<sup>36</sup> Exceptions include: flowers (HS 0603); live plants (HS 0601, HS 0602); wood (HS 44); in vitro plants (HS 0601, HS 0602); pesticides (HS 3808); fertilizers (HS 31); seeds (HS 12) (except garlic, potato and bean seeds for sowing, which do require an import licence); fertile eggs (HS 0407.11); semen (HS 0511.10, HS 0511.99); and vaccines (HS 3002.30.10, 3002.30.90) (information provided by the authorities).

<sup>37</sup> Law No. 37-17.

<sup>38</sup> Law No. 619-1965.

### 3.1.7 Anti-dumping, countervailing and safeguard measures<sup>39</sup>

3.51. In the Dominican Republic, the use and application of anti-dumping, countervailing and safeguard measures are governed by Law No. 1-02<sup>40</sup> and its implementing regulations of 2015<sup>41</sup>, which repealed the implementing regulations of 2008<sup>42</sup>, and by the relevant WTO Agreements. According to the authorities, the most significant changes in trade defence policy during the period under review were the introduction of provisions for sunset and changed circumstances reviews and of a procedure for determining whether circumvention practices are taking place. Moreover, special services were created for the defence of domestic producers, such as the Trade Defence Information and Support System (SIADEC) and the Early Warning and Monitoring System (SAT).<sup>43</sup>

3.52. The Regulatory Commission on Unfair Trade Practices and Safeguard Measures, also known as the Trade Defence Commission (CDC), continues to be the competent national authority responsible for conducting investigations into unfair trade practices and for deciding on the application of anti-dumping, countervailing or safeguard measures.<sup>44</sup>

3.53. It is the responsibility of the CDC to accept or reject, through a reasoned decision, the petition to initiate an investigation into unfair trade practices, and in the case of an unforeseen increase in imports, the petition for a safeguards investigation. The CDC may also initiate an investigation *ex officio*. After the investigation, carried out by its Investigations Department, the CDC determines whether it is necessary to apply anti-dumping duties, countervailing duties or safeguard measures, as appropriate in each case. The parties may file an appeal for reconsideration within 30 working days from the date of publication of the decision to be appealed, so that the investigating authority may review its decision and rectify its errors (if any).<sup>45</sup>

3.54. The DGA is the government entity empowered to apply and collect the resources corresponding to the corrective trade remedies resulting from investigations undertaken by the CDC. Circumvention of anti-dumping, countervailing or safeguard measures, whether preliminary or final, shall be determined through a special procedure initiated *ex officio* by the CDC or at the request of or on behalf of the domestic industry. Products imported by evading one of these measures shall be subject to the retroactive payment of the total value of the measure.

3.55. Decisions made by the CDC regarding anti-dumping duties and countervailing and safeguard measures may be appealed before the High Administrative Court within 30 days of their notification (Article 230 of the implementing regulations for Law No. 1-02).

#### 3.1.7.1 Anti-dumping and countervailing measures

3.56. The investigation procedures for determining whether anti-dumping or countervailing duties are required have not changed substantially since the last review (Chart 3.2). These investigations may be initiated pursuant to a written petition addressed to the CDC by or on behalf of a domestic industry, or *ex officio* by the CDC. During the investigation, all the interested parties may defend their interests, present evidence and state their views. The initiation of an investigation procedure shall not hinder customs clearance. The CDC seeks to conclude investigations within six months of their initiation, or within a maximum of 18 months. The investigation must demonstrate that dumping or subsidies are causing injury. The demonstration of a causal relationship shall be based on an examination of all relevant evidence. Once the investigation has been completed, the CDC shall publish the final determination, whether affirmative or negative. An investigation may be terminated when there is insufficient evidence of dumping or the existence of subsidies, injury or causal link to justify proceeding with the case.

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<sup>39</sup> This section is based on WTO documents G/ADP/N/1/DOM/3/Suppl.2, G/SCM/N/1/DOM/2/Suppl.2 and G/SG/N/1/DOM/2/Suppl.2, of 27 November 2015.

<sup>40</sup> Law No. 1-02 on Unfair Trade Practices and Safeguard Measures.

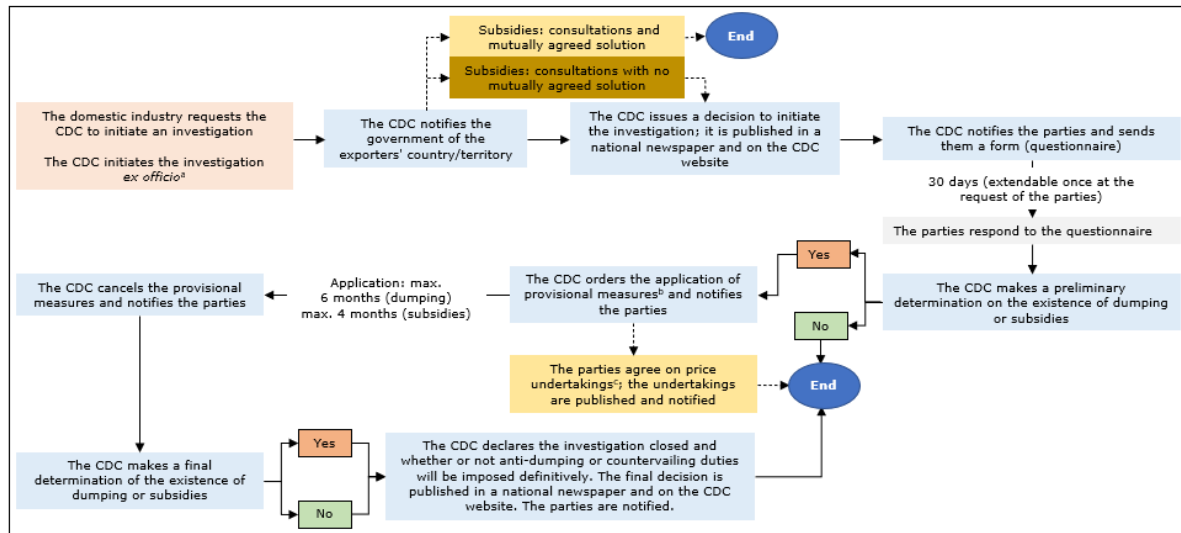
<sup>41</sup> WTO documents G/ADP/N/1/DOM/3/Suppl.2, G/SCM/N/1/DOM/2/Suppl.2 and G/SG/N/1/DOM/2/Suppl.2, of 27 November 2015; and Trade Defence Commission (CDC) Resolution No. 004-2015.

<sup>42</sup> Resolution No. 003-08.

<sup>43</sup> Articles 21-24 of the new implementing regulations for Law No. 1-02 (CDC Resolution No. 004-2015).

<sup>44</sup> Law No. 1-02.

<sup>45</sup> Article 229 of the implementing regulations for Law No. 1-02.

**Chart 3.2 Anti-dumping and anti-subsidy investigations and adoption of measures, 2022**

- a The CDC may undertake *ex officio* investigations when domestic production is highly fragmented and thus not organized, or when the national interest is at stake.
- b The CDC may apply provisional measures once 60 days have elapsed since the initiation of the investigation.
- c The exporter or the authorities of the exporting country/territory voluntarily agree to revise prices or eliminate/limit subsidies.

Source: WTO Secretariat, based on Law No. 1-02.

3.57. Definitive anti-dumping duties are set at a level equal to or lower than the margin of dumping if that lower duty is enough to eliminate the injury. Furthermore, a countervailing duty cannot be higher than the subsidy rate, but it can be lower than the subsidy if it would be sufficient to eliminate the injury caused to the domestic industry. Anti-dumping and countervailing duties may remain in force as long as and to the extent necessary to counteract the injury caused, and any definitive duty must be terminated on a date not later than five years from its imposition or from the date of the most recent review.

3.58. The CDC may accept price undertakings (Chart 3.2). If an undertaking is accepted, the CDC shall nevertheless complete the investigation if the exporting country so desires or the CDC so decides. In this case, should the CDC make a negative determination with respect to dumping, subsidy or injury, the undertaking shall automatically lapse, except in cases where such a determination is due in large part to the existence of such an undertaking. In those cases, the CDC may require that an undertaking be maintained for a reasonable period of time.<sup>46</sup> If a positive determination is made with respect to dumping or subsidy and injury, the undertaking shall be upheld.

3.59. Eight months before the termination of anti-dumping or countervailing duties, the CDC may undertake, *ex officio* or upon request, a sunset review to assess the need to uphold the definitive duties. In conducting this type of review, the CDC has to examine whether the injury and dumping would be likely to continue or recur if the duty were removed or varied, or both. If the CDC determines that the duty is no longer warranted, it shall be terminated immediately.

3.60. After a period of at least 12 months has elapsed from the completion of the investigation, the CDC may also consider whether the definitive anti-dumping or countervailing duties in force should be upheld or varied, provided that there is sufficient evidence of a significant change in circumstances. If, as a result of this review, it is determined that the duty applied is not warranted, the definitive duties shall be revoked. Similarly, if the review finds different margins of dumping or

<sup>46</sup> This reasonable period of time is not defined in domestic legislation. It is at the discretion of the CDC, which, if it accepts a price undertaking, will notify the exporter as to how long the price undertaking will remain in force.

subsidy amounts from those determined in the initial investigation, the definitive duties may be varied and the new duties would become definitive.

3.61. During the period 2015-21, the Dominican Republic initiated two anti-dumping investigations relating to steel rods from China and Costa Rica (Table 3.9). The investigations were concluded in 2017 and 2019, respectively, and in both cases, definitive anti-dumping duties of 43 and 15 percentage points, respectively, were imposed in addition to the MFN rate.<sup>47</sup> The Dominican Republic initiated three sunset reviews of the anti-dumping duties in force for steel rods from Türkiye and China. Two of these reviews were conducted for imports of rods from Türkiye, with both resulting in the renewal of the anti-dumping duties for an additional period of five years. The sunset review of the anti-dumping measure on imports of rods from China also resulted in the renewal of the anti-dumping duties for an additional period of five years.<sup>48</sup> In 2019, an anti-dumping measure on steel rods and bars for concrete reinforcement originating in Spain expired.

**Table 3.9 Anti-dumping investigations initiated and measures adopted, 2015-21**

|                             | 2015           | 2016           | 2017         | 2018              | 2019 | 2020              | 2021           | Total |
|-----------------------------|----------------|----------------|--------------|-------------------|------|-------------------|----------------|-------|
| Investigations initiated    | 0              | 1<br>(China)   | 0            | 1<br>(Costa Rica) | 0    | 0                 | 0              | 2     |
| Sunset reviews initiated    | 1<br>(Türkiye) | 0              | 0            | 0                 | 0    | 1<br>(Türkiye)    | 1<br>(China)   | 3     |
| Definitive measures adopted | 0              | 1<br>(Türkiye) | 1<br>(China) | 0                 | 0    | 1<br>(Costa Rica) | 1<br>(Türkiye) | 4     |

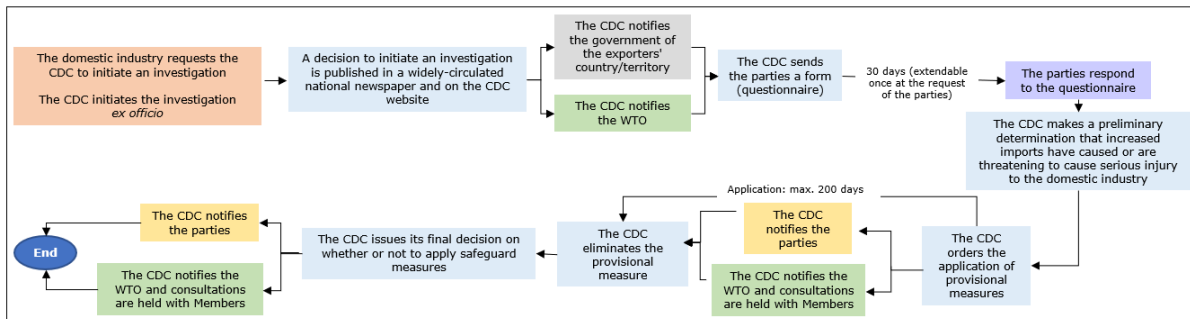
Source: Information provided by the authorities.

3.62. As at 30 June 2022, the Dominican Republic had three anti-dumping measures in force, with an average duration of six years and four months. During the period under review, the Dominican Republic did not initiate any subsidy investigation, nor did it have any definitive countervailing measure in force.<sup>49</sup>

**3.1.7.2 Safeguard measures**

3.63. There have been no substantial changes in the procedures for safeguard measures either (Chart 3.3). The domestic industry must request the initiation of an investigation in writing. The CDC may also initiate an investigation *ex officio*. The CDC may initiate an investigation where there is sufficient evidence that, as a result of unforeseen developments, the investigated product is being imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products. The CDC bases its decision on an evaluation of objective and quantifiable factors having a bearing on the situation of the domestic industry, and has to demonstrate the existence of a causal link between increased imports and serious injury or threat thereof.<sup>50</sup>

**Chart 3.3 Safeguard investigation procedures**



Source: WTO Secretariat, based on Law No. 1-02.

<sup>47</sup> Information provided by the authorities.

<sup>48</sup> Resolution No. CDC-RD-AD-001-2022.

<sup>49</sup> WTO document G/ADP/N/370/DOM, 24 August 2022.

<sup>50</sup> Article 205 of the new implementing regulations for Law No. 1-02 on Unfair Trade Practices and Safeguard Measures of 10 November 2015 lists some of these factors.

3.64. Once 60 days have elapsed since the initiation of an investigation procedure, the CDC may, if it makes a finding of injury or threat thereof, apply provisional measures for a period not exceeding 200 days. The application of a provisional safeguard measure, like that of a definitive measure, is published in a national newspaper, and in both cases, the CDC notifies the exporting countries and interested parties. These measures are also notified to the WTO Committee on Safeguards through the appropriate channels, as is the termination of an investigation or the non-application of a measure.

3.65. Definitive safeguard measures are initially applied for a period of four years, which may be extended to a maximum of eight years. However, measures applied for more than one year must be progressively liberalized. If the duration of the measure exceeds three years, the CDC shall review the situation and, if appropriate, withdraw the measure or increase the pace of liberalization. If the domestic industry considers that there is a continuing need to apply a measure beyond the initial period of application, it shall submit a written request for extension. The CDC may extend a definitive measure only if it determines through investigation that the measure continues to be necessary to prevent or remedy serious injury, and that there is evidence that the domestic industry is adjusting.

3.66. During the period under review, the Dominican Republic did not initiate any safeguard investigation, nor does it have any ongoing.

## **3.2 Measures Directly Affecting Exports**

### **3.2.1 Export procedures and requirements**

3.67. The new Customs Law, Law No. 168-21, regulates the export process and establishes the time limits, rights, obligations and responsibilities of exporters. The regulated process covers the submission of the declaration, verification and the exit permit for the mode of transport. These aspects were absent from the previous Law. The new process gives the export sector greater legal certainty, predictability and transparency.

3.68. Any goods leaving the national customs territory, regardless of the type of procedure, must be declared by the means made available by Customs and within the legal time limits. Natural persons, like legal persons, may conduct foreign trade transactions. Exporters must be registered with the National Taxpayers Registry (RNC) to conduct their business activities, as well as with the DGA. To carry out exports, the operator must use the Integrated Customs Management System (SIGA) ([www.aduanas.gob.do](http://www.aduanas.gob.do)) to submit the following: (a) the single customs declaration; (b) the commercial invoice; (c) the bill of lading; (d) the export permits or the sanitary, phytosanitary or animal health certificate, as applicable; and (e) the certificate of origin, where applicable.

3.69. The exporter (or the representative thereof) must declare the goods to be exported at least 48 hours before the departure date of the mode of maritime or land transport. If the goods are exported by air, they must be declared at least four hours before the departure of the mode of transport (Article 200 of Law No. 168-21). The risk analysis/management system shall determine the mechanisms to ensure the integrity of the cargo (Articles 180 and 227 of Law No. 168-21). The risk system result shall determine the processing channel— green (express clearance), orange (documentary inspection) or red (documentary and physical inspection or check) – and the type of inspection to be carried out.<sup>51</sup> Physical inspections, where required, may be carried out at the exporter's premises or at a customs warehouse, for which the exporter must arrange the date and time of the check with the Customs Administration and para-customs entities, in accordance with the joint-inspection protocol. Physical inspections must be conducted jointly and simultaneously between Customs and all border agencies. Upon completion of the physical inspection, the exporter requests the entry of the cargo into the port, airport or land border crossing using the DGA's SIGA. The goods must be exported within 20 calendar days of the single customs declaration being approved. Failure to do so will result in the declaration being rejected and the export process must recommence (Articles 183 and 209); the single customs declaration may also be rejected in other instances.<sup>52</sup>

<sup>51</sup> ProDominicana (2021), *Guía de Exportación 2021*. Viewed at: [www.prodominicana.gob.do](http://www.prodominicana.gob.do).

<sup>52</sup> Such instances include: (i) when Customs find goods that are subject to an export ban, or regulated or controlled goods without the necessary export permits or with false or counterfeit permits; (ii) when the goods are contaminated, in poor condition or expired, in which case they shall be held so that they can be



3.70. Some products also require a specific procedure to be exported, such as an export permit, approval or certificate (Table 3.10). For agricultural products, depending on the nature of the product, establishments and production areas (farms, enterprises, packing plants) must be registered with the Ministry of Agriculture, with the Department of Food Safety (DIA) and with the Pre-inspection Programme for Fresh Produce Exports of Agricultural Origin (PREINSPECCIONA). In addition, before such products are exported, they must have been granted prior approval or have met special requirements applicable to each export product, in accordance with the rules in force.<sup>53</sup> Alcohol and tobacco products require an Export Authorization for Alcoholic Beverages and Cigarettes issued by the Directorate-General of Internal Revenue (DGII) (Regulation No. 79-03). However, to obtain the authorization, a Sanitary Registration Certificate must first be obtained from the Directorate-General of Medicines, Food and Health Products (DIGEMAPS).<sup>54</sup> A permit is also required to export sugar.<sup>55</sup>

**Table 3.10 Specific export procedures, 2022**

| Product  | Type of procedure/purpose/requirement   | Legislation  | Institution   |
|--|---|--|---|
| Vegetable and animal products  | Phytosanitary certificate   | Law No. 4990-58<br>Law No. 4030-55<br>Decree No. 1142-66 | Ministry of Agriculture                                   |
| Mineral products   | Certification of no objection to the export of metallic and non-metallic minerals   | Law No. 146-71   | Ministry of Energy and Mines                              |
| Food and beverages, pharmaceuticals, health products, cosmetics, home and personal care products | Sanitary register   | Law No. 42-01,<br>Decree No. 82-15                       | Ministry of Public Health and Social Assistance, DIGEMAPS |
| Sugar  | Export permits for domestically produced sugar and sugar products<br><br>Purpose: manage the sugar export quota<br><br>Requirement: domestic producer with a quota allocated under the <i>zafra</i> (sugar harvest) decree issued annually. | Law No. 618-65,<br>Decree No. 745-21                     | Dominican Sugar Institute (INAZUCAR)                      |
| Coffee   | Coffee export register and product certificate.   | Law No. 246-17   | Dominican Coffee Institute (INDOCAFE)                     |

Source: ProDominicana (2021), *Guía de Exportación 2021*, viewed at: [www.prodominicana.gob.do](http://www.prodominicana.gob.do); and CNZFE (2022), *Servicios 2022*, viewed at: <https://www.cnzfe.gob.do/index.php/es/servicios>.

3.71. The trade in and export of metal waste, scrap metal and other copper or aluminium waste and their alloys are regulated in the Dominican Republic to protect the environment, in accordance with the Basel Convention.<sup>56</sup> Exporters of these products must therefore be registered in the National Register for trade in and export of metal waste, scrap metal and other copper or aluminium waste and their alloys (Law No. 110-13).<sup>57</sup> Exporters must register with the Export and Investment Center of the Dominican Republic (CEI-RD, also known as ProDominicana), or, in the case of enterprises operating in the free export zones, with the National Council for Free Export Zones (CNZFE).<sup>58</sup> Both entities issue renewable registrations valid for one year.<sup>59</sup>

3.72. In addition to registration, authorization of these exports is subject to possession of an export licence (Article 12 of Law No. 110-13), which must be presented, together with the single customs

handed over to the relevant health authority; and (iii) when a competent authority so orders, for legally justified reasons (Article 223 of Law No. 168-21).

<sup>53</sup> ProDominicana (2021), *Guía de Exportación 2021*. Viewed at: [www.prodominicana.gob.do](http://www.prodominicana.gob.do).

<sup>54</sup> ProDominicana (2021), *Guía de Exportación 2021*. Viewed at: [www.prodominicana.gob.do](http://www.prodominicana.gob.do).

<sup>55</sup> INAZUCAR. Viewed at: <https://www.inazucar.gov.do/index.php/servicios/item/246-exportacion-de-pazucar-y-sus-derivados>.

<sup>56</sup> Decree No. 334-07 and Law No. 110-13.

<sup>57</sup> The National Register for trade in and export of metal waste, scrap metal and other copper or aluminium waste and their alloys is no longer regulated by Decree No. 334-07, but by Law No. 110-13 and by Decree No. 164-14 establishing the regulations for Law No. 110-13.

<sup>58</sup> Article 4 of Law No. 110-13 and Article 4 of its implementing regulations (Decree No 164-14).

<sup>59</sup> Article 20 of Decree No. 164-14.

declaration, before loading. The DGA must verify, at the point of lading, that the exporter is duly registered, with a valid licence, and must stop any exports that do not meet these requirements (Article 26).

3.73. Exports are classified as exports for consumption, free zone exports and exports for other purposes, including: temporary admission for inward processing; *consumo de reexportación* (re-exports consumption); warehousing for re-export; temporary admission under lease; re-export; and temporary exit for outward processing (Table A3.1).

3.74. Starting in 2021, in addition to the general authorized economic operator programme, the Dominican Republic implemented the simplified economic operator programme, geared towards MSMEs, to promote an export culture by facilitating the export process for products deemed to be trusted and low risk.<sup>60</sup>

### 3.2.2 Export duties, charges and other levies

3.75. There have been no changes in export duties, charges or levies during the review period. Apart from fish and shellfish exports, exports of goods and services are not subject to any export duty (Table 3.11). All exports, however, are subject to an inspection service fee, whether at the packing point or at the port of exit.<sup>61</sup>

**Table 3.11 Export taxes on fish and shellfish, 2022**

| Product   | Rate (%) |
|---|----------|
| Fish in its natural state                       | 0.5      |
| Molluscs and crustaceans in their natural state | 5.0      |
| Processed fish and shellfish                    | 0.0      |
| Aquaculture products                            | 0.0      |

Source: Article 25 of Law No. 307-04.

3.76. Exported goods are zero-rated for the ITBIS, and exporters are entitled to deduct from any other tax obligation the ITBIS paid when purchasing goods and services for their export activity.<sup>62</sup> All exports are exempt from the ISC.<sup>63</sup>

### 3.2.3 Export prohibitions, authorizations and licensing

3.77. The Dominican Republic imposes export prohibitions and requires permits or authorizations for a limited number of products.

3.78. In 2015, prohibited exports included amber and larimar. Exports of amber and larimar, both pure and processed, are currently permitted (Table 3.12). Exports of tortoiseshells and sea cucumbers are still prohibited, and exports of sugar and fishery products are subject to restrictions (Table 3.13). The Dominican Republic also imposes temporary restrictions on exports of certain products, including *Anguilla rostrata* (HS 0301.92), which, as of October 2021, could be exported only through specific ports and only by holders of a CODOPESCA licence to exploit and trade this product. This type of measure is used to track, control and monitor the exploitation of species.<sup>64</sup>

**Table 3.12 List of prohibited exports, 2015-22**

| Product   | Legal instrument  | Expiry date of the measure |
|---|---|----------------------------|
| Human blood and its derivatives                 | Law No. 56-74   | n.a.                       |
| Amber in its natural state                      | Law No. 165-67, which prohibits the export of amber in its raw or natural form. | Decree No. 431-18          |
| Amber, larimar and similar unprocessed minerals | Decree No. 13-87  | Law No. 370-19             |
| Tortoiseshells                                  | Law No. 95-1967   | n.a.                       |

<sup>60</sup> Law No. 168-21.

<sup>61</sup> Information provided by the authorities.

<sup>62</sup> Article 342 of the Customs Code (Law No. 11-92).

<sup>63</sup> Article 366 of the Customs Code (Law No. 11-92).

<sup>64</sup> Information provided by the authorities.

| Product                               | Legal instrument     | Expiry date of the measure |
|---------------------------------------|----------------------|----------------------------|
| Sea cucumbers ( <i>Holoturoidea</i> ) | Resolution No. 04-20 | n.a.                       |

n.a. Not applicable.

Source: Information provided by the authorities.

**Table 3.13 Export restrictions and controls, 2015-22**

| Product                               |                | Type of measure  |
|---------------------------------------|----------------|--|
| Sugar and molasses                    | Law No. 618-65 | An INAZUCAR export permit is required for exports. Export controls are in place to keep a special register to track shipments, for information and control purposes. |
| Fishing industry (except aquaculture) | Law No. 307-04 | A CODOPESCA certificate of no objection is required for exports.   |

Source: Information provided by the authorities.

### 3.2.4 Export support

3.79. The Dominican Republic has notified the WTO that no export subsidies were granted for agricultural products over the period 2015-21.<sup>65</sup>

3.80. The Dominican Republic continues to use the drawback procedure. Under this procedure, exporters can obtain the repayment (total or partial) in respect of the import duties and taxes charged on goods that will be exported or on the inputs used in their production. The refund is in the form of a tax credit to be used against future import duties. Fees for customs service or for any other service in general are not refundable (Article 282 of Law No. 168-21).

3.81. The drawback procedure may be applied to the following goods: (1) goods that have undergone manufacturing or processing; (2) inputs that are part of the final good; (3) packing materials or packing containers for sale; and (4) parts subject to an assembly process (Article 281 of Law No. 168-21). Drawback cannot be used if the goods are imported under any special customs procedure which is tax-free or for which the payment of taxes is suspended or subject to compensation. The time limit for requesting the application of the drawback procedure shall be one year from the export date (Article 283).

3.82. The incentives under the Law on Reviving and Promoting Exports (Law No. 84-99) or the drawback procedure were incorporated into the new Customs Law (Law No. 168-21).<sup>66</sup>

### 3.2.5 Export finance, insurance and promotion

3.83. In the past, there was no public financial entity in the Dominican Republic devoted exclusively to export financing. In 2015, the National Bank for the Promotion of Housing and Production (BNV) became the National Export Bank (BANDEX) – a public-private joint-stock financial intermediary for development, backed by an unlimited State guarantee.<sup>67</sup> In 2021, as part of the Dominican Republic's post-pandemic economic recovery policy, BANDEX was renamed the Export and Development Bank.<sup>68</sup> BANDEX's main functions include channelling financial resources to export-oriented sectors in national or foreign currency, through specialized financing and lines of credit for exports, and other products, such as export factoring, export credit insurance and other SME-oriented specialized credit products.<sup>69</sup> BANDEX also has special lines of credit for foreign companies purchasing Dominican products for export.

3.84. ProDominicana remains the government agency responsible for promoting exports and FDI.<sup>70</sup> ProDominicana operates in several areas in coordination with other government institutions involved

<sup>65</sup> WTO documents G/AG/N/DOM/25 of 18 August 2020; G/AG/N/DOM/26 of 18 August 2020; G/AG/N/DOM/27 of 18 August 2020; G/AG/N/DOM/28 of 18 August 2020; G/AG/N/DOM/29 of 18 August 2020; G/AG/N/DOM/44, of 8 March 2021; and G/AG/N/DOM/47 of 21 January 2022.

<sup>66</sup> The temporary admission for inward processing procedure is still governed by Law No. 84-99, but with certain amendments that are set out in Law No. 168-21.

<sup>67</sup> Law No. 126-15.

<sup>68</sup> Law No. 122-21.

<sup>69</sup> BANDEX. Viewed at: <https://bandex.com.do> and <https://bandex.com.do/nuestra-historia>.

<sup>70</sup> MICM. Viewed at: <https://www.micm.gob.do/nosotros/dependencias>.

in foreign trade to ensure more expeditious and efficient trade flows. The agency participates actively in trade negotiations and in the administration and implementation of trade agreements. It also helps to improve the legal framework and to facilitate procedures. In addition, ProDominicana promotes the country's exportable supply abroad through trade fairs and develops support and training programmes for potential exporting firms (e.g. the PymeX and *Creando Exportadores* programmes).<sup>71</sup> **Measures affecting production and trade**

### 3.3.1 Incentives

3.85. The Dominican Republic continues to grant tax incentives to certain sectors or for certain activities. The incentives comprise exemption (generally in full) from various taxes such as ITBIS, income tax (ISR), the ISC, the wealth tax and the tax on use of goods and licences. The sectors and activities targeted by the incentives are tourism, electricity generation, the textiles industry, mining and agriculture (Table 3.14).

**Table 3.14 Selected sectoral tax incentives, 2015-22**

| Sector       | Law No.          | Tax (rate of exemption) | Products/ services   |
|--------------|------------------|-------------------------|--|
| Tourism      | 158-01<br>195-13 | Tariff (100%)           | Machinery, equipment, materials and moveable property  |
|              |                  | ITBIS (100%)            | Importation and purchase on the national market of machinery, equipment, materials and moveable property                                     |
|              | 96-88            | Tariff (100%)           | Slot machines, parts, components, spares and accessories   |
| Energy       | 57-07            | Tariff (100%)           | Equipment, machinery and accessories needed to produce electricity from renewable sources  |
|              |                  | ITBIS (100%)            | Importation and purchase on the national market of equipment, machinery and accessories needed to produce electricity from renewable sources |
|              | 253-12           | ISC (100%) <sup>a</sup> | Importation and purchase on the national market of fuels to generate electricity   |
| Manufactures | 56-07            | ITBIS (100%)            | Importation and purchase of inputs, raw materials, machinery, equipment and services for textile firms or leather manufacturers              |
|              |                  | ISR (100%)              | Textile firms or leather manufacturers   |
| Mining       | 146-71           | Tariff (100%)           | Machinery, equipment and spare parts   |
| Agriculture  | 182-09           | ISC (100%)              | Procurement of insurance policies  |
|              | 532-69           | Tariff (100%)           | Animals and inputs   |

a This is a refund, rather than an exemption from the ISC.

Source: Ministry of Finance (2021), *Gasto Tributario en República Dominicana: Estimación para el Presupuesto General del Estado (PGE) correspondiente al periodo fiscal del año 2022*. Viewed at: <https://www.digepres.qob.do/wp-content/uploads/2021/10/Gastos-Tributarios.pdf>.

3.86. Additionally, in 2022 the Dominican Republic notified the WTO of the subsidy programme governed by Law No. 8-90 to "promote the establishment of new free zones and expand existing ones", which establishes a tax-exemption programme for firms manufacturing goods or providing services, located within geographic areas known as free zones.<sup>72</sup>

3.87. The legal provisions governing free zones have not changed substantially since the last review in 2015. Free zones are governed by Law No. 8-90, its implementing Regulations and amendments thereto<sup>73</sup>, and by Laws Nos. 139-11, 253-12, and 37-17 which all amended the regime. The National Council for Free Export Zones (CNZFE) continues to be responsible for the free zones regime. The Council's functions include making and delivering on policy proposals to the Ministry of Industry, Trade and MSMEs (MICM) on the promotion and development of the free zones sector, and examining and approving applications from companies wishing to locate in the zones. The programme's chief objectives include foreign exchange generation, job creation, workforce training and development of the various regions of the country.

3.88. Businesses located in free zones enjoy a number of tax benefits that have not changed substantially since 2015. Such businesses are exempt from paying the ISR; tariff duties on imports,

<sup>71</sup> MICM. Viewed at: <https://www.micm.gob.do/nosotros/dependencias/centro-de-exportacion-e-inversion-de-la-republica-dominicana-cei-rd>.

<sup>72</sup> WTO document G/SCM/N/343/DOM, 12 July 2019.

<sup>73</sup> Decree No. 366-97.

exports and re-exports of raw materials, equipment and machinery used to produce goods; the ITBIS; the tax on the registration and transfer of real estate; municipal taxes; and consular fees.<sup>74</sup>

3.89. Businesses located in free zones can sell up to 100% of their goods and services on the domestic market without restriction and without the proviso that they use local raw materials in preference to imports (Article 11 of Law No. 139-11). They must, however, pay the relevant import duties, the ITBIS and the ISR at a rate of 3.5% of the value of their gross sales on the domestic market.<sup>75</sup> Businesses that are accorded free-zone status obtain a (renewable) permit valid for 30 years if the free zone is in the border zone with Haiti (Law No 12-21 establishing a Special Free Zone for Border Development) and for 15 years for the rest of the country (Law No. 8-90 on the Promotion of Free Zones).<sup>76</sup>

3.90. In addition to the free zones there is a special national regulatory system for two national priority sectors, which operate both in the free zones and on the domestic market, namely for the textile, clothing and accessories production chain, and for hides and skins, and manufacturing of footwear and leather articles. Consequently imports and/or purchases on the domestic market of certain inputs, raw materials, machinery, equipment and services made by businesses belonging to these sectors are subject to a single 0% tariff and are exempt from the ITBIS and the ISR (Table 3.14).<sup>77</sup> Moreover, businesses manufacturing these products in free zones may export to the customs territory of the Dominican Republic up to 100% of the goods produced, tariff-free; for all other products they must pay 100% of import tariffs and taxes.

3.91. The Centre for Industrial Development and Competitiveness (PROINDUSTRIA) is an entity of the MICM. Its purpose is to promote the competitive industrial development of the manufacturing industry.<sup>78</sup> To that end it proposes policies and support programmes that encourage domestic industrial revitalization and innovation. A number of the programmes it implements are aimed at young entrepreneurs and start-ups (Proincube) and at MSMEs (guidance hubs, business parks and IT training for SMEs). PROINDUSTRIA also provides technical and financial support through the Industrial Development Bank (BDI).<sup>79</sup> Additionally, businesses accredited/certified by PROINDUSTRIA qualify for various tax incentives (Section 2.4.2).<sup>80</sup>

3.92. MSMEs are one of the chief sources of employment and thus make a significant contribution to the economy of the Dominican Republic. Therefore, to promote job creation and formalization of businesses operating in the informal sector, the single window for business formalization (<https://vu.formalizate.gob.do>) was set up. Once registered, businesses have access to (i) the various support programmes for MSMEs; (ii) loans issued in the financial system; and (iii) government procurement procedures (Section 3.3.6).

3.93. The Programme for the Promotion of and Support for Micro-, Small and Medium-Sized Enterprises (PROMIPYME), which seeks to draw up support policies, is still running, and was not subject to change during the review period. Through the Banca Solidaria and other second-tier banks, PROMIPYME provides MSMEs with credit and other financial services. The National Reserve Foundation, which is backed by the Reserve Bank (Banreservas), provides credit facilities to micro-enterprises.<sup>81</sup> Between 2013 and 2022 (April), the Foundation awarded DOP 6.5 billion in microcredits: 63% to commerce, 27% to services and the remainder to industry and agro-industry.

3.94. The National Council for the Promotion of and Support for Micro-, Small and Medium-Sized Enterprises (PROMIPYME National Council), which is attached to the MICM, is responsible for formulating business development policy for MSMEs, including policies that contribute to the development of an export culture in the sector, as well as the creation of productive jobs and generation of foreign exchange for the country. Moreover, together with the Ministry of the Environment and Natural Resources, the PROMIPYME National Council shall ensure that the MSME

<sup>74</sup> Article 24 of Law No 8-90 and WTO document G/SCM/N/343/DOM, 12 July 2019.

<sup>75</sup> General Standard No. 05-12; Article 17 of Law No. 8-90; Law No. 139-11; and Law No. 253-12.

<sup>76</sup> WTO document G/SCM/N/343/DOM, 12 July 2019.

<sup>77</sup> Law No. 11-92, as amended by Law No. 147-2000.

<sup>78</sup> Law No. 392-07.

<sup>79</sup> MICM. Viewed at: <https://www.micm.gob.do/nosotros/dependencias/centro-de-desarrollo-y-competitividad-industrial-pro-industria>.

<sup>80</sup> Law No. 392-07, amended by Law No. 242-20.

<sup>81</sup> Online information. Viewed at: <https://fundacionreservas.com/financiamiento>.

sector improves its surrounding environments and obtains certification of compliance with international standards.<sup>82</sup> The Council promotes funding programmes for the sector.<sup>83</sup>

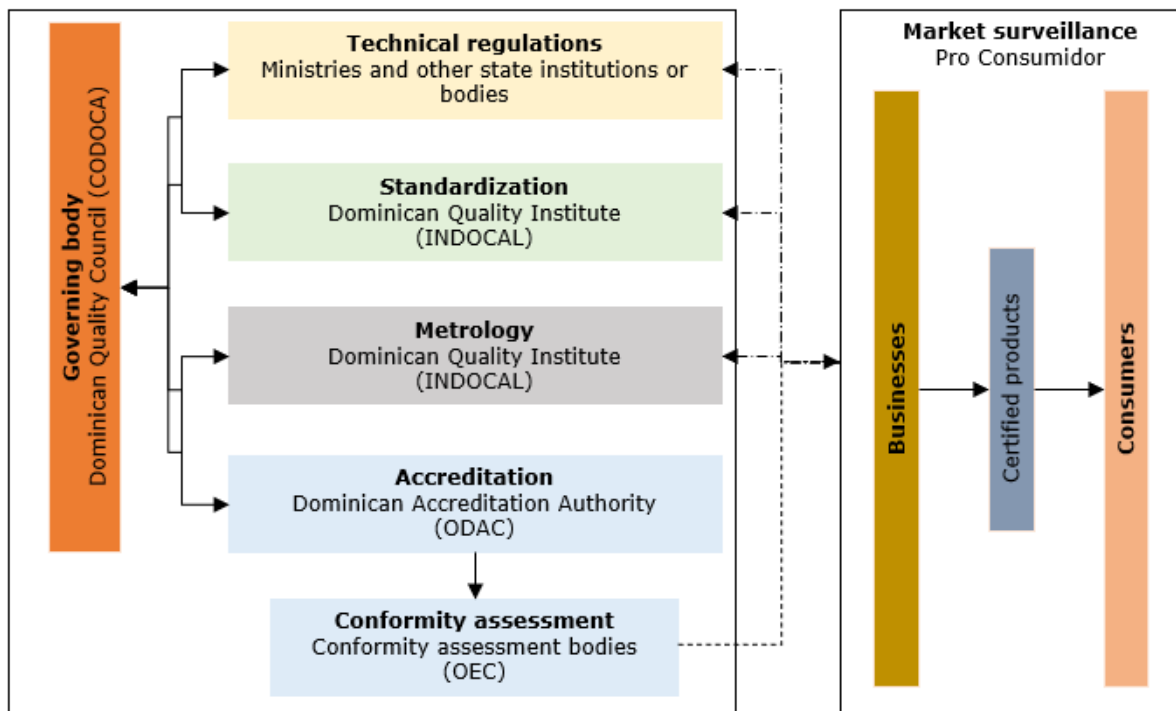
3.95. As part of the Dominican Republic's post-pandemic economic recovery policy, in 2021 BANDEX became the Export and Development Bank.<sup>84</sup> In its new guise, BANDEX will be a financial intermediary dedicated to the development of strategic production sectors in order to diversify and strengthen the Dominican economy. The bank will offer new financial products, national and international lines of credit, longer-term loans with lower rates, and administrative services for guarantee funds. All instruments will have more flexible conditions and differential measures such as longer repayment and grace periods. The agriculture sector will be prioritized to promote production technology, systematize the logistics chain and reduce irrigation.<sup>85</sup>

### 3.3.2 Standards and other technical requirements

3.96. The Dominican Quality System (SIDOCAL) is governed by Law No. 166-12, which was not amended during the review period. The Law has not yet been fully implemented, pending the entry into force of its implementing regulations which, as of 2022, have not yet been drafted. Additionally, there is sectoral legislation in the areas of health, safety, the environment and consumer protection that also govern technical regulations.

3.97. SIDOCAL's composition was not amended between 2015 and 2022 (Chart 3.4). The Dominican Quality Council (CODOCA) is the governing body that coordinates policy on quality with the system's other bodies, namely the ministries and other state institutions, the Dominican Quality Institute (INDOCAL) and the Dominican Accreditation Authority (ODAC). These bodies are attached to the MICM. Pro Consumidor, the state body with responsibility for consumer protection, is also part of SIDOCAL.

**Chart 3.4 Composition of SIDOCAL**



Source: National Quality Policy (PNC) 2021-24. Viewed at: <https://indocal.gob.do/wp-content/uploads/2021/08/Politica-Nacional-de-Calidad.pdf>.

<sup>82</sup> Law No. 37-17.

<sup>83</sup> Online information. Viewed at: <https://promipyme.gob.do>.

<sup>84</sup> Law No. 122-21.

<sup>85</sup> News item of 14 July 2021, Office of the President of the Republic. Viewed at: <https://presidencia.gob.do/noticias/gobierno-transforma-el-bandex-en-banco-de-desarrollo-y-exportaciones>.

3.98. INDOCAL has responsibility for drawing up national standardization policy and the national standardization plan, based on national development needs. In 2020, the Dominican Republic adopted its first national quality policy (PNC) 2021-24; this gave rise to the national standardization policy (PNN), implementation of which began in 2021.<sup>86</sup> The aim of the PNC is to promote quality in order to increase the competitiveness of Dominican goods and services and thereby increase their integration into international markets.<sup>87</sup> According to the PNC, in order to encourage a culture of quality in the country it is necessary to strengthen quality systems, both in production processes and in marketing, adopt good practice to promote sustainable production, encourage the signature of agreements for the mutual recognition of conformity assessment procedures, and promote training.<sup>88</sup>

3.99. Ministries, assisted by INDOCAL and (where necessary) Pro Consumidor, have responsibility for drafting the technical regulations for the areas within their purview.<sup>89</sup> As the authority with responsibility for metrology, INDOCAL is the only body that can draft technical regulations in that particular field. Technical regulations ensure national security; protect human life, health and safety, animal life and health, and the environment; and prevent misleading business practices that are harmful to consumers.<sup>90</sup>

3.100. In 2021 the Dominican Republic adopted the Handbook of Good Technical Regulation Practices (GBPRT) based, as the name indicates, on the WTO TBT Code of Good Practice.<sup>91</sup> The Handbook sets out the steps involved in drafting a technical regulation (Chart 3.5). INDOCAL assists ministries as part of the drafting process, providing them with the scientific and technical information that must be taken into account when drafting technical regulations and noting the points where the regulation must be based, whether wholly or in part, on Dominican standards (NORDOM), or on regional or international standards.<sup>92</sup> The draft is assessed by the Technical Committee on Technical Regulations (CTRT) established under the Ministry, in which INDOCAL and Pro Consumidor are represented. The draft is assessed using a regulatory impact analysis (RIA) (Section 2.2). One of the steps is an international public consultation, conducted by INDOCAL (the national authority for TBT notifications to the WTO) and the Directorate of Trade Integration (DIC) of the Vice-Ministry of Foreign Trade, within the MICM (the WTO enquiry point).<sup>93</sup> Technical regulations must comply with all steps in the procedure, except where emergency technical regulations are concerned: emergency technical regulations are not subject to international public consultation and may be issued only where a product presents risks to health or national security. They must nonetheless be notified to the WTO as soon as they are implemented.<sup>94</sup>

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<sup>86</sup> PNN. Viewed at: <https://indocal.gob.do/publicaciones/politica-y-plan-nacional-de-normalizacion>.

<sup>87</sup> CODOCAL (2021), *Memoria institucional 2020*. Viewed at: <https://codoca.gob.do/wp-content/uploads/2021/03/Memorias-del-CODOCA-2020-1.pdf>.

<sup>88</sup> PNC 2021-24. Viewed at: <https://indocal.gob.do/wp-content/uploads/2021/08/Politica-Nacional-de-Calidad.pdf>.

<sup>89</sup> Article 53 of Law No. 166-12, and information supplied by the authorities.

<sup>90</sup> Handbook of Good Technical Regulation Practices (GBPRT). Viewed at: <https://indocal.gob.do/publicaciones/rtd>.

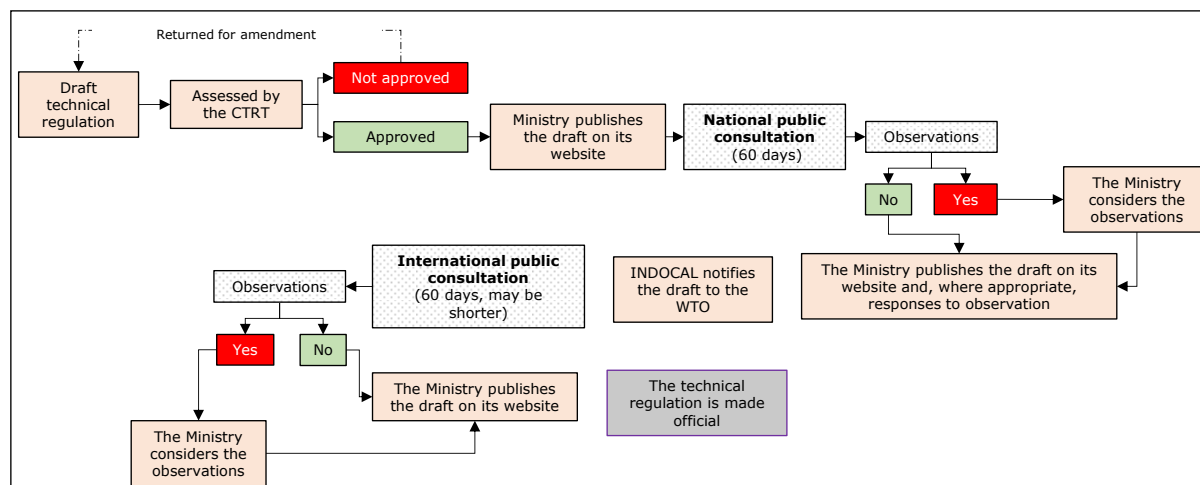
<sup>91</sup> GBPRT.

<sup>92</sup> Article 54 of Law No. 166-12 and GBPRT.

<sup>93</sup> GBPRT and information supplied by the authorities.

<sup>94</sup> GBPRT.

Chart 3.5 Drafting procedure for a technical regulation



Source: WTO Secretariat, based on the GBPRT.

3.101. Once approved by the CTRT, the Ministry issues a resolution to make the draft an official technical regulation (RT). The Ministry may present the RT to CODOCA's Technical Commission of Experts (CTE) for it to confirm that the RT was drafted in conformity with the GBPRT. Following confirmation, the RT becomes a Dominican Technical Regulation (RTD) and is published in a CODOCA resolution.<sup>95</sup> Currently there is no digital catalogue of technical regulations; according to the authorities, metrological technical regulations (RTMs) and RTDs can be viewed on the INDOCAL and CODOCA websites respectively.

3.102. Technical regulations (RT/RTD/RTM) must be reviewed every five years or, because of the demands of technological or scientific developments, following a request to that end. Nonetheless, the authorities indicated that the bulk of RTs has been subject to this process and that during the review period (2015-22) only RTMs were reviewed.

3.103. Between 2015 and 2022 (August), the Dominican Republic notified 12 new technical regulations to the WTO and the revision of or addenda to four previously notified technical regulations. The 12 technical regulations notified relate to products such as alcohol, tobacco, LPG, tyres, and metrological and measuring instruments. Two specific trade concerns were raised at the WTO TBT Committee about Dominican technical regulations; they related to cosmetic and hygiene products and steel rebar. Since 2015, only one emergency technical regulation has been notified, relating to alcohol and tobacco.<sup>96</sup>

3.104. Locally manufactured and imported products must comply with the technical regulations (RT/RTD/RTM) in force in the Dominican Republic.<sup>97</sup> Conformity assessment is performed by ODAC-accredited conformity assessment bodies (CABs). The bodies may be either Dominican or foreign, provided in the latter case that the Dominican Republic has entered into multilateral recognition arrangements with the CAB's country of origin.<sup>98</sup> The authorities stated that in 2022 there were seven accredited Dominican bodies. ODAC awards foreign CABs a "proof of accreditation" to allow them to operate. During the review period no accreditations were annulled or suspended.<sup>99</sup> In the Dominican Republic, manufacturers may not assess the conformity of their own products.

<sup>95</sup> GBPRT and information supplied by the authorities.

<sup>96</sup> ePing SPS&TBT Platform. Viewed at: <https://eping.wto.org/en>.

<sup>97</sup> Article 6 of Law No. 166-12.

<sup>98</sup> ODAC recognizes foreign CABs whose country of origin is party to multilateral recognition arrangements of the International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC) and Inter-American Accreditation Cooperation (IAAC). Viewed at: <https://odac.gob.do/todos-los-servicios/constancia-acreditacion-otorgada-por-organismos-de-acreditacion-extranjeros>.

<sup>99</sup> ODAC, viewed at: <https://odac.gob.do>; SIDOCAL, viewed at: <https://sidocal.gob.do/temas-de-calidad/tc-acreditacion/>; and United States International Trade Administration (ITA), viewed at: <https://www.trade.gov/country-commercial-guides/dominican-republic-standards-trade>.



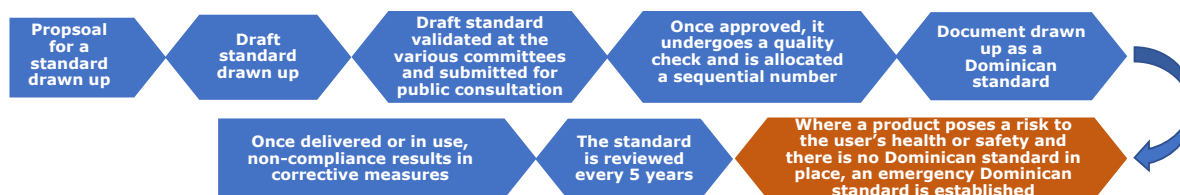
However, consumers are able to assess the conformity of the products they use through Pro Consumidor, which was accredited by ODAC in 2019 as an inspection body.<sup>100</sup>

3.105. Where imports are concerned, it must be established at the border that the imported product complies with the requirements of the relevant RTD/RTM; accordingly it is recommended that conformity assessment should be performed prior to a good's arrival at its destination in order to expedite customs clearance. The Dominican Republic accepts conformity assessments conducted by foreign bodies that hold "proof of accreditation" issued by ODAC.<sup>101</sup> Equally, importers are able to conduct conformity assessments in accredited laboratories in the Dominican Republic. For example, in order to import measuring instruments, INDOCAL may, after examination of a sample, issue a "type approval certificate" in advance. If the importer fails to present the certificate upon clearance of the goods, the goods will be held for between 5 and 15 business days, which is the period deemed necessary for type-approval purposes.<sup>102</sup>

3.106. Original labels must be in Spanish; if not, an additional label must be added in Spanish such that it does not cover the original label.<sup>103</sup> Since 2021, it has been possible to add the label to the product after importation but before being placed on the market; previously products had to be labelled at origin.<sup>104</sup> In accordance with the General Law on Health (Law No. 42-01), labels on imports of beer, alcoholic beverages and tobacco must include a disclaimer (Articles 123 and 124).

3.107. As the official body for standardization in the Dominican Republic, INDOCAL is responsible for drafting NORDOMS following a procedure similar to that used for technical regulations, but omitting the international consultation phase (Chart 3.6). NORDOMS must be based on regional or international standards, where they exist.<sup>105</sup> Reviews of standards are held every five years but may be conducted earlier if necessary. When a NORDOM is used as the basis for drafting a technical regulation, the NORDOM is repealed.<sup>106</sup> A NORDOM is published as an INDOCAL resolution. INDOCAL has a pay-for-access electronic catalogue of standards.<sup>107</sup>

**Chart 3.6 Procedure for drafting Dominican standards**



Source: Information supplied by the authorities.

3.108. Use of NORDOMS is voluntary. However the authorities indicated that in conformity with the Health Law (Law No. 42-01), use of NORDOMS for food and beverages is compulsory.

3.109. Locally produced or imported products that comply with the technical regulations or NORDOMS may be certified by INDOCAL. Certification is voluntary, except for products containing specific types of cement and steel bars.<sup>108</sup> Certification may be compulsory in other cases by default. For example, since 2022, the Tobacco Institute of the Dominican Republic (INTABACO) has allowed

<sup>100</sup> Pro Consumidor (2020), *Memorias Constitucionales 2019* and General Law on Protection of Consumers' and Users' Rights (Law No. 358-05); and Pro Consumidor. Viewed at: <https://proconsumidor.gob.do/inspeccion-y-vigilancia>.

<sup>101</sup> Article 80(d) of Law No. 166-12.

<sup>102</sup> *Guía de Importación de Productos Regulados por INDOCAL*. Viewed at: <https://indocal.gob.do/guia-de-importacion-productos-regulados-por-indocal>.

<sup>103</sup> RTD 53: general labelling of pre-packaged foods; RTD 675: labelling of pre-packaged food (regulation on nutritional labelling); and RTD 634: labelling of and claims for pre-packaged foods for special dietary uses.

<sup>104</sup> Information supplied by the authorities.

<sup>105</sup> Article 49 of Law No. 166-12.

<sup>106</sup> INDOCAL. Viewed at: <https://indocal.gob.do/foros/topic/las-normas-dominicanas-pueden-ser-derogadas>.

<sup>107</sup> The catalogue can be accessed at: <https://indocalnormas.gob.do/catalogo>.

<sup>108</sup> Annex D to INDOCAL document OD-DEC-003 (Revision 10) of 24 August 2020. Viewed at: <https://indocal.gob.do/areas-tecnicas/evaluacion-de-la-conformidad/certificacion-de-productos>.

the use of the geographical indication (GI) "*cigarro dominicano*" (Dominican cigar) only when the good manufacturing practice set out in the NORDOM has been complied with.<sup>109</sup> A product certified by INDOCAL may obtain a "quality seal", awarded for three years, subject to regular assessments.<sup>110</sup>

### 3.3.3 Sanitary and phytosanitary measures<sup>111</sup>

3.110. The regulatory framework for formulating and implementing sanitary and phytosanitary measures has not changed significantly since the previous review in 2015. A vast number of laws, decrees, regulations and resolutions continues to regulate plant and animal health and food safety, despite attempts by the Dominican Republic to update the statute book, as notified to the WTO (Table A3.6).<sup>112</sup>

3.111. The main institution responsible for developing and implementing sanitary and phytosanitary (SPS) measures is the Ministry of Agriculture, through the Department of Plant Health (DSV) and the Department of Animal Health, which is attached to the Directorate-General of Livestock (DIGEGA).<sup>113</sup> To prevent the introduction and spread of pests and diseases the Departments of Plant Health and Animal Health are responsible for conducting risk analyses on imports of products and by-products of plant or animal origin to use as the basis for plant and animal health import requirements.<sup>114</sup> All agricultural products require a sanitary or no-objection phytosanitary certificate (health permit). The Department of Animal Health operates specific programmes to control and eradicate animal diseases that are classed as priorities, due to their nature and the potential economic losses they could cause.

3.112. The Ministry of Public Health and Social Assistance has responsibility for the safety of processed foods. The Food and Beverage Risk Control Department of the Directorate-General of Medicines, Food and Health Products (DIGEMAPS) is the national technical and regulatory body with responsibility for conducting health controls on all foods and beverages – during production, transportation, storage, preparation, sale and consumption – in order to reduce the incidence of food-borne diseases, including imported diseases. The Ministry of Agriculture also has a Department of Food Safety (DIA) (Resolution No. 18/2005, amended by Resolution No. 27/2006). This Department promotes agrifood safety at primary level through training and the implementation of the food risk management system in order to promote the supply of agricultural foods of a high sanitary quality for domestic consumption and export.

3.113. The National Committee for the Application of Sanitary and Phytosanitary Measures (CNMSF) brings together various public and private sector entities to manage the implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures and the commitments undertaken by the Dominican State as part of other regional and bilateral agreements entered into on sanitary and phytosanitary matters and food safety.<sup>115</sup> The Committee also acts as a consultation body when emergencies arise in agricultural health and food safety, and recommends the most appropriate measures and mechanisms that the designated national authorities should introduce to mitigate the emergency's impact.<sup>116</sup> Additionally, the Office of Agricultural Trade Agreements (OTCA)

<sup>109</sup> INDOCAL news item of 10 March 2022. Viewed at: <https://indocal.gob.do/certificaran-calidad-del-tabaco-dominicano>.

<sup>110</sup> INDOCAL document OD-DEC-003 (Revision 10) of 24 August 2020.

<sup>111</sup> Obtaining information for this section was difficult because access to various websites was denied. For example, the messages from some of the sites were as follows: "*The owner of this website (agricultura.gob.do) has banned the country or region your IP address is in (CH) from accessing this website.*" (Online information: <https://agricultura.gob.do>); "*The owner of this website (www.cnmsf.gob.do) has banned the country or region your IP address is in (CH) from accessing this website.*" (Online information: <https://www.cnmsf.gob.do>); and "*The owner of this website (otca.gob.do) has banned the country or region your IP address is in (CH) from accessing this website.*" Online information: <https://otca.gob.do>.

<sup>112</sup> WTO documents G/SPS/N/DOM/56/Add.1 and G/SPS/N/DOM/57/Add.1, 2 February 2015.

<sup>113</sup> The Ministry of the Environment and Natural Resources (MIMARENA) intervenes in exceptional cases, especially where there are allegations concerning the environmental impact of products of plant or animal origin.

<sup>114</sup> SIDOCAL. Viewed at: <https://sidocal.gob.do/temas-de-calidad/medidas-sanitarias-y-fitosanitarias/departamento-de-sanidad-vegetal/#:~:text=El%20Departamento%20de%20Sanidad%20Vegetal,diseminaci%C3%B3n%20a%20nuevas%20C3%per%20centA1reas%20libres>.

<sup>115</sup> Ministry of Agriculture. Viewed at: <https://agricultura.gob.do/dependencia/comite-nacional-para-la-aplicacion-de-las-medidas-sanitarias-y-fitosanitarias-cnmsf>.

<sup>116</sup> Article 2(7) of Decree No 515-05.

at the Ministry of Agriculture is the body that negotiates and administers international arrangements on agricultural matters.<sup>117</sup> The Dominican Republic notified OTCA at the Ministry of Agriculture and the Executive Secretariat for the CNMSF as national enquiry points and notification authorities.<sup>118</sup>

3.114. The aim of the sanitary and phytosanitary system of the Dominican Republic is to prevent, by means of three systems, the introduction into the national territory of pests or diseases. Those systems are sanitary and phytosanitary protection at the national borders, surveillance and diagnostic capacity to detect pests, diseases and sanitary issues, and the capacity to respond in agile fashion to emergencies. The Dominican Republic places special emphasis on enhanced border protection through the installation of inspection infrastructure.<sup>119</sup> Thus the aim of the bulk of the import restrictions applied by the Dominican Republic currently is to prevent the entry of pests or diseases into the national territory (Section 3.1.6). Moreover, exporting establishments are inspected and agricultural products for export are certified to ensure the health of Dominican products on international markets.

3.115. The drafting of SPS measures is governed by the regulations of the relevant ministries. There is still no single centralized mechanism for their preparation. However, they are drafted largely along the same lines as those used for technical regulations (Section 3.3.2). According to the authorities, technical working groups are being set up to assess the risks to plant and animal health and their economic impact, as well as how to mitigate them. An action plan is then drawn up to minimize those risks, based on scientific analysis, and is presented to the most senior authorities (the Ministries of Agriculture and Public Health) so that a resolution can be issued and the measure implemented. Generally, sanitary and phytosanitary measures are based on scientific principles, risk criteria and parameters laid down by international organizations such as CODEX, the International Plant Protection Convention (IPPC) and the World Organisation for Animal Health (WOAH). The aim of the measures is to protect the lives and health of people, animals and plants and to preserve the environment while facilitating national and international trade in goods.

3.116. Where the Ministry of Agriculture is concerned, the responsibility for coordinating the formulation, implementation and monitoring of technical regulations lies with each designated national authority (departments of animal health, plant health and food safety).

3.117. In order to amend or update an obsolete regulation, a multidisciplinary team instructed by the Ministry of Agriculture conducts a study to ascertain whether the regulation is in line with other national regulations and international standards. As a result of their assessment, a draft regulation is drawn up and circulated to domestic authorities and legal advisors in order to obtain preliminary approval. The multidisciplinary team reviews the legal advisors' comments and adjusts the proposal before notifying it to the WTO.

3.118. Imported products that present a risk to human, animal, plant, aquacultural or forest health must comply with the sanitary, phytosanitary, and animal health measures specified in the technical regulations and must have a no-objection permit.

3.119. Phytosanitary inspections are governed by the Law on Plant Health (Law No. 4990-58) determining crop zoning and the techniques approved for the production of plant products in order to prevent pests and disease. Inspections are performed when an agricultural operation begins, and are repeated at regular intervals that vary according to the product concerned.<sup>120</sup> Inspections are also carried out in the event of a report of non-compliance or when requests are made for letters of compliance or export certificates.<sup>121</sup>

3.120. The Quarantine Division of the Plant Health Department is responsible for phytosanitary inspections that are carried out to identify the presence of pests, disease or other pathogenic agents on products of plant origin. Inspections are conducted of plants, fruits, vegetables and other products and by-products of plant origin intended for export, transit or domestic consumption. The Plant

<sup>117</sup> Ministry of Agriculture Resolution No. 54-05.

<sup>118</sup> ePing SPS&TBT Platform. Viewed at: <https://eping.wto.org/en/EnquiryPoint/sps-anna>.

<sup>119</sup> SIDOCAL. Viewed at: <https://sidocal.gob.do/temas-de-calidad/medidas-sanitarias-y-fitosanitarias/barreras-de-defensa-del-sistema-sanitario-y-fitosanitario-de-la-rd>.

<sup>120</sup> The Integrated Pest Management Programme lays down the inspection frequency.

<sup>121</sup> SIDOCAL. Viewed at: <https://sidocal.gob.do/temas-de-calidad/medidas-sanitarias-y-fitosanitarias/servicios-de-evaluacion-de-conformidad-en-el-area-sfs>.

Health Department issues a Phytosanitary Export Certificate after performing the relevant inspection and ascertaining compliance with the requirements in place at the product's place of destination.<sup>122</sup>

3.121. The Ministry of Agriculture's Department of Food Safety inspects production units to assess whether they comply with good agricultural practices (GAP), good animal husbandry practices (GAHP), good management practices (GMP) and preventive measures to ensure agricultural food safety.<sup>123</sup> The Quality Management Division of the Ministry's Department of Food Safety issues certificates and letters of compliance for GAP, GAHP and GMP. The certificates are issued at the request of a farming concern, provided that the business complies with 90% of the basic requirements of GAP, GAHP or GMP laid down in Decree No. 52-08. Letters of compliance are issued to concerns that comply with 80% of basic requirements. Certification is retained on the basis of on-site inspections that are conducted to ascertain compliance with the requirements.

3.122. Currently (2022) there are three state test laboratories in the Dominican Republic that assess sanitary and phytosanitary compliance. The Central Veterinary Laboratory (LAVECEN), a DIGEGA agency, is the national reference laboratory for the study of animal health and zoonotic diseases, as well as for quality control on food, animal feed, chemical residues in meat, fruit, plants, the quality of agrichemical products, and the production of biological agents and antigens for the veterinary industry.<sup>124</sup> The laboratory of the Dominican Agricultural and Forestry Research Institute (IDIAF) has responsibility for plant protection (bacteriology, mycology, virology and entomology), post-harvest management, soils and water, plant biotechnology and molecular biology. In addition to the Biotechnological and Industrial Innovation Institute (IIBI), which provides analytical services in respect of microbiology, pesticides, agricultural consultancy, plant biotechnology and safe food practices, there are other accredited laboratories in the Dominican Republic, one of them a private facility.

3.123. During the period 2015-22, the Dominican Republic made 25 notifications (including addendums and revisions) to the WTO SPS Committee. Twelve were related to food safety or the protection of human health, seven to animal health, four to plant health, and two to both plant and animal health. No emergency measures were issued. During the review period no trade concerns were raised in relation to the measures adopted by the Dominican Republic in this regard.<sup>125</sup>

### 3.3.4 Competition policy and price controls

#### 3.3.4.1 Competition policy

3.124. The competition regime is governed by the Constitution (Articles 50 and 217), the Competition Law of 2008 (Law No. 42-08) and its implementing regulations enacted in 2020 (Decree No. 252-20). Additionally, competition in sectors that have regulatory bodies is governed by sectoral laws.<sup>126</sup>

3.125. The Competition Law was enacted in 2008; however it was only able to enter into force in 2017, after the appointment of members of the Steering Committee and the Executive Director to the National Competition Commission (Pro-Competencia).<sup>127</sup> Pro-Competencia is an autonomous, decentralized state body with administrative, technical and financial independence. The National Congress appointed the members of the Steering Committee in 2011 and the government appointed the Executive Director in 2017.

3.126. In 2020, the regulations implementing the Competition Law were enacted. In 2021, in order to bolster the competition regime and following a public consultation process, three regulations were adopted determining the procedures for the presentation, assessment and approval of proposals

<sup>122</sup> The products requiring phytosanitary certificates are plants, bulbs and tubers, seeds for propagation, fruit and vegetables, cut flowers and branches, grains and growing mediums. Containers, wood, packaging and other means of preserving plant products must also hold sanitary certificates.

<sup>123</sup> Inspections are conducted of crop-growing and livestock farms, greenhouses, honey extraction rooms, fish farms, plants for packing fresh fruit and vegetables, and milk storage facilities.

<sup>124</sup> Law No. 4030 of 1948.

<sup>125</sup> Online information. Viewed at: <https://eping.wto.org/en/Search/TradeConcerns>.

<sup>126</sup> The regulated sectors are electricity, hydrocarbons, transport (air, maritime, land), telecommunications, health, education, banking services, insurance services, pensions and the stock market (Article 69 of Law No. 42-08).

<sup>127</sup> Article 67 of Law No. 42-08.

concerning commitments to desist, administrative investigation in the event that false information is provided and the penalties reduction regime. Pro-Competencia issued the regulations by means of resolutions.<sup>128</sup>

3.127. The competition regime applies in all sectors of the economy to all economic operators, whether public or private, domestic or foreign, operating in the Dominican Republic and abroad, where operations abroad harm competition on the Dominican market. There is however one exception, as the Law does not consider collective bargaining agreements as arrangements that restrict competition. Accordingly they are excluded from the competition regime.<sup>129</sup>

3.128. The Competition Law prohibits any conduct that could have restrictive effects on competition, including concerted practices and the abuse of dominant position. Nevertheless, such practices are not penalized where they help to improve economic efficiency. The Constitution prohibits monopolies "except for the benefit of the State". Accordingly the activities reserved to the State do not constitute a monopoly, nor do they constitute by default conduct that restricts competition.

3.129. Pro-Competencia is the authority responsible for conducting investigations into alleged anti-competitive practices and for imposing penalties in all sectors of the economy other than the regulated sectors. The competition regime in the regulated sectors is implemented by the sectors' regulatory bodies, which have the same functions as those exercised by Pro-Competencia for the rest of the economy.<sup>130</sup> There may be more than one body with responsibilities for competition matters in a single sector.<sup>131</sup> There are mechanisms for consultation and cooperation between Pro-Competencia and the various bodies. Specifically, Pro-Competencia gives its opinion on the administrative penalty procedures that the sectoral bodies may take, although that opinion is not binding. Pro-Competencia also refers cases involving competition in the regulated sectors to the relevant sectoral body.<sup>132</sup>

3.130. Investigations into alleged anti-competitive practices may be initiated *ex officio*, or upon receipt of a complaint. When determining whether an abuse of dominant position has occurred, Pro-Competencia uses the criteria set out in the Competition Law, including the market share of the operator under investigation and those of its competitors; the Law does not stipulate any thresholds.<sup>133</sup>

3.131. When Pro-Competencia initiates an investigation, the economic operator under investigation is given notice to present evidence related to the charges laid out by Pro-Competencia. The operator may also submit a commitment to desist proposal to Pro-Competencia so that the administrative proceeding may be brought to an early conclusion in exchange for the operator implementing the corrective measures required to counter the effects of the practice under investigation.<sup>134</sup> The regulation issued in 2021 by Pro-Competencia lays down the procedure for submitting, assessing and approving proposals for commitments of this nature.<sup>135</sup> For example it identifies the information that must accompany proposals and the process for assessing and approving them. Where Pro-Competencia takes the view that the measures proposed by the operator are insufficient to counter the effects of the conduct under investigation, it may request changes to the proposal, and the economic agent is required to restart the process of submitting the commitment to desist from the beginning. Pro-Competencia must issue a resolution in the event that it approves the commitment, in which it sets out the corrective measures that the operator undertakes to implement, the timetable for implementing them and the period during which the measures are to remain in effect. Once the proposal is approved, the economic operator shall be subject to a one-year "monitoring and surveillance" regime to verify that it is complying with the commitment. Where the conditions in the relevant market undergo substantial change during the period of "monitoring and surveillance", the economic agent may request Pro-Competencia to review the commitment.

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<sup>128</sup> Pro-Competencia Resolutions Nos. 008-2021, 009-2021 and 011-2021.

<sup>129</sup> Article 3 of Law No. 42-08.

<sup>130</sup> Article 16 of Decree No. 252-20.

<sup>131</sup> For example, the electricity sector has the Electricity Supervisory Authority (SIE), the National Energy Commission (CNE) and the Ministry of Energy and Mines (MEM). See Article 16 of Decree No. 252-20.

<sup>132</sup> Article 20 of Law No. 42-08 and Article 16 of Decree No. 252-20.

<sup>133</sup> Article 9 of Law No. 42-08.

<sup>134</sup> Article 21 of Decree No. 252-20.

<sup>135</sup> Pro-Competencia Resolution No. 011-2021 (Regulation on the submission and approval of commitments to desist).

Pro-Competencia is not obliged to accede to that request. The consequence of failure to comply with the commitment to desist is that the investigation shall be re-opened.

3.132. An economic operator who provides false or altered information to Pro-Competencia during an investigation is liable to an economic penalty as the Competition Law classifies such conduct as an administrative offence.<sup>136</sup> Moreover an administrative investigation may be opened into the operator using a simplified procedure instituted by Pro-Competencia. An operator who is the subject of an administrative investigation may submit evidence to demonstrate that the information provided is not false. An administrative investigation does not have the effect of staying an investigation into alleged anti-competitive behaviour.<sup>137</sup>

3.133. In 2021, a penalties reduction regime was also introduced (clemency programme). The programme is open to an unlimited number of operators, whether companies or individuals, who participate in a cartel and report it. Joining the programme reduces the fine imposed for participating in a cartel. The percentage by which the fine is reduced depends on the point at which the operator joins the programme. For the first informant the fine is all but waived: the amount payable is the sum equivalent to 30 times the minimum wage, or for the conclusion of public procurement contracts, 200 times the minimum wage. The second and subsequent informants receive a reduction of between 50% and 70%.<sup>138</sup> The clemency programme applies only to economic operators regulated by Law No. 42-08. In August 2022, the authorities indicated that no economic operators had joined the programme.

3.134. Between 2017 and 2022, Pro-Competencia initiated 18 investigations for alleged anti-competitive conduct, six of which it initiated *ex officio*. The markets investigated were chiefly in the agrifood sector. Additionally, penalties were imposed for abuse of dominant position and for price fixing.

3.135. Law No. 42-08 does not regulate economic concentrations. However there are other sectoral provisions that provide for economic concentrations to be notified and controlled *ex ante*. For example, in the telecommunications sector, economic concentrations must be notified in advance and authorized by INDOTEL.<sup>139</sup> Additionally, in the financial intermediation market, prior authorization is required from the Monetary Board in order to be able to merge with or absorb another entity, provided that the transaction represents 30% or more of the paid-up capital.<sup>140</sup> Finally, all mergers between listed companies require *ex ante* approval from the Securities Supervisory Authority.<sup>141</sup>

3.136. There are also sectoral provisions limiting business-to-business integration. The electricity sector is a case in point (Section 4.2.3).

3.137. In addition to preventing anti-competitive practices in the various markets, Pro-Competencia also promotes a culture of competition: (i) by ensuring that the various state institutions do not place obstacles in the way of free competition; and (ii) conducting investigative surveys to analyse the degree of competition in economic sectors and issuing recommendations. To that end, Pro-Competencia set up the Observatory on the Conditions of Competition in Markets to identify the risks of anti-competitive practices occurring.

3.138. One of the objectives of economic policy in the Dominican Republic is to promote economic growth and development in an environment where there is free competition so that prices are fair and stable, thereby strengthening the purchasing power of the population. In that connection, the National Institute for the Protection of Consumer Rights (Pro Consumidor) was set up as the state

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<sup>136</sup> Article 61(d) of Law No. 42-08.

<sup>137</sup> Pro-Competencia Resolution No. 009-2021 (Regulation establishing the simplified procedure for signs that false or altered information has been provided as part of investigation procedures conducted by the Executive Directorate).

<sup>138</sup> Pro-Competencia Resolution No. 008-2021 (Regulation establishing a penalties reduction regime (RRS)) and information provided by the authorities.

<sup>139</sup> Regulation on free and fair competition.

<sup>140</sup> Articles 31 and 36 of the Regulation on the opening and operation of financial intermediaries and representative offices. Viewed at: <http://sib.gov.do/content/reglamento-0>.

<sup>141</sup> Article 386 of the General Law on Business Corporations and Sole Proprietorships with Limited Liability (Law No. 479-08).

body to protect consumer rights.<sup>142</sup> Its tasks include monitoring domestic and international prices, and conducting market surveys of the goods and services that have the greatest impact on the family budget, with the twofold purpose of safeguarding consumers and encouraging healthy competition in the market.<sup>143</sup> Through its surveys, Pro Consumidor can establish whether there are any unjustified price deviations, for example as a result of suppliers hoarding goods or reaching agreements among themselves, and may act to penalize such practices.<sup>144</sup> Thus, although for several years there was no competition law in force in the Dominican Republic, certain practices were regulated under the General Law on Protection of Consumers' and Users' Rights.

### 3.3.4.2 Price controls

3.139. The prices of sugar, fuel, natural gas and electricity are still controlled in the Dominican Republic.

3.140. The National Sugar Institute (INAZUCAR) regulates the selling price from producer to wholesaler, wholesaler to retailer, and retailer to end consumer. The price is set by sugar type (raw or refined) while taking into account profit margins and all economic variables that affect production and marketing.<sup>145</sup> Prices are updated as market conditions require. They were revised in 2016, 2018 and 2020.<sup>146</sup>

3.141. The MICM sets the price of fuel and natural gas weekly; account is taken of the international parity price, domestic taxes and the marketing margins of distributors, retailers and transporters. MICM publishes prices online.<sup>147</sup>

3.142. The Electricity Supervisory Authority (SIE) sets tariffs for electricity supply for regulated clients. The tariff is set by voltage and consumption level and varies according to the distributor.

3.143. According to law, the primary objective of the National Price Stabilization Institute (INESPRE) is to regulate the prices of agricultural products on the domestic market where the situation so requires, through the processes of supply and demand.<sup>148</sup> The authorities indicated that, during the review period, intervention by INESPRE in the marketing of agricultural products did not affect prices.

### 3.3.5 State trading, state-owned enterprises, and privatization

3.144. In 2022, the Dominican Republic notified the WTO that INESPRE is a state trading enterprise according to the definition of Article XVII of the GATT 1994.<sup>149</sup> INESPRE may import products of agricultural origin when domestic production is insufficient, or export agricultural products when surpluses are produced.<sup>150</sup> According to the notifications made in 2022, INESPRE is not engaged in Dominican foreign trade; it purchases and sells products on the local market.

3.145. The State continues to be the sole proprietor or majority stakeholder in various financial and non-financial public enterprises (Table 3.15). Additionally, the State has an equity holding in two power generation companies and one ferronickel mining company.<sup>151</sup> The Chamber of Accounts of the Dominican Republic (CCRD) periodically reviews and verifies the accounts and economic circumstances of public enterprises.<sup>152</sup>

<sup>142</sup> General Law on Protection of Consumers' and Users' Rights (Law No. 358-05 of 26 July 2005).

<sup>143</sup> Pro Consumidor. Information viewed at: <https://proconsumidor.gob.do/observatorio-de-comparacion-de-precios-de-los-mercados-internacionales> and <https://proconsumidor.gob.do/sondeo-de-precios>.

<sup>144</sup> Articles 107–116 of Law No. 358-05 of 26 July 2005.

<sup>145</sup> Law No. 619-65 and Decree No. 649-03.

<sup>146</sup> INAZUCAR Price Resolutions Nos. 004/2016, 001/2018 and 001/20. Viewed at: <https://www.inazucar.gov.do/index.php/sobre-nosotros/marco-legal/category/16-resoluciones>.

<sup>147</sup> Prices are published at: <https://micm.gob.do/direcciones/combustibles/avisos-semanales-de-precios/aviso-semanal-de-precios-de-combustibles-version-12-11-2021>.

<sup>148</sup> Law No. 526 of 11 December 1969.

<sup>149</sup> WTO Document G/STR/N/19/DOM, 9 August 2022.

<sup>150</sup> Law No. 526 of 11 December 1969.

<sup>151</sup> Information supplied by the authorities.

<sup>152</sup> Law No. 10-04.

**Table 3.15 Selected public enterprises, 2022**

|  | State shareholding (%) |
|--|------------------------|
| <b>Non-financial public enterprises (NFPE)</b>           |                        |
| Santo Domingo Water and Sewerage Corporation (CAASD)     | 100.0                  |
| Santiago Water and Sewerage Corporation (CORAASAN)       | 100.0                  |
| Moca Water and Sewerage Corporation (CORAAMOCA)          | 100.0                  |
| La Romana Water and Sewerage Corporation (COAAROM)       | 100.0                  |
| Puerto Plata Water and Sewerage Corporation (CORAAPLATA) | 100.0                  |
| Boca Chica Water and Sewerage Corporation (CORAABO)      | 100.0                  |
| Monseñor Nouel Water and Sewerage Corporation (CORAAMON) | 100.0                  |
| La Vega Water and Sewerage Corporation (CORAAVEGA)       | 100.0                  |
| Dominican Hydroelectric Generation Company (EGEHID)      | 100.0                  |
| Punta Catalina Thermal Power Station                     | 100.0                  |
| Dominican Power Transmission Company (ETED)              | 100.0                  |
| Northern Electricity Distribution Company (EDENORTE)     | 100.0                  |
| Southern Electricity Distribution Company (EDESUR)       | 100.0                  |
| Eastern Electricity Distribution Company (EDEESTE)       | 100.0                  |
| Dominican Oil Refinery (REFIDOMSA)                       | 100.0                  |
| State Radio And Television Corporation (CERTV)           | 100.0                  |
| Dominican Postal Institute (INPOSDOM)                    | 100.0                  |
| National Lottery   | 100.0                  |
| <b>Public financial institutions</b>                     |                        |
| Dominican Agricultural Insurance Company (AGRODOSIA)     | 79.3                   |
| Agricultural Bank of the Dominican Republic (BAGRICOLA)  | 100.0                  |
| Reserve Bank of the Dominican Republic (BANRESERVAS)     | 100.0                  |
| Savings Bank for Workers and <i>Monte de Piedad</i>      | 100.0                  |

Source: WTO Secretariat; Directorate-General of the Budget (DIGEPRES) at the Ministry of Finance. Information viewed at: <https://www.digepres.gob.do/presupuesto/empresas-publicas> and information supplied by the authorities.

3.146. Non-financial public enterprises (NFPE) primarily provide basic services such as electricity, potable water, sewerage, broadcasting and postal services. The State also has a monopoly on certain activities, for example, electricity transmission and distribution, and the postal service. NFPE are financed by public funds; in 2020 total transfers amounted to DOP 35,922.3 million (0.7% of GDP), of which 62.7% was transferred to the three public electricity distribution and marketing enterprises.<sup>153</sup>

3.147. During the review period, the Dominican Republic continued the process of reforming state-owned enterprises. In 2017 a start was made to the (still ongoing) process of dissolving and winding up the Dominican State-Owned Enterprises Corporation (CORDE), a public institution established as a single umbrella for managing all productive and commercial enterprises inherited by the State.<sup>154</sup> It managed, controlled and developed public enterprises. In 2022, two mining enterprises are still overseen by CORDE, which has minority stakes in two private manufacturing enterprises; the other enterprises have been privatized. Similarly, the process of winding up the Dominican Corporation of State-Owned Electricity Companies (CDEEE), which co-ordinated operations by public enterprises in the electricity sector, began in 2020.<sup>155</sup>

### 3.3.6 Government procurement

#### 3.3.6.1 Legal framework

3.148. Government procurement of goods, services and works in the Dominican Republic is governed essentially by the Law on Procurement and Contracts for Goods, Services and Works (Law No. 340-06), the amendments thereto, and its implementing regulations.<sup>156</sup> It is also governed by

<sup>153</sup> Directorate-General of the Budget (DIGEPRES) at the Ministry of Finance. Viewed at: <https://www.digepres.gob.do/presupuesto/empresas-publicas>.

<sup>154</sup> Law No. 289-1966.

<sup>155</sup> Decree No. 342-20.

<sup>156</sup> Law No. 340-06 on Procurement and Contracts for Goods, Services, Works and Concessions of 18 August 2006, as amended by Laws No. 449-06 of 6 December 2006 and No. 47-20 on Public-Private Partnerships of 20 February 2020; and Regulations implementing Law No. 340-06 (Decree No. 543-12 of 6 September 2012). Viewed at: <https://www.dgcp.gob.do/sobre-nosotros/marco-legal/leyes-y-decretos>.



specific articles of the Constitution of the Dominican Republic<sup>157</sup>, and by the Law on the Public Administration<sup>158</sup>, the Law on the Rights of Individuals in their Interactions with the Administration and Administrative Procedures<sup>159</sup>, the Law establishing a Regulatory Regime for the Development and Competitiveness of Micro-, Small and Medium-Sized Enterprises (MSMEs)<sup>160</sup>, Decree 188-14 on Citizens' Oversight Committees<sup>161</sup> and the Law establishing the National Development Strategy 2030 (END).<sup>162</sup>

3.149. The government procurement procedure underwent some significant changes during the review period. The changes include a number of laws and decrees enacted to improve the transparency of the domestic procurement system through the *Portal Transaccional* (transaction portal)<sup>163</sup>, prevent regulatory non-compliance and administrative irregularities<sup>164</sup>, lay down a specific procedure for purchasing vaccines during the health crisis<sup>165</sup>, establish a new regulatory framework for public-private partnerships<sup>166</sup>, promote the purchase of domestically produced goods as a tool to develop the economy, create jobs and improve the competitiveness of the country's various production sectors<sup>167</sup>, and empower MSMEs to take part in procurement procedures (Table 3.16).<sup>168</sup> Additionally, the body governing the government procurement system regularly issues guidelines in the form of circulars, resolutions, guidance and standards.<sup>169</sup>

3.150. One of the most significant changes introduced into the government procurement regime was the enactment in 2020 of the Law on Public-Private Partnerships, which repeals several articles of Law No. 340-06 in order to exclude concessions from its scope. The Law approves a new institutional framework and the processes for developing investment projects as public-private partnerships, with special emphasis on the regulation and distribution of risks.<sup>170</sup>

3.151. Additionally, the Dominican Republic has included provisions on government procurement in its regional trade agreements (CAFTA-DR, CARICOM, Central America, United Kingdom and the EU). With the exception of the CARICOM agreement, the Dominican Republic undertakes to grant national treatment to suppliers and entities of the other parties.

3.152. The Dominican Republic is not party to the WTO Agreement on Government Procurement and does not have observer status at the WTO Government Procurement Committee.

**Table 3.16 Chief instruments enacted in relation to government procurement, 2015-22**

| Law/ decree                           | Objective  |
|---------------------------------------|--|
| Decree No. 370-15 of 5 November 2015. | Establishes the presidential initiative to support and promote MSMEs to improve their competitiveness. |
| Decree No. 15-17 of 8 February 2017   | Establishes procedures and controls to improve transparency and ensure prompt payment of suppliers.    |

<sup>157</sup> See, for example, Articles 8 (Essential function of the State), 39 (Right to equality), 138 (Principles of public administration), 193 (Principles of territorial organization), 196 (The region), 222 (Promotion of popular economic initiatives) and 238 (Criteria for allocating public expenditure).

<sup>158</sup> Law No. 247-12 on the Organization of the Public Administration of 14 August 2012.

<sup>159</sup> Law No. 107-13 on the Rights of Individuals in their Interactions with the Administration and Administrative Procedures of 8 August 2013.

<sup>160</sup> Law No. 488-08 establishing a Regulatory Regime for the Development and Competitiveness of Micro, Small and Medium-Sized Enterprises (MSMEs) of 19 December 2008.

<sup>161</sup> Decree No. 188-14 of 4 June 2014.

<sup>162</sup> Law No. 1-12 on the National Development Strategy 2030 of 25 January 2012. General Objective 1.1 ("Efficient, transparent, results-oriented public administration") includes as a course of action "strengthening the governmental procurement and contracts system, with support for the use of information and communications technologies (ICT) to ensure that the system operates in a lawful, transparent, efficient manner and is easy to manage".

<sup>163</sup> Decree No. 350-17 of 14 September 2017.

<sup>164</sup> Decree No. 36-21 of 21 January 2021.

<sup>165</sup> Decree No. 6-21 of 20 January 2021.

<sup>166</sup> Law No. 47-20 on Public-Private Partnerships of 20 February 2020.

<sup>167</sup> Decree No. 168-19 of 6 May 2019 and Decree No. 86-20 of 21 February 2020.

<sup>168</sup> Decree No. 24-22 of 27 January 2022.

<sup>169</sup> Directorate-General of Government Procurement, legal framework. Viewed at: <https://www.dgcp.gob.do/sobre-nosotros/marco-legal>.

<sup>170</sup> Law No. 47-20 on Public-Private Partnerships of 20 February 2020.

| Law/ decree  | Objective   |
|--|---|
| Decree No. 350-17 of 14 September 2017   | Establishes the Transaction Portal of the Computerized Management System for Procurement and Contracts of the Dominican State as a permanent technological tool to manage government procurement of goods, works, services and concessions.             |
| Decree No. 168-19 of 6 May 2019  | Supports domestic production, eliminates intermediation, regionalizes procurement, contributes to economic development and creates jobs to increase the competitiveness of the country's various production sectors.                                    |
| Law No. 47-20 on Public-Private Partnerships of 21 February 2020.                                | Establishes a regulatory framework to regulate the launch, selection, award, procurement, execution, monitoring and termination of public-private partnerships.   |
| Decree No. 86-20 of 21 February 2020   | Provides instructions to institutions responsible for implementing social programmes so that in their procurement processes the calls for tenders are directed exclusively to domestic producers in order to contribute to development and create jobs. |
| Decree No. 434-20 of 1 September 2020.   | Approves and brings into force the Regulations implementing Law No. 47-20 on Public-Private Partnerships.   |
| Law No. 6-21 adding a fifth numbered paragraph to Article 6 of Law No. 340-06 of 20 January 2021 | Excludes from the scope of Law No. 340-06 processes for the procurement of vaccines in the event of a pandemic, threat of a pandemic, or a declared epidemic.   |
| Decree No. 36-21 of 21 January 2021  | Establishes the Programme of Regulatory Compliance in Government Procurement in the Dominican Republic, with the aim of promoting standards and policies to prevent regulatory non-compliance and administrative irregularities.                        |
| Law No. 118-21 of 31 May 2021  | Permits and ensures that works to construct schools, hospitals and roads that are currently suspended owing to a lack of budget allocations can be concluded by the procuring entity.   |
| Decree No. 426-21 of 7 July 2021   | Sets up public procurement monitoring committees as a mechanism to observe, oversee and monitor purchasing and procurement processes.   |
| Decree No. 34-22 of 27 January 2022  | Provides instructions to ensure that all public institutions with responsibility for social programmes acquire the goods in question directly from MSMEs, thus contributing to the country's development and creating jobs                              |

Source: Directorate-General of Government Procurement, Legal framework. Viewed at: <https://www.dgcp.gob.do/sobre-nosotros/marco-legal>.

### 3.3.6.2 Institutional framework

3.153. The Directorate-General of Government Procurement (DGCP)<sup>171</sup>, which is attached to the Ministry of Finance, continues to be the governing body for the government procurement and contracts system. The DGCP is charged with, *inter alia*, formulating and proposing policies on the procurement of goods, services and works, and verifying that procuring entities have complied with regulations in conformity with the principle of a centralized approach to policies and regulations, and a decentralized approach to operational management.<sup>172</sup> In practice, responsibility for the operational management of government procurement lies with the purchasing entities' procurement units<sup>173</sup>, of which there were 392 at 31 December 2021.<sup>174</sup> Public entities are required to draw up annual procurement plans and programmes for goods, services and works that then form the basis for the budget implementation schedule.<sup>175</sup>

3.154. Pursuant to the Law on Public-Private Partnerships (PPP), which excludes public-private partnerships from the scope of Law No. 340-06, the Directorate-General of Public-Private Partnerships (DGAPP) was established in 2020, as a body attached to the Ministry of the Presidency, charged with promoting and regulating public-private partnerships in an orderly, efficient and transparent manner, ensuring compliance with the relevant legislation and mitigating the risks associated with this type of partnership.<sup>176</sup>

<sup>171</sup> Directorate-General of Government Procurement. Viewed at: <https://www.dgcp.gob.do>.

<sup>172</sup> Article 34 of Law No. 340-06 of 18 August 2006.

<sup>173</sup> Article 35 of Law No. 340-06 of 18 August 2006.

<sup>174</sup> DGCP (2021), *Memoria institucional*. Viewed at: <https://www.dgcp.gob.do/sobre-nosotros/planificacion-y-desarrollo/memorias-institucionales>.

<sup>175</sup> Article 38 of Law No. 340-06 of 18 August 2006.

<sup>176</sup> Article 5 of Law No. 47-20 on Public-Private Partnerships.

### 3.3.6.3 Procurement procedure

3.155. The Constitution of the Dominican Republic provides that publicity and transparency are principles of administrative proceedings.<sup>177</sup> Additionally, Law No. 340-06 establishes that all stages of government procurement must take place within a context of transparency and publicity, using computerized technology to facilitate public access to information on public management.<sup>178</sup> In 2017 the Transaction Portal of the Computerized Procurement and Contracts Management System of the Dominican State<sup>179</sup> went live as a technological tool to manage government procurement of goods, works and services, except for the concessions governed by the Law on Public-Private Partnerships that are published on the website of the Directorate of Public-Private Partnerships. Use of the portal is compulsory for all bodies and entities that fall within the scope of Law No. 340-06 and, as from 1 November 2017, they were required to use it as the sole method of managing their procurement processes from the planning stage to contract closure.<sup>180</sup> The DGCP is in charge of portal management. As of July 2022, the Transaction Portal covered 465 institutions.<sup>181</sup>

3.156. In 2021, contracts with a total value of DOP 130,852 million were awarded through the Transaction Portal (24.7% more than in 2020) (Table 3.17).<sup>182</sup> In the same year 207,712 tenders were received, 23.03% more than the previous year, of which 61% were received in digital format.

**Table 3.17 Contracts processed through the Transaction Portal, 2018-21**

(DOP millions)

| Object        | 2018            | 2019             | 2020             | 2021             |
|---------------|-----------------|------------------|------------------|------------------|
| Goods         | 33,864.8        | 44,482.2         | 55,411.8         | 66,617.1         |
| Services      | 14,362.6        | 40,540.2         | 22,323.1         | 30,918.1         |
| Works         | 12,696.1        | 26,146.8         | 27,039.0         | 27,787.7         |
| Concessions   | 11.8            | 0.0              | 0.0              | 0.0              |
| Not specified | 0.0             | 41.4             | 160.2            | 5,529.3          |
| <b>Total</b>  | <b>60,935.4</b> | <b>111,210.6</b> | <b>104,934.0</b> | <b>130,852.2</b> |

Source: Information supplied by the authorities.

3.157. In the Dominican Republic, natural or legal persons wishing to submit a tender for goods, services, or works must be entered in the Register of State Suppliers<sup>183</sup>, which is managed by the DGCP.<sup>184</sup> Persons who wish to register must fill in a registration application form, provide a simple declaration that there are no bars to entering into a contract with the State and attach the necessary documentation.<sup>185</sup> The form may be submitted in person at the DGCP or through the Transaction Portal.<sup>186</sup> In 2021, 10,566 new suppliers registered, bringing the total number of state suppliers to 102,510, i.e. 11.5% more than the previous year.<sup>187</sup>

3.158. For foreign suppliers, they only need to be registered if they secure a contract or are domiciled in the country.<sup>188</sup> However, in order to be able to participate in procurement processes through the Transaction Portal, they must obtain a provisional registration which, if successful in the bidding process, they must formalize before the contract is signed.<sup>189</sup> Additionally, in order to be

<sup>177</sup> Article 138 (Principles of public administration) of the Constitution.

<sup>178</sup> Article 10 of Law No. 340-06 of 18 August 2006.

<sup>179</sup> Decree No. 350-17. The Transaction Portal can be accessed at: [www.comprasdominicana.gob.do](http://www.comprasdominicana.gob.do).

<sup>180</sup> Article 8 of Decree No. 350-17 of 14 September 2017.

<sup>181</sup> DGCP. Viewed at: <https://www.dgcp.gob.do/instituciones-implementadas>.

<sup>182</sup> DGCP (2021), *Boletín Contrataciones en Cifras Estadísticas*, January-December. Viewed at: <https://www.dgcp.gob.do/wp-content/uploads/page/Boletin-Contrataciones-en-Cifras-Estadisticas-2021-.pdf>.

<sup>183</sup> Article 7 of Law No. 340-06 of 18 August 2006.

<sup>184</sup> Article 36 of Law No. 340-06 of 18 August 2006.

<sup>185</sup> In addition to the registration form, natural persons must be entered on the National Taxpayers Register (RNC) and be up-to-date with their tax obligations, and legal persons must submit a copy of their business registration certificate, a copy of their Articles of Association and copy of the minutes of the last meeting at which the corporate purpose, the current shareholding structure and a declaration of the final beneficiaries were confirmed.

<sup>186</sup> DGCP Resolution No. PNP-04-2022 on requirements for entry in the Register of State Suppliers of 17 June 2022.

<sup>187</sup> DGCP (2021), *Boletín Contrataciones en Cifras Estadísticas*, January-December. Viewed at: <https://www.dgcp.gob.do/wp-content/uploads/page/Boletin-Contrataciones-en-Cifras-Estadisticas-2021-.pdf>.

<sup>188</sup> Regulations implementing Law No. 340-06 (Decree No. 543-12 of 6 September 2012).

<sup>189</sup> For final registration, foreign natural persons must, in addition to the registration form, give their corporate purpose or commercial activity, passport number and proof that they are up-to-date with their tax

able to take part in contracts for works or to be awarded a contract by the State, foreign suppliers must be partnered with a Dominican national or be part of a joint venture with a Dominican enterprise.<sup>190</sup>

3.159. The Register of State Suppliers is organized by activity (goods, services, consultancy services and works)<sup>191</sup> and by business register (large enterprise; certified MSME; natural person, uncertified MSME and other organizations).<sup>192</sup> The Register also includes penalties imposed on suppliers for failure to comply with prevailing regulations or non-performance of a contract.

3.160. The Dominican Republic has six government procurement selection procedures: (i) open tendering; (ii) restricted tendering; (iii) lotteries for construction contracts; (iv) price comparison; (v) small-scale purchasing (and purchases above and below the threshold value for small-scale purchasing); and (vi) reverse auction (Table 3.18). The procedures have not changed since the previous review.

**Table 3.18 Selection procedures**

| Procedure                            | Description  |
|--------------------------------------|--|
| Open tendering                       | <p>An open public call for tenders to enable interested parties to make their bids; may have one or two stages. Where there are two stages, the technical tenders and the financial tenders are opened separately. Open tendering may be domestic or international. International calls for tenders are held as follows:</p> <ul style="list-style-type: none"> <li>• where procurement is within the framework of a treaty or agreement in force between the Dominican Republic and (an) other country(ies) or a multilateral or bilateral lending agency;</li> <li>• where there is insufficient capacity in the country to supply the goods or services or carry out the works;</li> <li>• where a domestic open procedure is unsuccessful.</li> </ul> <p>An open call for tenders is published in at least two daily national newspapers at least 30 working days before the date set for bid-opening. Notice of international calls for tenders must also be given in foreign publications, 40 days in advance.</p> |
| Restricted tendering                 | <p>An invitation to participate addressed to a limited number of suppliers because of the specific nature of the goods, services or works in question. The call is forwarded directly to the suppliers and is also published on the procuring entity's website and the Transaction Portal or, failing that, in the two newspapers with the highest circulation in the country, in both cases with 20 working days' notice.</p>   |
| Lotteries for construction contracts | <p>A contract is awarded at random for construction contracts, subject to a design and price determined in advance by the institution making the call for tenders, to one of the participants that meet the necessary requirements for carrying out the contract. The call is sent directly to the tenderers and is also published on the Transaction Portal and website of the procuring entity. At least 10 working days must elapse between the call for tenders and the drawing of lots.</p>   |
| Price comparison                     | <p>A broad-based call for tenders issued to all suppliers in the Register of State Suppliers who may meet the requirements. This procedure applies to the procurement of common goods with standard specifications, and minor service and construction contracts. At least five working days must elapse between the call for tenders and the bid-opening date.</p>  |
| Small-scale purchasing               | <p>Streamlined procedure for the procurement of goods and services for maximum procedural efficiency. In this procedure, the procuring entity must invite tenders from all possible bidders, provided always that there are no fewer than three. The call is issued directly to suppliers and is also published on the Transaction Portal and the procuring entity's website. In this procedure there is no minimum period that must elapse between the call for tenders and the bid-opening date.</p> <p>In practice there is also a procedure for purchases that are below the threshold value and one for those that are above it. In 2021, purchases below the threshold value were the most popular arrangement among procurement units, accounting for 50% of all contracts awarded and a total value of DOP 1,763,700,000.00.</p>   |

obligations; foreign legal persons must, in addition to the registration application, give their corporate purpose or business activity, tax identification number in the country of origin, information on the management body and shareholder structure, proof that they are up-to-date with their tax obligations and a declaration identifying the final beneficiaries. (See DGCP Resolution No. PNP-04-2022 on requirements for entry in the Register of State Suppliers (RPE) of 17 June 2022).

<sup>190</sup> Article 25 of the Regulations implementing Law No. 340-06 (Decree No. 543-12 of 6 September 2012).

<sup>191</sup> Regulations implementing Law No. 340-06 (Decree No. 543-12 of 6 September 2012).

<sup>192</sup> DGCP, *Datos abiertos*, dictionary Viewed at: <https://datosabiertos.dgcp.gob.do/opensdata/diccionario>.

| Procedure              | Description   |
|------------------------|---|
| Reverse auction        | Procedure for purchasing common goods with standard specifications that is carried out electronically. It is a downward bidding contest in which the winner is the supplier who makes the lowest bid. The call for tenders is published on the Transaction Portal and the procuring entity's website. At least five working days must elapse between publication of the call for tenders and the opening of the bids.   |
| Exceptional procedures | <p>Pursuant to Law No. 340-06, the following activities are deemed exceptional, provided they are not used to infringe the principles laid down in that Law:</p> <ul style="list-style-type: none"> <li>• Those that by reason of national emergency or security could have a deleterious effect on the public interest, citizens' lives or the economy of the country;</li> <li>• Where scientific, technical or artistic works or the restoration of historic monuments must be performed by or purchased from companies, artists or specialists that are the only persons able to perform them;</li> <li>• Procurement or contracts for goods or services that are only available from one supplier or from a supplier with exclusive rights to the goods or services to be procured;</li> <li>• Where emergency situations do not allow for another selection procedure to be carried out in a timely manner;</li> <li>• Procurement or contracts for the construction, installation or purchase of foreign service offices;</li> <li>• Cancelled contracts where the undelivered balance does not exceed 40% of the total amount;</li> <li>• Purchases to promote the development of MSMEs; and the purchase of advertising through social media.</li> </ul> |

Source: Law No. 340-06 and its implementing regulations (Decree No. 543-12).

3.161. In 2021, 1,390 contracts were awarded through international and domestic public bidding at a value of DOP 62,982 million, representing 48.1% of the total. Generally speaking more than 84% of the total sum was awarded through public bidding and exceptional procedures (Table 3.19). Around 30% of the national budget is allocated to government procurement.<sup>193</sup>

**Table 3.19 Amounts awarded through selection procedures, 2015-21**

(DOP millions)

| Procedure                            | 2015            | 2016            | 2017            | 2018            | 2019             | 2020             | 2021             |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Price comparison                     | 9,291.3         | 6,686.0         | 6,088.9         | 12,366.1        | 18,261.1         | 11,525.8         | 12,071.8         |
| Purchases above the threshold value  | 7,473.3         | 618.1           | 212.4           | 0.0             | 0.0              | 0.0              | 0.0              |
| Small-scale purchasing               | 3,261.6         | 3,449.7         | 4,144.8         | 5,535.0         | 8,076.0          | 5,488.9          | 6,352.1          |
| Purchases below the threshold value  | 898.9           | 1,038.4         | 1,199.5         | 1,530.0         | 2,127.8          | 1,462.2          | 1,785.9          |
| Domestic open tendering              | 13,111.8        | 12,885.8        | 12,469.7        | 35,040.3        | 49,218.9         | 32,832.0         | 62,585.0         |
| International open tendering         | 0.0             | 0.0             | 0.0             | 195.3           | 3,972.2          | 11,001.5         | 396.6            |
| Restricted tendering                 | 1,510.4         | 1,384.6         | 258.2           | 245.1           | 244.4            | 1,652.3          | 270.2            |
| Exceptional procedures               | 15,198.4        | 16,009.4        | 13,558.7        | 17,655.1        | 30,264.5         | 41,684.7         | 47,028.8         |
| Lotteries for construction contracts | 502.8           | 80.1            | 70.1            | 49.3            | 1,317.0          | 205.0            | 118.1            |
| Reverse auction                      | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              | 0.1              | 243.6            |
| <b>Total</b>                         | <b>51,248.6</b> | <b>42,152.0</b> | <b>38,002.3</b> | <b>72,616.3</b> | <b>113,481.8</b> | <b>105,852.6</b> | <b>130,852.2</b> |

Source: Information supplied by the authorities.

3.162. A series of thresholds published and updated every year by a resolution of the Directorate-General of Government Procurement (DGCP) is used to determine the selection procedure for a tendering process (Table 3.20).<sup>194</sup> The thresholds are calculated by multiplying the central government's income budget by the factors for works, goods and services set out in Law No. 340-06. The applicable selection procedure will be the one that matches the closest threshold immediately below the estimated budget or cost for the work, good or service to be procured.<sup>195</sup> The DGCP may set lower thresholds under regional trade agreements signed by the Dominican Republic. The reverse auction for the procurement of goods is the only procedure that can be used for any

<sup>193</sup> DGCP (2021), *Memoria institucional*.

<sup>194</sup> The thresholds for 2022 were published in Resolution PNP-01-2022 of 3 January 2022.

<sup>195</sup> Article 17 of Law No. 340-06 of 18 August 2006.

estimated budget value. Projects that fall under the new Law on Public-Private Partnerships may be submitted to the DGAPP by public or private initiative. If the DGAPP considers the project to be in the public interest, it will hold a competitive selection process to award a contract, in accordance with the tender specifications. The Law does not specify the procurement method to use or the thresholds for contracts of this kind. The procedure has two stages: (i) a technical evaluation of the tender (which is eliminatory) and (ii) a financial evaluation. The financial proposal that is selected is the one that is best suited to the users of the public good or service provided by the public-private partnership.<sup>196</sup>

**Table 3.20 Thresholds determining the selection procedure, 2022**

| Procedure                            | Works  | Goods                                     | Services                                  |
|--------------------------------------|--|---|---|
| Open tendering                       | From DOP 404,657,143.00 up   | From DOP 5,312,506.00 up                  | From DOP 5,312,506.00 up                  |
| Restricted tendering                 | From DOP 206,227,321.00 to DOP 404,657,142.99                              | From DOP 5,258,566.00 to DOP 5,312,505.99 | From DOP 5,258,566.00 to DOP 5,312,505.99 |
| Lotteries for construction contracts | From DOP 123,736,393.00 to DOP 206,227,320.99                              | N/A                                       | N/A                                       |
| Price comparison                     | From DOP 32,996,371.00 to DOP 123,736,392.99                               | From DOP 1,237,364.00 to DOP 5,258,565.99 | From DOP 1,237,364.00 to DOP 5,258,565.99 |
| Small-scale purchasing               | Not applicable. In this case, the price comparison procedure must be used. | From DOP 164,982.00 to DOP 1,237,363.99   | From DOP 164,982.00 to DOP 1,237,363.99   |

Source: Resolution PNP-01-2022 of 3 January 2022.

3.163. On 7 July 2021, the DGCP submitted a preliminary draft general law on government procurement to the Government Legal Advisory Service. Its chief aim included amending the selection procedures so that they are not determined exclusively on the basis of procurement thresholds but on the nature and complexity of the good, service or work concerned.<sup>197</sup>

3.164. The national government procurement and contracts system has a strategic function to the extent that it allows the government to use procurement as a tool to drive national development. Accordingly, in order to support MSMEs and promote their involvement in government procurement procedures, the legislation provides that procuring entities must allocate 20% of their procurement budget exclusively to MSMEs and 5% of that percentage to women's MSMEs.<sup>198</sup> Additionally, for the remaining 80% of government procurement contracts, MSMEs may submit partial bids in line with their capacity. As a general rule, contracts may not be split, except when they are adjudicated by stages, tranches or lots to encourage participation by MSMEs.<sup>199</sup> Similarly, procuring entities must give winning MSMEs an advance of 20% of the value of the contract to bolster their financial position.<sup>200</sup>

3.165. The goods or services that procuring entities purchase from MSMEs must be of domestic origin. The requirements determining domestic origin are: (i) for agricultural products, the place where grown or born; (ii) for manufactured or industrial products, the total value of imported inputs must be no greater than 65% of the sales price; (iii) for pharmaceutical products, they must be manufactured in a laboratory located in the Dominican Republic; and (iv) for consultancy, at least 70% must be of domestic origin.<sup>201</sup> Since 2019, institutions with responsibility for social programmes have had to put out calls for tenders to purchase agricultural products of domestic origin directly from producers, without intermediaries.<sup>202</sup> In 2020, instructions were given that certain specific institutions responsible for social programmes had to direct their calls for tenders exclusively to domestic agroindustry and industry in order to contribute to their development and to job creation.

<sup>196</sup> Chapter V of Law No. 47-20 on Public-Private Partnerships of 20 February 2020.

<sup>197</sup> DGCP (2021), *Memoria institucional*.

<sup>198</sup> Articles 25 and 26 of Law No. 488-08 of 19 December 2008, establishing a regulatory regime for the development and competitiveness of micro-, small and medium-sized enterprises (MSMEs).

<sup>199</sup> Article 10 of Law No. 340-06 of 18 August 2006, and Article 59 of the Regulations implementing Law No. 340-06 (Decree No. 543-12 of 6 September 2012).

<sup>200</sup> Article 9 of Law No. 340-06 of 18 August 2006.

<sup>201</sup> Decree No. 164-13 of 10 June 2013.

<sup>202</sup> Decree 168-19 of 6 May 2019.

The National Programme for State Supplier Development was also set up to encourage more high-quality suppliers in these sectors to supply the State.<sup>203</sup>

3.166. In order to participate in the procurement procedures and be eligible for the support measures, MSMEs must be entered in the Register of State Suppliers and be certified by the MICM as such (or as a "*Mipyme Mujer*"<sup>204</sup> in the case of enterprises managed by women).<sup>205</sup> In 2021, 1,914 MSMEs certified by the MICM joined the Register of State Suppliers, bringing the total number of registered MSMEs to 13,039.<sup>206</sup> Of these, 732 were MSMEs managed by women, bringing the total to 3,837. In 2021, MSME state suppliers secured contracts to the value of DOP 36,626 million, i.e. they accounted for 28% of the total amount awarded, overshooting by some margin the 20% target set in Law No. 340-06. The chief procurement arrangement for MSMEs was the domestic open tendering procedure (13,700 million), followed by exceptional procedures (12,133 million), price comparison (6,179 million) and small-scale purchasing (3,409 million).

3.167. Since 2022, all public institutions with responsibility for social programmes, especially in rural areas and the border zone, have had to purchase goods that are the subject of a procurement contract exclusively from MSMEs in order to help develop the country's economy and create jobs.<sup>207</sup>

### 3.3.7 Intellectual property rights

3.168. Intellectual property rights (IPR) are protected in the Dominican Republic by the Constitution (Article 52) and Laws No. 20-00 on Industrial Property<sup>208</sup>, No. 65-00 on Copyright<sup>209</sup> and No. 450-06 on protecting the rights of breeders of new plant varieties. The regulations to implement Law No. 450-06 are set out in Decree No. 108-15, promulgated in 2015. In order to bolster protection, Law No. 17-19 was also enacted, penalizing the illicit trade in products protected by industrial property rights (alcoholic beverages, medicines and tobacco).

3.169. During the review period (2015-22), three WIPO treaties entered into force for the Dominican Republic: in 2018, the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled; and, in 2020, the Lisbon Agreement for the protection of appellations of origin and their international registration and the Beijing Treaty on Audiovisual Performances. At the time of writing (June 2022), 11 treaties administered by WIPO are in force in the Dominican Republic and the country has also acceded to the International Convention for the Protection of New Varieties of Plants.

3.170. The responsibility for implementing the intellectual property regime continues to lie with the National Industrial Property Office (ONAPI), the National Copyright Office (ONDA) and the Office for the Registration of New Varieties of Plants (OREVADO). The ONAPI and the ONDA are attached to the MICM, and the OREVADO to the Ministry of Agriculture. The ONDA, which was previously attached to the Ministry of Culture, was moved across to the MICM in 2017 in order to "recognize" copyright as an essential element for economic development.<sup>210</sup>

<sup>203</sup> Decree 86-20 of 21 February 2020.

<sup>204</sup> Resolution No. PNP-02-2021 of 27 February 2021. In conformity with Law No. 488-08, *Mipymes Mujer* are enterprises certified as MSMEs by the MICM that are managed by women, where the share capital is held chiefly by women (more than 50%).

<sup>205</sup> In conformity with Law No. 187-17 on Classification of MSMEs of 28 July 2017, "MSME" means any unit of economic exploitation, run by a natural or legal person, performing agricultural, industrial, commercial activities or providing a service, in a rural or urban area, that falls within one of the following categories, depending on its size: (1) microenterprise: (a) up to 10 workers and (b) gross annual sales of up to DOP 8 million; (2) small enterprise: (a) between 11 and 50 workers and (b) gross annual sales of up to DOP 54 million; (3) medium-sized enterprise: (a) between 51 and 150 workers and (b) gross annual sales of DOP 202 million.

<sup>206</sup> Directorate-General of Government Procurement (2021), *Memoria institucional*.

<sup>207</sup> Decree 31-22 of 27 January 2022.

<sup>208</sup> Law No. 20-00 was amended by Laws No. 424-06 and No. 493-06. Its implementing regulations are contained in Decree No. 599-01.

<sup>209</sup> Law No. 65-00 was amended by Laws No. 424-06, No. 493-06 and No. 2-07. Its implementing regulations are contained in Decree No. 362-01.

<sup>210</sup> Article 104 of Regulation No. 362-01, amended by Decree No. 436-17, and ONDA news item "*El Poder Ejecutivo cambia la adscripción de la ONDA a Industria y Comercio*", of 15 January 2018. Viewed at: <https://onda.gob.do/index.php/noticias>.

3.171. The requirements for securing protection and the terms of IPR protection have not changed substantially since 2015 (Table 3.21). The Law on Industrial Property does not include provisions protecting layout-designs of integrated circuits – they are protected when they are incorporated into an invention.<sup>211</sup> Since 2015, the main change in terms of procedures for securing protection has been to register trade names more promptly. As a result, the time taken to deliver a registration certificate fell from five days to one in 2018, and, since 2018, applications have had to be submitted electronically via the Electronic Service Request Form (SAC) and the Electronic Registration Request System (E-SERPI).<sup>212</sup> Additionally, in order to speed up the procedure for granting patents and reduce the number of unreviewed requests, more reviewers were recruited and ONAPI took measures to streamline internal procedures. Consequently, the number of patents granted in 2021 rose (Chart 3.7).

**Table 3.21 Requirements and terms of intellectual property rights protection, 2022**

|  | Type of protection | Requirements for securing protection  | Term of protection, start date   | Observations  |
|--|--------------------|---|--|---|
| Inventions   | Patents            | Must be novel, have a degree of inventiveness and be capable of industrial application  | 20 years from the date of filing (non-extendable). Opportunity to request an extension of up to three years in the event of "undue" delays in the granting of the patent | Article 2 of Law No. 20-00 lists the items that cannot be patented as they are not considered an invention. Second medical use pharmaceutical patents are not granted.  |
| Utility models   | Patents            | Must be novel and capable of industrial application   | 15 years from the date of filing (non-extendable)  | The following items cannot be protected by utility models: (a) chemical, metallurgical or any other substances or compositions; and (b) inventions that cannot be patented.   |
| Industrial designs   | Registration       | Be novel and have a distinct character. In complex products, the designs must also be visible and not hidden while the product is in use  | 5 years from the date of filing, extendable for up to two five-year periods  | Article 2 of Law No. 20-00 lists the items that cannot be protected as industrial designs. For example, no protection can be granted for an industrial design that has technical characteristics only and does not incorporate aesthetic features |
| Distinctive signs: marks, trade names, logos, emblems and commercial slogans     | Registration       | Signs, words or combinations of the two that allow one product or service to be distinguished from another  | 10 years from the date of filing. Protection may be renewed indefinitely for periods of the same length.   | No protection can be granted for expressions or commercial advertising signs or for protected indications   |
| Distinctive signs: geographical indications (GI) and appellations of origin (AO) | Registration       | The quality, reputation or other characteristics of the good is fundamentally attributable to its geographic origin in the case of GI or is essentially attributable to its geographic origin in the case of AO | For as long as the requirements conferring protection continue to exist  |   |

<sup>211</sup> Information supplied by the authorities.

<sup>212</sup> Articles 65 and 66 of Decree No. 599-01, amended by Decree No. 260-18. The authorities indicated that in 2020 new digital services were added to E-SERPI. For further information, see ONAPI. Information viewed at: <https://www.onapi.gov.do/index.php/noticias/item/462-onapi-anuncia-nuevos-servicios-a-traves-de-su-plataforma-virtual>.



|                              | Type of protection      | Requirements for securing protection   | Term of protection, start date  | Observations   |
|------------------------------|-------------------------|--|---|--|
| Trade secret                 | Automatically protected | Undisclosed commercial information held by a natural or legal person, which may be used in any productive, industrial or commercial activity and is capable of being passed on to a third party. | For as long as it remains undisclosed   | Test data are protected for 5 years (pharmaceutical products) or 10 years (agro-chemical products) |
| Copyright and related rights | Automatically protected | Making or publication of a work  | Ownership rights: life of the author plus 70 years; for anonymous works: 70 years from publication; for collective works and computer programs: 70 years from publication or completion |  |
| New plant varieties          | Breeder's right         | The variety must be new, distinct, uniform and stable  | For trees and vines, 25 years from the date on which the plant breeder's right was granted; for other species, 20 years from that date. No extensions.                                  |  |

Source: WTO Secretariat, based on legislation and online information from ONAPI and ONDA.

3.172. During the review period, the Dominican Republic did not grant any compulsory licences on grounds of national emergency or security.

3.173. The intellectual property regime recognizes international exhaustion of rights. Accordingly, the Dominican Republic allows parallel imports in connection with industrial property, copyright and related rights.<sup>213</sup>

3.174. Since 2015, the number of patents for inventions submitted by and awarded to residents has been relatively low (Chart 3.7), possibly owing to the fact that the Dominican production structure is still geared to economic activities that make little use of innovation.<sup>214</sup> In 2022, the Dominican Republic adopted Innovation Policy 2030 to promote investment in R&D alongside entrepreneurship and productivity. The authorities pointed out that residents were making greater use of distinctive signs (marks), demonstrating the importance of commercial activities in the country.

3.175. Illegal use of IPR may be the subject of administrative, civil or criminal action. Administrative actions are heard by ONAPI and ONDA. Conciliation is an alternative to administrative proceedings.

3.176. Intellectual property laws provide that precautionary measures may be initiated at the border in respect of goods suspected of being counterfeit or pirated. As a result, the right holder may apply for customs clearance to be suspended as a precaution. For an industrial property right, the application is brought before the courts; for copyright and related rights, the proceedings are carried out within the Directorate-General of Customs (DGA) or the Office of the Attorney-General of the Republic (PGR).<sup>215</sup> The DGA is the body that suspends customs clearance and may also act *ex officio* if it suspects that goods entering the country are counterfeit or pirated. To facilitate the identification of counterfeit/pirated goods, the DGA keeps a (free) Register of Intellectual Property Right Holders.<sup>216</sup> Once goods have been held at the border, the right holder has 10 days in which to take the relevant action; in the event that no action is taken, the DGA releases the goods. Counterfeit or pirated goods may be donated, subject to the right holder's agreement. According to the

<sup>213</sup> Articles 30 and 88 of Law No. 20-00 and Articles 71 and 72 of Law No. 65-00.

<sup>214</sup> UNCTAD (2021), *República Dominicana – Examen de las políticas de ciencia, tecnología e innovación*.

Viewed at: <https://www.un-ilibrary.org/content/books/9789210054928>.  
[https://unctad.org/system/files/official-document/dt1stict2020d8summary\\_en.pdf](https://unctad.org/system/files/official-document/dt1stict2020d8summary_en.pdf).

<sup>215</sup> In 2020, the PGR set up an Intellectual Property Unit (UPI) to bolster compliance.

<sup>216</sup> DGA Resolution No. 01-2010.

authorities, between 2015 and 2022 (June), counterfeit goods seized at the border consisted chiefly of accessories for mobile phones and tablet computers (33% of the total), footwear (20%) and textiles (14.1%). The Dominican Republic has penalties for marketing goods that infringe intellectual property rights rather than their consumption.

3.177. The protection of intellectual property rights in the Dominican Republic is still hampered in some respects by, for example, the lack of coordination and cooperation between institutions, and scarce resources (economic, technological and human).<sup>217</sup> However, in 2020, the Intellectual Property Unit was set up in the PGR and, in 2021, it ran training courses for prosecutors and judges in conjunction with ONDA.<sup>218</sup>

3.178. Where the digital environment is concerned, the authorities indicated that the notification and withdrawal mechanism was used to safeguard copyright and related rights, although there were no provisions to that end in any legislation. The Dominican Republic applies the "safe harbour" rule/discipline to Internet service providers (ISP).

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<sup>217</sup> U.S. Chamber of Commerce's Global Innovation Policy Center (2022), *2022 International IP Index - Compete for Tomorrow*, 10<sup>th</sup> Edition, viewed at: [https://www.uschamber.com/assets/documents/IPIndex-FullReport\\_2022.pdf.pdf#asset:185047@1](https://www.uschamber.com/assets/documents/IPIndex-FullReport_2022.pdf.pdf#asset:185047@1); and National Association of Young Entrepreneurs and OMG Institute (2019), *Trabas Burocráticas y otras barreras al emprendimiento en la República Dominicana*, viewed at: <https://anje.org/wp-content/uploads/2021/08/Avances-Informe--Trabas-burocraticas-y-legales-para-hacer-negocios-en-la-Republica--Version-12-Mayo.pdf>.

<sup>218</sup> ONDA news item of 29 March 2021. Viewed at: <https://onda.gob.do/index.php/noticias/item/622-pgr-y-onda-clausuran-primer-curso-para-fiscales-en-materia-de-propiedad-intelectual>.

**Chart 3.7 Data on industrial property protection rights, 2015-21**



Source: Information supplied by the authorities.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture, Forestry and Fisheries

4.1. The contribution to GDP by the agricultural sector (including crop farming, livestock farming, forestry and fisheries) increased slightly, from 5.5% in 2015 to 5.7% in 2021. Growth in the sector was around 5.5% from 2016 to 2018, but began to decrease in 2019 and then contracted significantly in 2020 and 2021, most likely as a result of the pandemic. Livestock, forestry and fisheries saw greater volatility during the period. The sector's structure did not change substantially, despite crop farming's larger contribution. In 2021, crop farming accounted for 64.7% of agricultural GDP (63.9% in 2015), livestock, forestry and fisheries 35.2% (36.1% in 2015) and other activities 5.4% (6.1% in 2015). From 2016 to 2021, a downward trend was noted in the percentage of the population employed in the agricultural sector (Table 4.1). However, most of the rural population depends on agriculture, hence the sector's importance for enhancing food security, harnessing export potential, generating employment and income for the rural population and ensuring environmental sustainability.

**Table 4.1 Main agricultural sector indicators, 2015-21**

|  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|
| Agricultural sector share of GDP (% at current prices)     |       |       |       |       |       |       |       |
| Agricultural sector  | 5.5   | 5.5   | 5.3   | 5.1   | 5.2   | 6.0   | 5.7   |
| Crop farming   | 3.5   | 3.6   | 3.5   | 3.3   | 3.4   | 4.1   | 3.7   |
| Livestock, forestry and fisheries                          | 2.0   | 1.9   | 1.9   | 1.9   | 1.8   | 2.0   | 2.0   |
| Share of agricultural GDP (% at current prices)            |       |       |       |       |       |       |       |
| Crop farming   | 63.9  | 65.2  | 64.9  | 64.0  | 65.2  | 67.7  | 64.7  |
| Livestock, forestry and fisheries                          | 36.1  | 34.8  | 35.1  | 36.0  | 34.8  | 32.3  | 35.3  |
| Real growth rate (% at constant prices)                    |       |       |       |       |       |       |       |
| Agricultural sector  | 2.3   | 5.6   | 5.8   | 5.5   | 4.1   | 2.8   | 2.6   |
| Crop farming   | 2.1   | 6.4   | 5.9   | 5.2   | 4.4   | 3.7   | 2.9   |
| Livestock, forestry and fisheries                          | 2.9   | 4.3   | 4.8   | 6.1   | 3.5   | -0.2  | 1.1   |
| <b>Employment (% of total employed population)</b>         |       |       |       |       |       |       |       |
| Crop farming and livestock                                 | 9.7   | 8.9   | 9.6   | 9.3   | 8.8   | 9.0   | 8.0   |
| <b>Agricultural sector (WTO definition)</b>                |       |       |       |       |       |       |       |
| <b>Total exports<sup>a</sup></b>                           |       |       |       |       |       |       |       |
| Value (USD million)  | 2,254 | 2,419 | 2,250 | 2,422 | 2,538 | 2,214 | 2,703 |
| Share of total exports (%)                                 | 24.0  | 24.7  | 22.0  | 22.5  | 22.5  | 22.5  | 22.8  |
| Growth rate (%)  | ..    | 7.3   | -7.0  | 7.7   | 4.8   | -12.8 | 22.1  |
| Top five products, by HS chapter (% of agricultural total) |       |       |       |       |       |       |       |
| 24. Tobacco and manufactured tobacco substitutes           | 31.8  | 31.6  | 37.5  | 36.6  | 37.2  | 42.3  | 45.7  |
| 08. Edible fruit and nuts; citrus fruit or melons          | 16.5  | 20.1  | 16.7  | 15.8  | 16.5  | 16.4  | 13.7  |
| 18. Cocoa and cocoa preparations                           | 11.7  | 10.0  | 6.5   | 9.1   | 7.7   | 8.7   | 8.1   |
| 22. Beverages, spirits and vinegar                         | 7.2   | 7.0   | 7.6   | 6.3   | 6.2   | 6.1   | 6.9   |
| 17. Sugars and sugar confectionery                         | 5.2   | 4.8   | 5.4   | 5.4   | 4.4   | 6.1   | 5.2   |
| <b>Total imports<sup>b</sup></b>                           |       |       |       |       |       |       |       |
| Value (USD million)  | 2,502 | 2,572 | 2,681 | 2,851 | 2,907 | 2,957 | 3,858 |
| Share of total imports (%)                                 | 14.6  | 14.4  | 14.8  | 14.0  | 14.2  | 17.3  | 15.8  |
| Growth rate (%)  | ..    | 2.8   | 4.2   | 6.4   | 2.0   | 1.7   | 30.5  |
| Top five products, by HS chapter (% of agricultural total) |       |       |       |       |       |       |       |
| 10. Cereals  | 14.2  | 13.3  | 13.8  | 13.5  | 13.8  | 12.7  | 15.3  |
| 24. Tobacco and manufactured tobacco substitutes           | 11.1  | 11.1  | 10.9  | 11.5  | 13.2  | 13.9  | 11.6  |
| 22. Beverages, spirits and vinegar                         | 9.3   | 8.6   | 9.1   | 8.9   | 9.4   | 7.6   | 10.5  |

|   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021   |
|---|------|------|------|------|------|------|--------|
| 15. Animal or vegetable fats and oils; prepared edible fats | 7.6  | 7.6  | 8.4  | 7.5  | 6.7  | 7.7  | 9.4    |
| 02. Meat and edible meat offal                              | 6.3  | 6.6  | 6.6  | 7.5  | 7.2  | 6.4  | 8.6    |
| Agricultural trade balance (USD million)                    | -248 | -153 | -431 | -429 | -370 | -743 | -1,155 |

.. Not available.

- a Exports are classified as exports for consumption, free zone exports and exports for other purposes (temporary admission for inward processing, re-exports consumption, warehousing for re-export, temporary admission under lease, re-export, and temporary exit for outward processing).
- b Imports are classified as imports for consumption, free zone imports and imports for other purposes (customs warehousing, inward processing and reimport in the same state).

Source: WTO Secretariat calculations based on data from the Central Bank of the Dominican Republic and the COMEX trade database.

4.2. The Dominican Republic is a net importer of agricultural products. The agricultural trade balance is in deficit and deteriorated throughout the review period, increasing from USD 248 million in 2015 to USD 1,155 million in 2021, due to rising cereal prices in international markets. During the review period, cereals were the main imported product (except in 2020), accounting for 14.6% and 15.3% of total agricultural imports in 2015 and 2021 respectively, followed by tobacco (11.1% in 2015 and 11.6% in 2021). Tobacco, meanwhile, is the Dominican Republic's main exported product and accounted for 45.7% of total agricultural exports in 2021, followed by fruit (16.5% in 2016 and 13.7% in 2021). Most exported tobacco and tobacco substitutes are produced in free zones and account for 76.3% of agricultural exports and 78.9% of free zone imports. None of the other exported products (fruit, cocoa, alcoholic beverages and sugars) are produced under the free zone regime (Table 4.2). The United States is the main market for both exports and imports.

**Table 4.2 Top agricultural sector exports and imports, 2015-21**

|  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|
| <b>Agricultural sector according to WTO definition</b>       |       |       |       |       |       |       |       |
| <b>Total exports<sup>a</sup></b>                             |       |       |       |       |       |       |       |
| Value (USD million)  | 2,254 | 2,419 | 2,250 | 2,422 | 2,538 | 2,214 | 2,703 |
| Top five products, by HS chapter (% of agricultural total)   |       |       |       |       |       |       |       |
| 24. Tobacco and manufactured tobacco substitutes             | 31.8  | 31.6  | 37.5  | 36.6  | 37.2  | 42.3  | 45.7  |
| 08. Edible fruit and nuts; citrus fruit or melons            | 16.5  | 20.1  | 16.7  | 15.8  | 16.5  | 16.4  | 13.7  |
| 18. Cocoa and cocoa preparations                             | 11.7  | 10.0  | 6.5   | 9.1   | 7.7   | 8.7   | 8.1   |
| 22. Beverages, spirits and vinegar                           | 7.2   | 7.0   | 7.6   | 6.3   | 6.2   | 6.1   | 6.9   |
| 17. Sugars and sugar confectionery                           | 5.2   | 4.8   | 5.4   | 5.4   | 4.4   | 6.1   | 5.2   |
| <b>Total imports<sup>b</sup></b>                             |       |       |       |       |       |       |       |
| Value (USD million)  | 2,502 | 2,572 | 2,681 | 2,851 | 2,907 | 2,957 | 3,858 |
| Top five products, by HS chapter (% of agricultural total)   |       |       |       |       |       |       |       |
| 10. Cereals  | 14.2  | 13.3  | 13.8  | 13.5  | 13.8  | 12.7  | 15.3  |
| 24. Tobacco and manufactured tobacco substitutes             | 11.1  | 11.1  | 10.9  | 11.5  | 13.2  | 13.9  | 11.6  |
| 22. Beverages, spirits and vinegar                           | 9.3   | 8.6   | 9.1   | 8.9   | 9.4   | 7.6   | 10.5  |
| 15. Animal or vegetable fats and oils; prepared edible fats  | 7.6   | 7.6   | 8.4   | 7.5   | 6.7   | 7.7   | 9.4   |
| 02. Meat and edible meat offal                               | 6.3   | 6.6   | 6.6   | 7.5   | 7.2   | 6.4   | 8.6   |
| <b>Exports from the national territory and other exports</b> |       |       |       |       |       |       |       |
| Value (USD million)  | 1,251 | 1,376 | 1,116 | 1,199 | 1,273 | 992   | 1,097 |
| Top five products, by HS chapter (% of agricultural total)   |       |       |       |       |       |       |       |
| 08. Edible fruit and nuts; citrus fruit or melons            | 27.7  | 32.4  | 29.6  | 27.8  | 28.9  | 31.6  | 27.1  |
| 17. Sugars and sugar confectionery                           | 9.2   | 8.3   | 10.9  | 10.8  | 8.7   | 13.5  | 12.9  |
| 22. Beverages, spirits and vinegar                           | 11.1  | 10.7  | 12.0  | 9.8   | 9.3   | 9.0   | 10.7  |
| 18. Cocoa and cocoa preparations                             | 10.3  | 9.1   | 5.9   | 8.3   | 7.4   | 9.6   | 9.9   |
| 21. Miscellaneous edible preparations                        | 10.1  | 8.9   | 8.5   | 6.5   | 7.0   | 7.6   | 6.9   |
| <b>Imports into the national territory and other imports</b> |       |       |       |       |       |       |       |
| Value (USD million)  | 2,170 | 2,223 | 2,280 | 2,433 | 2,440 | 2,480 | 3,323 |
| Top five products, by HS chapter (% of agricultural total)   |       |       |       |       |       |       |       |
| 10. Cereals  | 16.4  | 15.4  | 16.2  | 15.8  | 16.4  | 15.2  | 17.8  |

|  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|
| 15. Animal or vegetable fats and oils; prepared edible fats    | 8.7   | 8.7   | 9.9   | 8.8   | 7.9   | 9.0   | 10.7  |
| 22. Beverages, spirits and vinegar                             | 9.4   | 8.3   | 9.0   | 8.8   | 9.5   | 7.9   | 10.2  |
| 02. Meat and edible meat offal                                 | 7.1   | 7.6   | 7.7   | 8.7   | 8.5   | 7.6   | 9.9   |
| 04. Dairy produce; natural honey                               | 8.2   | 8.2   | 8.6   | 9.4   | 9.6   | 10.6  | 8.8   |
| <b>Free zone exports</b>                                       |       |       |       |       |       |       |       |
| Value (USD million)  | 1,003 | 1,043 | 1,134 | 1,223 | 1,265 | 1,221 | 1,606 |
| Top five products, by HS chapter (% of agricultural total)     |       |       |       |       |       |       |       |
| 24. Tobacco and manufactured tobacco substitutes               | 69.7  | 71.0  | 72.6  | 71.6  | 73.1  | 76.0  | 76.3  |
| 18. Cocoa and cocoa preparations                               | 13.5  | 11.1  | 7.1   | 9.8   | 8.0   | 8.0   | 6.8   |
| 08. Edible fruit and nuts; citrus fruit or melons              | 2.6   | 3.7   | 4.1   | 4.1   | 4.0   | 3.9   | 4.6   |
| 22. Beverages, spirits and vinegar                             | 2.3   | 2.2   | 3.3   | 2.9   | 3.0   | 3.8   | 4.3   |
| 20. Preparations of vegetables, fruit or other parts of plants | 0.4   | 1.0   | 1.0   | 0.9   | 1.0   | 1.2   | 3.1   |
| <b>Free zone imports</b>                                       |       |       |       |       |       |       |       |
| Value (USD million)  | 332   | 350   | 400   | 418   | 468   | 477   | 535   |
| Top five products, by HS chapter (% of agricultural total)     |       |       |       |       |       |       |       |
| 24. Tobacco and manufactured tobacco substitutes               | 80.5  | 76.9  | 67.9  | 77.1  | 80.6  | 84.5  | 78.9  |
| 22. Beverages, spirits and vinegar                             | 8.0   | 10.7  | 9.4   | 9.7   | 8.8   | 6.3   | 12.7  |
| 13. Gums, resins and vegetable extracts                        | 1.7   | 2.4   | 14.6  | 7.1   | 4.7   | 4.7   | 3.5   |
| 15. Animal or vegetable fats and oils                          | 0.5   | 0.2   | 0.2   | 0.2   | 0.3   | 0.6   | 1.2   |
| 17. Sugars and sugar confectionery                             | 0.9   | 0.9   | 1.3   | 1.0   | 1.5   | 0.9   | 1.0   |

- a Exports are classified as exports for consumption, free zone exports and exports for other purposes (temporary admission for inward processing, re-exports consumption, warehousing for re-export, temporary admission under lease, re-export and temporary exit for outward processing).
- b Imports are classified as imports for consumption, free zone imports and imports for other purposes (customs warehousing, inward processing, reimport in the same state, etc.).

Source: WTO Secretariat calculations based on data from the Central Bank of the Dominican Republic and the COMEX trade database.

4.3. The Dominican Republic's agricultural policy is outlined in the Sectoral Agricultural Operational Plan (POA), drafted on an annual basis. This document is prepared in accordance with general development plans, such as the National Multi-Year Public Sector Plan (PNPSP), the National Development Strategy (END 2030) (Law No. 1-12), the Sectoral Strategic Plan 2020-30 - Vision 2050, the Sectoral Multi-Year Plan 2020-21, the Food and Nutritional Sovereignty and Security Plan 2019-22, and the Institutional Strategic Plan (PEI) 2021-24. The policy is also developed taking account of the United Nations Sustainable Development Goals (SDGs).

4.4. During the review period, the agricultural policy generally focused on enhancing agricultural production by improving productivity and adopting sustainable agricultural practices that help protect the environment with a view to ensuring food security, creating rural jobs and increasing agricultural product exports. The policy also strives to promote gender equality and the empowerment of women and young people in agricultural activities.<sup>1</sup>

4.5. The laws governing the agricultural sector in the Dominican Republic did not undergo substantial changes during the review period, but were subject to some reforms (Table 4.3). The END 2030, established by Law No. 1-12, requires that a law governing the Dominican agricultural sector be drafted. However, no such law has been approved to date.

**Table 4.3 Main laws governing the agricultural sector, 2022**

| Type of legislation | Subject matter  |
|---------------------|---|
| Law No. 4990-58     | Plant health  |
| Law No. 4030-55     | Declares the health protection of livestock in the Dominican Republic to be a matter of public interest |
| Law No. 5879-62     | Land reform   |
| Law No. 6186-63     | Agricultural development  |
| Law No. 8-65        | Determines the functions of the Ministry of Agriculture   |
| Law No. 618-66      | Organic law of the Dominican Sugar Institute (INAZUCAR)   |
| Law No. 7-66        | Establishes the State Sugar Council (CEA)   |
| Law No. 526-69      | Establishes the Price Stabilization Institute (INESPRE)   |

<sup>1</sup> Sectoral Agricultural Operational Plan 2019, 2021 and 2022.

| Type of legislation | Subject matter  |
|---------------------|---|
| Law No. 27-87       | Gives INAZUCAR its own legal status   |
| Law No. 434-87      | Regulation on INAZUCAR's organization and functions   |
| Law No. 367-72      | Amends Law No. 6186-63 on agricultural development  |
| Law No. 27-98       | Establishes the National Grape Institute (INUVA)  |
| Law No. 180-01      | Establishes the National Council for the Regulation and Development of the Dairy Industry (CONALECHE)                                     |
| Law No. 307-04      | Establishes the Dominican Fisheries and Aquaculture Council (CODOPESCA)   |
| Law No. 157-09      | Agricultural insurance in the Dominican Republic  |
| Law No. 251-12      | Establishes the National Agricultural and Forestry Research System (SINIAR)   |
| Law No. 108-13      | Establishes the Dominican Agricultural Supply Markets (MERCADOM) public entity  |
| Law No. 589-16      | Establishes the National System for Food and Nutritional Sovereignty and Security in the Dominican Republic                               |
| Law No. 246-17      | Establishes the Dominican Coffee Institute (INDOCAFE)   |
| Law No. 34-18       | Reforms the Tobacco Institute (INTABACO)  |
| Law No. 10-21       | Amends the functions of the Ministry of Agriculture   |
| Law No. 6-22        | Provisionally applies zero-rated customs tariffs to certain goods that affect the cost of basic food items consumed by Dominican families |
| Decree No. 351-82   | Establishes the National Livestock Production Council (CONAPROPE)   |
| Decree No. 515-05   | Establishes the National Committee for the Application of Sanitary and Phytosanitary Measures   |
| Decree No. 182-12   | Regulation implementing Law No. 157-09, as amended by Law No. 197-11  |
| Decree No. 65-21    | Establishes the Consultative Council ( <i>Gabinete</i> ) for Agriculture  |
| Decree No. 605-21   | Establishes the Commission for Agricultural Imports   |
| Decree No. 319-22   | Establishes the regulation governing the Register of Agricultural Product Importers   |

Source: WTO Secretariat.

4.6. At the institutional level, no substantial changes have been made since the previous review (Table 4.3). The Ministry of Agriculture, which consists of various vice-ministries,<sup>2</sup> formulates and implements the agricultural policy in coordination with other agricultural sector institutions (Table 4.4). The Vice-Ministry of Agricultural Sector Planning includes the Office of Agricultural Trade Agreements (OTCA), which is tasked with negotiating and administering agricultural trade agreements and the tariff quotas negotiated under them. The OTCA acts as the Executive Secretariat for the Commission for Agricultural Imports. In 2021, the Commission was empowered to, among other things, draft a regulation on the procedures for awarding agricultural product import licences.<sup>3</sup> The Consultative Council (*Gabinete*) for Agriculture was also created in 2021 and tasked with proposing and developing agricultural policies to promote the development of the domestic agricultural sector and ensure the population's food and nutritional security.<sup>4</sup>

**Table 4.4 Major agricultural sector institutions, 2022**

| Institution   | Function   |
|---|--|
| Directorate-General of Livestock (DIGEGA)               | Develops and implements livestock policy, with a particular focus on animal health.                            |
| Dominican Agricultural Institute (IAD)                  | Takes and distributes land and grants permanent ownership titles to landholders under the agricultural reform. |
| Directorate-General of Agricultural Risks (DIGERA)      | Implements agricultural insurance.   |
| <b>Specific products</b>                                |  |
| National Grape Institute (INUVA)                        | Promotes and develops vine cultivation in the country and grape processing.                                    |
| National Tobacco Institute (INTABACO)                   | Regulates tobacco activity to ensure a good quality product that meets market requirements.                    |
| Dominican Sugar Institute (INAZUCAR)                    | Recommends the national sugar policy to the Government and ensures compliance with that policy.                |
| State Sugar Council (CEA)                               | Promotes and develops sugar cane production.   |
| Dominican Coffee Institute (INDOCAFE)                   | Promotes coffee sector productivity and competitiveness.   |
| Dominican Fisheries and Aquaculture Council (CODOPESCA) | Promotes the sustainable development and management of fisheries, aquaculture and the environment.             |

<sup>2</sup> There are currently six vice-ministries: Agricultural Sector Planning; Scientific and Technological Affairs; Agricultural Production and Marketing; Agricultural Rural Development; Administrative, Technical and Financial; and Agricultural Research, Extension and Training (2022 Agricultural POA).

<sup>3</sup> The Commission comprises representatives of the ministries of Agriculture, Finance, Industry, Trade and MSMEs, and Planning, Economy and Development, as well as the Directorate-General of Customs, the Agricultural Bank of the Dominican Republic, the National Price Stabilization Institute and the Directorate-General of Government Procurement (Decree No. 605-21).

<sup>4</sup> Decree No. 65-21.

| Institution  | Function   |
|--|--|
| <b>Markets</b>   |  |
| Dominican Markets (MERCADOM)                                       | Ensures the proper operation of regional wholesale and retail markets and slaughterhouses belonging to the National Food Network (RENA).           |
| Price Stabilization Institute (INESPRE)                            | Regulates agricultural product prices in the domestic market.  |
| <b>Financing and insurance</b>                                     |  |
| Agricultural Bank of the Dominican Republic (BAGRÍCOLA)            | Offers financing to agricultural producers.  |
| Dominican Institute of Cooperative Credit (IDECOOP)                | Promotes cooperativism.  |
| Special Agricultural Development Fund (FEDA)                       | Offers financing at below-market interest rates to small- and medium-scale agricultural producers and to agricultural micro and small enterprises. |
| <b>Research</b>  |  |
| Dominican Institute for Agricultural and Forestry Research (IDIAF) | Conducts and implements the sector's scientific and technological research policy.   |
| Agricultural and Forestry Research (CONIAF)                        | Develops technology and promotes its transfer.   |

Source: WTO Secretariat.

#### 4.1.1 Measures affecting imports and exports

4.7. The average MFN tariff for agricultural products (WTO definition) increased slightly from 2014 to 14.5% from 14.2%. In the Dominican Republic, the highest tariffs, ranging from 40% to 99%, are used only for agricultural products such as rice, sugar, meat, dairy products and vegetables. During the review period, like in 2014, the highest average tariff was for dairy products (25.9%) and for sugar and confectionery (24.2%) (Table A3.2). Nevertheless, most of the products mentioned earlier are subject to tariff quotas and may therefore be afforded less protection. Although the Dominican Republic gives less preference to agricultural products than to non-agricultural products under its trade agreements, the preferential tariffs under the various CAFTA agreements are very similar for both product categories since almost 100% of lines are duty-free.

4.8. Given the importance of agricultural exports for the Dominican Republic, the development of a modern agricultural health and safety system to prevent the entry of pests and diseases is one of the pillars of agricultural policy.<sup>5</sup> That is why some products cannot be imported from certain origins<sup>6</sup> and why all agricultural products require the corresponding "sanitary no-objection certificate" (phytosanitary and animal health no-objection certificate) to control the entry of pests and diseases at the border.<sup>7</sup> Cattle and fresh meat imports also require this certificate.<sup>8</sup> The certificates are issued by the Ministry of Agriculture through the Department of Plant Health or the Animal Health Directorate.

4.9.—In addition to phytosanitary and animal health permits, all agricultural products, with some exceptions, require import licences, including products subject to WTO tariff quotas, to which non-automatic licensing applies, except for maize (corn). In the context of this review, the authorities stated that a regulation governing WTO tariff quotas is being developed. The Commission for Agricultural Imports continues to be in charge of allocating the quotas negotiated within the WTO framework. In general, these quotas are for rice, garlic, (fine and brown) sugar, chicken meat, onion, beans and milk. Until 2021, these quotas were allocated through public auctions organized by the Agribusiness Exchange of the Dominican Republic (BARD). They are currently allocated at the importer's request. For maize (corn) (HS 10.05), the quota is allocated automatically, and an automatic import licence is required.<sup>9</sup>

4.10. The Dominican Sugar Institute (INAZUCAR) is responsible for administering 70% of the tariff quotas corresponding to producers. The rest is administered jointly with the Commission for Agricultural Imports and is allocated to the commercial sector (i.e. distributors, warehouse keepers,

<sup>5</sup> END 2030 established by Law No. 1-12.

<sup>6</sup> These include: pesticides; cocoa plants, fruit, seeds and any parts thereof; musaceae (banana plants); entire plants, corms, leaves, pollen and botanical seeds of musaceae or parts thereof, fresh or dried (including handicrafts); ginger rhizomes, turmeric rhizomes, potato tubers, musaceae handicrafts and plants; live pigs, products and by-products of pig origin, and live or dead shrimp of the species *Litopenaeus vannamei* and *Penaeus monodom*, at any stage of development, frozen or raw.

<sup>7</sup> Resolution No. 024-2006.

<sup>8</sup> Decree No. 329-11.

<sup>9</sup> Information provided by the authorities.



wholesalers and retailers). Prior to import, sugar also requires a statement of need, supported by the existence of a domestic production deficit, issued by INAZUCAR.<sup>10</sup> In 2021, the Dominican Republic did not use the quota negotiated within the WTO framework since there was no deficit in domestic production.

4.11. Where a deficit has been confirmed in the domestic production of any products subject to quotas, the additional quantity needed may be imported at the negotiated quota tariffs. This explains why imports of chicken meat, onions, garlic and maize (corn) at the in-quota tariff exceeded the quota volumes in 2021.

4.12. Under the CAFTA-DR, the Dominican Republic has preferential quotas for six agricultural products from Costa Rica, the United States and Nicaragua (Table A3.4). The OTCA is responsible for allocating these quotas and acts as the Secretariat for the Commission for Agricultural Imports. The allocation of these quotas did not change during the review period.<sup>11</sup>

4.13. The Dominican Republic notified the WTO that it did not grant any export subsidies for agricultural products during the period 2015-21.<sup>12</sup>

4.14. The policy on the promotion of agricultural exports aims to capitalize on comparative advantages and the facilities granted by the trade agreements the country has signed. More specifically, support programmes are implemented under this policy for coffee, cocoa and fruit plant (citrus, avocado, sapote, nispero, guanabana and mango) production and for the marketing of these products in international markets through trade facilitation and technical assistance.

#### **4.1.2 Domestic support**

4.15. The policy on enhancing domestic marketing seeks to stabilize supply and demand with a view to ensuring food security. The purpose of this measure is to monitor supply in order to provide alternatives or substitutes where necessary, reduce agricultural product price increases brought about by insufficient supply and attempt to control price increases caused by excess demand. This policy also takes international markets into account to seize opportunities for the export and import of products for consumption and inputs for production.

4.16. The Dominican Republic intervenes in agricultural markets to, first and foremost, ensure market access for farmers and food security for the population. The overarching objective pursued by the Price Stabilization Institute (INESPRE) is the price regulation of agricultural products in the domestic market, when the situation so requires, through associated supply and demand processes.<sup>13</sup> The Institute can import products of agricultural origin when domestic production is insufficient or export them when surpluses are produced. Although it has the power to control, coordinate and distribute goods imported through assistance programmes, it does not actually carry out these types of activities. Rather, it provides support for marketing in the agricultural sector with the aim of improving the profitability and competitiveness of agricultural producers and ensuring that consumers have access to products.

4.17. The country's sugar policy did not change during the review period. The sugar sector continues to be highly regulated. The Executive can take whatever steps it deems appropriate to regulate sugar production across the national territory and its export in order to meet annual domestic consumption needs and fulfil the export quotas allocated to the Dominican Republic in preferential markets.<sup>14</sup>

4.18. Every year, the Executive sets the date on which the sugar season is to begin by way of a decree. This also includes the quantity of cane each mill is to cut, pull and grind; the quantity of sugar each mill is authorized to produce; and the sugar export quota established for each mill based on the quotas allocated to the Dominican Republic in the various markets. The decree stipulates the sugar milling and production programmes for each of the country's four mills. One of the mills

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<sup>10</sup> Law No. 619-65.

<sup>11</sup> Decree No. 705-10.

<sup>12</sup> WTO documents G/AG/N/DOM/25-29 of 18 August 2020, G/AG/N/DOM/44 of 8 March 2021, and G/AG/N/DOM/47 of 21 January 2022.

<sup>13</sup> Law No. 526-69.

<sup>14</sup> Law No. 618-65.

receives around 54% of the total tonnage of cane that can be milled; the second receives around 27%; the next receives 2%; and the fourth receives the remainder. The export quotas are divided between the three largest mills and are allocated as follows: 62.84%, 27.16% and 10%. The export quota percentage does not change from year to year. Export quotas are allocated to each mill according to the average produced in the last three sugar seasons. Surplus stocks from the season are used for domestic consumption off-season.<sup>15</sup>

4.19. INAZUCAR issues permits for exports of sugar, molasses and other by-products produced by the mills, and for imports of sugar when a production deficit is declared. It also approves the opening of the tariff quota, which provides for tariffs of 14% and 20% depending on the type of sugar. The quota was not used in 2021.

4.20. At present, according to the authorities, sugar is distributed in the domestic market using a free market approach. Mills produce the sugar and distribute it to interested natural or legal persons. Every year, the Institute reviews the selling prices of the various types of sugar produced in the country for the local or domestic market and issues a Resolution setting those prices.<sup>16</sup> The prices are reviewed and established taking into account all the variables affecting production and marketing. The objective is to establish a fair selling price for the various types of sugars produced in the country that guarantees "the prosperity of sugar cane processors, thus helping to support thousands of employees and workers dependent on sugar activities."<sup>17</sup>

4.21. The National Pledge Programme is implemented annually to provide support in marketing agricultural products. The production of various products is pledged through this programme, including rice, garlic, chicken meat, onions, beans, eggs, milk and potatoes. However, 95% of the programme benefits rice. As reported to the WTO, this programme provides support for the storage of products through three contributions that partly cover: (i) the interest on loans negotiated with financial institutions, (ii) the storage costs and (iii) the cost of insuring the stocks stored.<sup>18</sup>

4.22. The Dominican Republic also supports the agricultural sector through a series of programmes administered by the Ministry of Agriculture. The key objectives of agricultural and fisheries-aquaculture support programmes include improving productivity and strengthening marketing channels in order to increase the supply of major agricultural crops, ensuring food security in the various parts of the country. The main programme implemented by the Ministry is the Production Promotion Programme, subdivided as follows: Promotion of Rice Production; Promotion of Other Agricultural Crops; Seed Promotion and Distribution; Development of the Cocoa Sector; Promotion and Development of Agribusinesses; and Promotion of Fruit Production. Some of these programmes were reported to the WTO as "development programmes" in the following categories: agricultural input subsidies generally available to low-income or resource-poor producers; extension and advisory services; and other general services.<sup>19</sup>

4.23. One of the objectives of the END 2030 is to develop financial services for agricultural and forestry production units with mechanisms that meet sector needs and provide small- and medium-scale producers with individual or collective access. The purpose is to improve coverage and focus on the rural population with a view to increasing financial inclusion. These services are offered primarily through the Agricultural Bank of the Dominican Republic (BAGRÍCOLA) and the Special Agricultural Development Fund (FEDA).

4.24. The Dominican Republic has various financing mechanisms and modalities for all agricultural producers, for both the domestic and the export market. Three such modalities are credit, "contract farming" and trusts. The credit modality involves providing financing to producers at competitive interest rates for the short, medium and long term, with payment plans that are in line with crop periods. This credit allows for pledged collateral, enabling small-scale producers to participate in the formal financial system. There are also mortgage guarantees for medium- and large-scale producers, with the inclusion of risk mitigation methods. The "contract farming" modality is a mechanism under which the Government provides financing through BAGRÍCOLA and FEDA that they then channel to producers with land pursuant to the "no vacant land" concept known as *Cero Predíos Baldíos*. Under

<sup>15</sup> Decrees No. 393-18 and No. 745-21.

<sup>16</sup> Decree No. 649-03 and Resolution No. 001/2020 of the Dominican Sugar Institute.

<sup>17</sup> Preamble to Decree No. 649-03.

<sup>18</sup> WTO documents G/AG/N/DOM/39-43 of 20 August 2020 and G/AG/N/DOM/46 of 23 July 2021.

<sup>19</sup> WTO document G/AG/N/DOM/46 of 23 July 2021.

the trust modality, developed by the fiduciary system, producers are placed in direct contact with financial institutions, marketers and financial system regulators.<sup>20</sup>

4.25. BAGRÍCOLA has maintained below-market interest rates to support the agricultural sector. The subsidies granted by the Bank due to the spread between the interest rate it offers and the lending interest rate charged in the rest of the national banking system were reported to the WTO.<sup>21</sup> The Bank is financed with funds from FEDA, with funds from CONALECHE or with resources from international loans or grants. In some cases, the Government allocates funds for the Bank to grant special credit lines. In 2020, a total of DOP 5 billion in special funds was allocated at an interest rate of 0% to finance credit operations for the revival of the agricultural sector. An agreement between the Ministry of Agriculture and the Agricultural Bank was signed for the implementation, management and administration of these special funds. Small-scale producers with up to 200 hectares of land are allocated 60% of these funds, while medium- and large-scale producers with more than 200 hectares of land receive the remaining 40%.<sup>22</sup>

4.26. Agricultural sector financing through FEDA is characterized by solidarity, low annual interest rates and no mortgage guarantees in order to facilitate access for small-scale producers organized in agricultural cooperatives and to meet their investment needs. Credit is granted to producers at competitive interest rates for the short, medium and long term and is easily accessible to them so they can invest effectively in their land as needed. The investment subsidies granted through FEDA and BAGRÍCOLA were reported to the WTO. The purpose of offering different financing modalities, in addition to diversifying options and supporting agricultural producers by providing them with lines that have specific characteristics, is to encourage the use of banks among small- and medium-scale producers and the development of microfinance institutions in this sector.

4.27. The Dominican Agricultural Insurance Company (AGRODOSA), a majority-state-owned mixed-capital company, is the only company offering insurance to Dominican agricultural producers.<sup>23</sup> Agricultural insurance currently covers risks such as fire, cyclones, tornadoes, floods and droughts. All types of crops are covered, but mainly rice, plantains, bananas, beans, fruit and vegetables, grown throughout the national territory in protected environments or in open fields. There is also livestock, forestry and aquaculture insurance.<sup>24</sup> This insurance benefits from a subsidy ranging from 25% to 50% of the value of the premium. Agricultural insurance policies are also exempt from Selective Consumption Tax (ISC).<sup>25</sup> Through the Directorate-General of Agricultural Risk (DIGERA), the Ministry of Agriculture designs the annual agricultural insurance plan and implements the subsidy.<sup>26</sup>

4.28. The government procurement system is also used to promote demand for agricultural products of domestic origin. As of 2019, institutions responsible for social programmes can only purchase agricultural products of domestic origin directly from producers, without intermediaries.<sup>27</sup> In 2020, certain institutions running these types of programmes were required to purchase goods exclusively from agribusiness and the domestic industry. Goods or services procured by state-owned entities from MSMEs must be of domestic origin. For agricultural products, the requirement for conferring such origin is cultivation or birth (Section 3.3.6).<sup>28</sup>

<sup>20</sup> POA 2022.

<sup>21</sup> WTO documents G/AG/N/DOM/39-43 of 20 August 2020 and G/AG/N/DOM/46 of 23 July 2021.

<sup>22</sup> *Memoria Institucional Año 2020*.

<sup>23</sup> AGRODOSA. Viewed at: <http://www.agrodosa.com.do/nosotros>.

<sup>24</sup> Livestock insurance covers cattle, sheep and pigs and the rearing of broilers and layers (AGRODOSA. Viewed at: <http://www.agrodosa.com.do/productos/14-seguro-pecuario>; and <http://www.agrodosa.com.do/productos/15-seguro-forestal> y <http://www.agrodosa.com.do/productos/16-seguro-acuicola>).

<sup>25</sup> Law No. 182-09.

<sup>26</sup> WTO documents G/AG/N/DOM/39-43 and G/AG/N/DOM/46, of 20 August 2020 and 23 July 2021, respectively.

<sup>27</sup> Decree No. 168-19.

<sup>28</sup> Decree No. 164-13.

### 4.1.3 Fisheries<sup>29</sup>

4.29. The fisheries sector in the Dominican Republic is very important in terms of job creation, food security for coastal populations and marine resource management. However, due to the narrowness of the island shelf, marine resources are rather limited. The Dominican Republic has 17 coastal provinces, 17 dams and four lagoons that support numerous fishing communities.<sup>30</sup> The sector is essentially characterized by small-scale fisheries, catching mainly lobster, lambi, demersal and pelagic fish, and shrimp. According to the National Fisheries Census conducted in 2019, 14,929 people were engaged in fishing, mostly coastal marine fishing.<sup>31</sup>

4.30. Fisheries and aquaculture production in 2020 was 14,091.3 tonnes.<sup>32</sup> The domestic market is the main destination for domestic production, with a strong demand for fresh and frozen fish for the tourism sector.<sup>33</sup> Fisheries trade is in deficit. In 2021, 83,479 tonnes of fishery products worth USD 233 million were imported, while 1,364 tonnes of fishery products (WTO definition) worth USD 9.6 million were exported.<sup>34</sup> The main imports were cod (HS 0305.51) (25.9%), sardines, sardinella and brisling or sprats (HS 1604.13) (18.3%), herrings (HS 0305.42) (11.2%), and tunas, skipjack and bonito (HS 1604.14) (8.6%).<sup>35</sup> The largest import markets were Norway (25.8%), China (22.1%), Canada (11.9%), India (9.5%) and Thailand (7.2%). The main exports were cod (HS 0305.51) (27.9%), live eels (HS 0301.92) (27.8%) and herrings (HS 0305.42) (22.3%),<sup>36</sup> while the main export markets were Haiti (50.9%), the United States (18.4%), Canada (18.4%) and Spain (4.1%).<sup>37</sup>

4.31. The fisheries sector is governed by the Law on Fisheries and Aquaculture,<sup>38</sup> which aims to establish a fisheries and aquaculture system based on the principles of responsible fisheries and the rational and sustainable use of fishery resources. The Law applies to all activities relating to the exploitation and extraction of fishery resources by Dominican and foreign natural and legal persons in waters under the jurisdiction of the Dominican Republic, as well as to the activities of Dominican vessels on the high seas or in waters of third States.<sup>39</sup> To date, this Law has no implementing regulations, despite the provisions of Articles 9 and 10. The fisheries sector is also directly or indirectly governed by the General Law on the Environment and Natural Resources<sup>40</sup> and the Law on Biodiversity and Protected Areas.<sup>41</sup>

4.32. The Dominican Fisheries and Aquaculture Council (CODOPESCA) is the governing body of the fisheries sector, established under the Law on Fisheries and Aquaculture, and is responsible for regulating the extraction and ensuring the protection of fishery resources within a sustainable framework. Other government agencies are also involved in the sector (Table 4.5).

<sup>29</sup> The WTO Secretariat was unable to access the CODOPESCA website (viewed at: [www.codopesca.gob.do](http://www.codopesca.gob.do)), as the website owner has prohibited access from devices located in Switzerland.

<sup>30</sup> FAO, Fishery and Aquaculture Country Profiles – Dominican Republic, June 2019. Viewed at: <https://www.fao.org/fishery/en/facp/dom?lang=es>.

<sup>31</sup> National Statistics Office (ONE), *I Censo Nacional Pesquero 2019 - Informe general*, August 2020. Viewed at: <https://web.one.gob.do/media/ecsm23x3/informe-general-i-censo-pesquero-2019.pdf>. Of the 14,929 people identified, 14,312 identified themselves as fishers (95.87%), 347 as skippers or boat owners (2.32%) and 267 as fishers and boat owners (1.79%).

<sup>32</sup> National Statistics Office (ONE), *Producción de los principales productos de pesca por año, según producto, 2002-2021*. Viewed at: <https://www.one.gob.do/datos-y-estadisticas/temas/estadisticas-economicas/estadisticas-sectoriales/agricultura-ganaderia-silvicultura-y-pesca/pesca>.

<sup>33</sup> FAO, Fishery and Aquaculture Country Profiles – Dominican Republic, June 2019. Viewed at: <https://www.fao.org/fishery/en/facp/dom?lang=es>.

<sup>34</sup> COMEX trade database.

<sup>35</sup> FAO, GLOBEFISH Market Profile – 2019, Dominican Republic. Viewed at: <https://www.fao.org/3/cb9693en/cb9693en.pdf>.

<sup>36</sup> COMEX trade database.

<sup>37</sup> COMEX trade database.

<sup>38</sup> Law No. 307-04 of 3 December 2004 creating the Dominican Fisheries and Aquaculture Council (CODOPESCA).

<sup>39</sup> Article 1 of Law No. 307-04 of 3 December 2004.

<sup>40</sup> General Law No. 64-00 of 18 August 2000 on the environment and natural resources.

<sup>41</sup> Law No. 333-15 of 11 December 2015 on biodiversity.

**Table 4.5 Government agencies involved in the fisheries sector**

| Agency  | Function  |
|---|---|
| Dominican Navy                                    | Responsible for coastal and maritime surveillance and navigation in Dominican waters and in the country's exclusive economic zone. Works with the National Directorate of Fisheries, established by Decree No. 323-02 of 9 May 2002, the function of which is to promote fisheries development and control throughout the national territory and in international waters. |
| Ministry of the Environment and Natural Resources | Responsible for environmental management, ecosystems and natural resources (including fishery resources).   |
| Dominican Port Authority                          | Responsible for managing and administering maritime ports.  |
| Directorate-General of Customs (DGA)              | Establishes mandatory customs procedures for importing or exporting fishery products.   |
| National Maritime Affairs Authority (ANAMAR)      | Responsible for the research, conservation and sustainable use of living and non-living marine resources and for harmonizing the government's maritime policy so as to ensure consistency with international law.   |

Source: WTO Secretariat and information provided by the authorities.

4.33. Fishing activities in the Dominican Republic require a fishing licence issued by CODOPESCA. Fishing licences, which are non-transferable, specify the fishing activity for which they are granted, the type of usable gear and the place of operation and are valid for a period of two years, renewable successively for another two years. In granting new or renewing existing fishing licences, CODOPESCA takes into account the state of the resources to be exploited under the requested licence so as to ensure their sustainability. Preference is therefore given to the renewal of existing licences over the granting of new ones. Licences are granted and renewed for a fee.<sup>42</sup>

4.34. To engage in fishing in any of its forms, Dominican vessels must obtain a fishing vessel permit issued by CODOPESCA. This permit is granted provided that the applicant holds a valid fishing licence. Fishing vessels must be duly registered with the Navy and have an up-to-date ship's passport. Like fishing licences, fishing vessel permits are valid for two years and may be renewed for successive two-year periods. The permit specifies the type of vessel concerned, its size and power, the fishing activities in which it engages, the type of gear it uses and the place of operation. These permits are granted and renewed for a fee.<sup>43</sup>

4.35. Foreign vessel access to the waters of the Dominican Republic is subject to the fulfilment of a number of requirements. To obtain the fishing licence, foreign vessels must be authorized by the Navy and the National Drug Control Directorate and be registered in a competent port authorized by both organizations. Foreign vessels also require a fishing vessel permit. If the natural or legal persons operating the foreign vessel are domiciled in the Dominican Republic, the permit is granted under the same conditions as those that apply to domestic fishing vessels (in this case, all crew must be domiciled in the Dominican Republic and catches must be landed and marketed in the country). If the vessel belongs to a State with which the Dominican Republic has an agreement or other fishing arrangements, the conditions set out in that agreement or arrangement apply. Otherwise, CODOPESCA may grant a fishing vessel permit provided that the foreign vessel's activities do not harm Dominican fishing interests. Foreign vessels allowed to operate in Dominican waters must respect the applicable fisheries management measures.<sup>44</sup>

4.36. CODOPESCA must maintain an up-to-date register of fishing activities carried out in the country, which includes details of fishing licence holders, vessels with a vessel permit and foreign vessels authorized to operate in the waters of the Dominican Republic.<sup>45</sup>

4.37. According to the 2019 National Fisheries Census, compliance with these requirements by Dominican fishers and boat owners is far from optimal. Of the 1,573 vessels declared, only 445 (28.29%) were licensed for fishing and 38% were unregistered. In the case of fishing licences, only 1,215 persons (barely 8.32%) were licensed.<sup>46</sup>

<sup>42</sup> Article 15 of Law No. 307-04 of 3 December 2004.

<sup>43</sup> Article 16 of Law No. 307-04 of 3 December 2004.

<sup>44</sup> Article 19 of Law No. 307-04 of 3 December 2004.

<sup>45</sup> Article 70 of Law No. 307-04 of 3 December 2004.

<sup>46</sup> National Statistics Office (ONE), *I Censo Nacional Pesquero 2019 - Informe general*, August 2020.

4.38. In addition to the above-mentioned requirements, natural and legal persons engaged in fishing must comply with all established conservation measures (restricted or prohibited areas, catch limitations, protected species and specimens, and prohibited fishing gear and equipment), declare the species and quantities caught to the authorities ashore, comply with all fishing safety measures set by CODOPESCA and not contaminate waters, coastal areas and the environment in general.<sup>47</sup>

4.39. In 2019, aquaculture accounted for 14% of the sector's total production.<sup>48</sup> Authorization from CODOPESCA is also required to engage in aquaculture. If the activity is carried out in an area that is publicly owned, a concession is required as well. Applications for authorization must include an environmental assessment specifically identifying the possible environmental impact. Such authorization is not granted in cases where the activity is intended to be carried out in a special protection area or an area declared to be of special interest by the Government.<sup>49</sup> The authorization may be revoked in the event of non-compliance with the conditions by the fish farmer or if necessary to protect the environment.<sup>50</sup> CODOPESCA keeps an up-to-date register of the aquaculture facilities authorized to operate.<sup>51</sup>

4.40. Fishery and aquaculture products can be imported, provided that domestic production does not meet domestic demand, trade in the products in question is legal in the country,<sup>52</sup> the competent health and customs bodies have authorized the import, and the importer has paid the corresponding fees and obtained the CODOPESCA no-objection certificate.<sup>53</sup> Imports of all fishery products, whether processed or not, are subject to an *ad valorem* tax of 0.5%, which is used to finance CODOPESCA activities. In exceptional cases, if CODOPESCA does not object, the Executive may waive payment of these taxes. Inputs (food, hormones, lines, hooks, refrigeration equipment, engines, etc.) used in fisheries and aquaculture are free of import duty, as long as the fish farmers or fishers are registered with CODOPESCA or research centres.<sup>54</sup>

4.41. Fishery products can be exported, provided that trade in the products in question is legal in the country, the health and customs bodies and the Dominican Republic Export and Investment Centre (CEI-RD) have authorized the export, and the exporter has paid the applicable fees and obtained the CODOPESCA no-objection certificate.<sup>55</sup> Exports of fish in their natural state are subject to an *ad valorem* tax of 0.5% and exports of molluscs and crustaceans in their natural state, to an *ad valorem* tax of 5%. Aquaculture products and processed fish and shellfish<sup>56</sup> are free of export tax.<sup>57</sup> As an incentive to produce and export, commercially produced aquaculture or sea-farming products are free of tax for five years, and fish caught at sea, if they receive value added, are free of tax for three years.<sup>58</sup>

4.42. Fishery resources can be marketed by natural and legal persons domiciled in the Dominican Republic, provided that such resources were legally obtained, comply with the relevant quality and health standards, are brought ashore and are marketed in the country.<sup>59</sup> Foreign operators therefore cannot market them, unless they are domiciled in the Dominican Republic. In March 2021, CODOPESCA submitted the "National Plan for the Registration of Fishery and Aquaculture Product Marketers."<sup>60</sup>

4.43. Dominican legislation provides for various fisheries management measures aimed at preserving fishery resources (Box 4.1). Responsibility for most of these measures falls to

<sup>47</sup> Article 17 of Law No. 307-04 of 3 December 2004.

<sup>48</sup> FAO, GLOBEFISH Market Profile – 2019, Dominican Republic. Viewed at: <https://www.fao.org/3/cb9693en/cb9693en.pdf>.

<sup>49</sup> Article 22 of Law No. 307-04 of 3 December 2004.

<sup>50</sup> Article 24 of Law No. 307-04 of 3 December 2004.

<sup>51</sup> Article 71 of Law No. 307-04 of 3 December 2004.

<sup>52</sup> The importation of specimens or parts of species the catching of which is subject to time or other restrictions in the Dominican Republic requires prior authorization from CODOPESCA.

<sup>53</sup> Article 68 of Law No. 307-04 of 3 December 2004.

<sup>54</sup> Article 26 of Law No. 307-04 of 3 December 2004.

<sup>55</sup> Article 69 of Law No. 307-04 of 3 December 2004.

<sup>56</sup> Fish and shellfish are considered to have been processed if they have been salted, dried, dehydrated, filleted, smoked, cured, preserved in brine and/or vinegar, and/or packed in tins or glass containers.

<sup>57</sup> Article 25 of Law No. 307-04 of 3 December 2004.

<sup>58</sup> Article 25 of Law No. 307-04 of 3 December 2004.

<sup>59</sup> Article 67 of Law No. 307-04 of 3 December 2004.

<sup>60</sup> "Codopesca diseña un plan de registro de comercializadores en Santo Domingo," 19 March 2021. Viewed at: <https://industriaspesqueras.com/noticia-65139-sec-Portada>.

CODOPESCA, which is also in charge of monitoring compliance with such measures, with the support of the police, the Navy and civil society.<sup>61</sup>

#### Box 4.1 CODOPESCA measures for the preservation of fishery resources

CODOPESCA's fishery resource preservation powers include:

- requesting that the Executive create fishery reserve areas in waters under Dominican jurisdiction;
- limiting the fishing effort and establishing the total allowable catch (TAC) to prevent overexploitation;
- prohibiting the unauthorized exploitation of fishery resources where appropriate;
- establishing the catch and closed season;<sup>a</sup>
- limiting specimen size and catch quantity;
- granting catch licences for lobster and lambi and for ornamental species; and
- authorizing any extraction of any aquatic resource not intended for human consumption.

- a See, for example, Decree No. 119-12 of 14 March 2012 establishing a closed season for several species of lobster throughout the national territory; Decree No. 499-09 of 7 July 2009 establishing a closed season for lambi throughout the national territory; and Decree No. 813-08 of 5 December 2008 establishing a closed season for several crab species throughout the national territory.

Source: Law on Fisheries and Aquaculture of 3 December 2004.

4.44. The Dominican Republic adopted the FAO Code of Conduct for Responsible Fisheries, but is not a party to the Agreement on Port State Measures, which aims to prevent, deter and eliminate illegal, unreported and unregulated (IUU) fishing. The Dominican Republic participates in the following regional fisheries bodies: the Central America Fisheries and Aquaculture Organization (OSPESCA); the Commission for Small-Scale and Artisanal Fisheries and Aquaculture of Latin America and the Caribbean (COPPEAALC); the International Whaling Commission (IWC); the Aquaculture Network for the Americas (RAA); and the Western Central Atlantic Fishery Commission (WECAFC). The Dominican Republic also has a memorandum of understanding with the members of the Caribbean Regional Fisheries Mechanism.<sup>62</sup>

## 4.2 Mining and Energy

### 4.2.1 Mining

4.45. The Dominican Republic has various non-renewable mineral resources (bauxite, copper, iron, nickel, gold, silver and zinc) in different areas of the country.<sup>63</sup> In the period under review, mining accounted for 1.8% of the country's GDP. Historically, metal mining has focused on the production of ferronickel<sup>64</sup>, which was the only metal produced in the country up to the mid-2000s.<sup>65</sup> Foreign investment has played a key role in the development of the country's mining sector. Copper, gold and silver mining begins with the granting of concessions and special contracts to foreign-owned companies to operate in *reservas fiscales* ("fiscal reserves", government-reserved areas for mining activities).<sup>66</sup> As a result, the Dominican Republic has become one of the region's leading exporters of gold during the period under review (Table 4.6), with that metal accounting for 81.6% of the country's metallic mineral production value between 2015 and 2021. In 2021, some 810,000 ounces of gold and 2.39 million ounces of silver were produced. Production has fallen compared to previous

<sup>61</sup> Article 74 of Law No. 307-04 of 3 December 2004.

<sup>62</sup> FAO. Viewed at: <https://www.fao.org/fishery/en/organization/search>.

<sup>63</sup> A map of mineral resources in the Dominican Republic. Online information from the National Geological Service: [https://sgn.gob.do/images/docs/map\\_rec\\_minerales.pdf](https://sgn.gob.do/images/docs/map_rec_minerales.pdf).

<sup>64</sup> Ferronickel is an alloy of iron and nickel obtained from the carbothermic reduction of nickel minerals. In the Dominican Republic, its production is highly dependent on the electricity supply.

<sup>65</sup> This mineral has been exploited by a private consortium (Falconbridge Dominicana), in which the Dominican State holds a 10% stake; the remaining shares are held by foreign investors, with shares changing hands several times in recent years. The exploitation concession for the province of Monseñor Nouel was awarded in 1958; since then, the contract has been extended or amended three times (in 1969, 1988 and 1994). Ferronickel production was intermittent between 2008 and 2016, as a result of problems with the electricity supply, among other things.

<sup>66</sup> In 2003, the foreign-owned Corporación Minera Dominicana (Dominican Mining Corporation, or CORMIDOM) obtained part of the concession initially awarded to Falconbridge Dominicana in the provinces of Monseñor Nouel and Sánchez Ramírez to operate the Cerro de Maimón mine. In 2012, two other companies (Pueblo Viejo Dominicana Corporation and Las Lagunas Limited) began operating under special contracts. The first began operating the Pueblo Viejo mine, while the second recovered mineral residue deposits from the Las Lagunas tailings dam.

years, because, in 2019, a special contract for the exploitation of these resources expired and work began to expand the Pueblo Viejo mine, the largest in the country.

**Table 4.6 Production, trade and share of GDP of the mining sector, 2015-21**

|  | 2015   | 2016    | 2017    | 2018    | 2019    | 2020    | 2021 <sup>a</sup> |
|--|--|---------|---------|---------|---------|---------|-------------------|
| <b>Production</b>                        | (thousand metric tons or thousand troy ounces) |         |         |         |         |         |                   |
| Ferronickel                              | 0.0  | 33.2    | 43.9    | 53.7    | 78.6    | 59.2    | 75.9              |
| Bauxite                                  | 1,724.2  | 7.3     | 0.0     | 0.0     | 0.0     | 9.5     | 80.6              |
| Copper                                   | 7.3  | 9.7     | 9.6     | 8.6     | 6.0     | 2.2     | 4.8               |
| Gold (oz)                                | 1,001.0  | 1,219.6 | 1,133.1 | 1,017.0 | 1,022.4 | 905.2   | 813.6             |
| Silver (oz)                              | 3,077.0  | 3,914.3 | 4,879.1 | 5,353.1 | 4,494.3 | 2,825.7 | 2,390.7           |
| Zinc                                     | 4.7  | 3.6     | 3.9     | 4.0     | 5.5     | 2.4     | 4.9               |
|  | (USD million)                                  |         |         |         |         |         |                   |
| Ferronickel                              | 0.0  | 90.9    | 153.6   | 233.8   | 383.4   | 231.2   | 392.6             |
| Bauxite                                  | 27.6   | 3.4     | 0.1     | 0.2     | 0.2     | 0.0     | 1.6               |
| Copper                                   | 38.3   | 45.8    | 54.3    | 59.8    | 26.8    | 16.1    | 45.2              |
| Gold                                     | 1,227.3  | 1,575.3 | 1,456.7 | 1,360.6 | 1,544.3 | 1,675.5 | 1,610.3           |
| Silver                                   | 49.9   | 68.4    | 82.7    | 86.4    | 54.4    | 58.1    | 61.7              |
| Zinc                                     | 7.6  | 8.0     | 10.4    | 9.0     | 13.3    | 5.1     | 13.4              |
| Export-production ratio,<br>by value (%) | 99.4   | 99.7    | 99.7    | 100.1   | 99.4    | 106.7   | 105.1             |
| Share of GDP (%)                         | 1.6  | 2.0     | 1.9     | 1.7     | 1.8     | 2.0     | 1.6               |

a Preliminary data.

Source: Directorate-General of Mining.

4.46. The Dominican Republic also has smaller-scale mining operations for minerals such as bauxite.<sup>67</sup> Non-metallic minerals are also exploited today. However, given their lower value, the total value of non-metallic mineral production is around USD 230 million per year.<sup>68</sup> One such mineral is limestone, which is mined in both its coralline and crystalline forms. There is also some artisanal and small-scale mining in the country.

4.47. The Ministry of Energy and Mines (MEM) is the regulatory body for the country's mining and energy sector. Through various affiliated institutions (such as the Directorate-General of Mining (DGM) and the National Geological Service (SGN)), MEM is responsible for issuing concessions, supervising companies and carrying out geological surveys. The Ministry is also tasked with developing, implementing and evaluating policies and strategies relating to the extractive sector. The Ministry of the Environment and Natural Resources (MMARN) also oversees some aspects of extractive industries, as it issues environmental licences and verifies compliance with the General Law on the Environment and Natural Resources (Law No. 64-00).

4.48. The mining sector is governed by Law No. 146-71 (the Mining Law), the amendments thereto (Law No. 79-03) and its implementing regulations (Decree No. 207-98), which govern the exploration, exploitation and beneficiation of metallic and non-metallic substances. These legal texts also regulate the tax-related aspects of mining concessions (such as mining patents, export royalties and income tax). Under the Mining Law, special contracts can be entered into for the exploration and exploitation of resources in *reservas fiscales*; the terms and conditions of these contracts may differ from those set forth in the Mining Law. Special contracts must be approved by the National Congress.<sup>69</sup>

4.49. The Mining Law sets no limits on foreign ownership, except in relation to foreign governments or foreign state-owned companies (Article 9 of the Mining Law).<sup>70</sup> However, if a foreign company obtains an exploitation concession, it must be incorporated in the Dominican Republic within six months of obtaining the concession. Any national or foreign natural or legal person may carry out surface inspections (outside areas already covered by concessions).

<sup>67</sup> Between 2013 and 2015, the total value of bauxite exports was USD 81 million.

<sup>68</sup> Average value based on information provided by the authorities for the period 2017–20.

<sup>69</sup> Law No. 79-03.

<sup>70</sup> These agreements can only be entered into by the executive branch with the approval of the National Congress.



4.50. There are two types of concession: three-year exploration concessions, which can be extended for a further two years maximum on justifiable grounds, and 75-year exploitation concessions. Applications for both types of concession must include a work programme, maps and plans of the area, and documents attesting to the applicant's moral, technical and financial solvency.<sup>71</sup> The total cost of the application and concession can range from as little as DOP 96,200 for non-metal exploration concessions to as much as DOP 148,300 for metal exploitation concessions. An environmental licence must be obtained before a concession can be awarded.<sup>72</sup> Mining concessions are recorded in the Public Register of Mining Rights, which serves as the basis for the Mining Cadastre.<sup>73</sup> Concessions are transferable, subject to the prior approval of MEM.<sup>74</sup>

4.51. Any Dominican or foreign natural or legal person that reports a new mineral discovery is given a 30-day preferential right to apply for a concession. The holder of a valid exploration licence has the exclusive right to apply for an exploitation concession for the area covered by the exploration concession. Holders of exploitation concessions are granted tax stability for a period of 25 years. Once that period has expired, they must comply with the tax regime governing mining activities in force at that time.

4.52. Chapter II of Title VII of the Mining Law sets out the amount and terms of the annual payment of the mining patent. The amount is calculated on a per-hectare basis and is always higher for exploitation concessions than for exploration concessions; the per-hectare amount also increases according to the surface area allocated.<sup>75</sup> Chapter III of Title VII of the Mining Law provides for a royalty of 5% of the f.o.b selling price at Dominican ports for minerals exported in their natural state or in the form of metalliferous mineral concentrates. This royalty does not apply to exports of metallurgical products by beneficiation plants (smelting or refining). Although Article 122 of the Mining Law stipulates that surplus production may only be exported once domestic market demand has been met, domestic metal mining production is focused on the export market (Table 4.6), and the authorities have indicated that this provision has never been enforced.<sup>76</sup>

4.53. In July 2022, a total of 26 metallic mineral exploration concessions and 40 non-metallic mineral exploration concessions were in force, together with 2 metallic mineral exploitation concessions and 101 non-metallic mineral exploitation concessions. Between 2015 and July 2022, 159 exploration concessions were awarded (58 of which were for metallic minerals) and 6 exploitation concessions (all for non-metallic minerals). During that same period, 40 non-metallic mineral exploitation concessions expired.<sup>77</sup>

4.54. The executive branch may declare an area to be a *reserva fiscal* (Chapter III of Title I of the Mining Law).<sup>78</sup> The Mining Law provides for the possibility of negotiating special contracts between the State and private operators to exploit areas within these reserves. The special contracts are awarded through an open tender process and must be approved by the National Congress. At the start of the period under review, the Dominican Republic had two mining *reservas fiscales*: La Cuba, which was created in 1983 and then expanded in 1987, and Montenegro, which was created in 2004. In 2018, the Government established the Ávila *reserva fiscal*, which covers an area of almost

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<sup>71</sup> To obtain an exploitation concessions, additional information is required, such as an environmental feasibility study. The application requirements for both exploration and exploitation concessions are available online. MEM. Viewed at: <https://mem.gob.do/servicios/concesion-de-exploracion-minera-metalica-y-no-metalica>.

<sup>72</sup> The cost of an environmental licence varies depending on the type of exploitation (metal or non-metal) and the size of the investment.

<sup>73</sup> *Mapa General de Derechos Mineros*. DGM online information: [https://drive.google.com/open?id=1BuRAH9vbJr\\_Gd4dy8ncSuyAAR9A&usp=sharing](https://drive.google.com/open?id=1BuRAH9vbJr_Gd4dy8ncSuyAAR9A&usp=sharing).

<sup>74</sup> The sale, cession or transfer of mining rights under an exploitation or exploration concession (for metals or non-metals) costs DOP 50,900 (MEM Resolution No. 035-2016).

<sup>75</sup> For example, the amount paid per hectare ranges from DOP 0.10 for exploration concessions of up to 1,000 hectares to DOP 2 for exploitation concessions of up to 20,000 hectares.

<sup>76</sup> Other tax-related aspects of the Mining Law, such as the 40% tax on net earnings (Article 123) and the ITBIS exemptions for machinery, mining and metallurgical equipment and vehicles (Article 129), were repealed in subsequent tax reforms (Law No. 11-92) and tariff reforms (Law No. 14-93).

<sup>77</sup> The criteria for declaring a concession forfeit (e.g. the time limit for commencement of work, maximum duration of work interruptions and obligation to pay patents, royalties and taxes) are set out in the Mining Law (Articles 69, 70 and 75).

<sup>78</sup> A *reserva fiscal* is a defined geographical area that, once created, implies exclusive use by the State, since new concessions cannot be requested within its perimeter.

15,000 hectares in the province of Pedernales.<sup>79</sup> Out of the three reserves, mining activities are only carried out in the Montenegro reserve, under two special contracts.<sup>80</sup> The contractual conditions related to taxation, renewal and duration vary depending on the contract, but must not be less favourable to the State than the national economic interests set forth in the Mining Law.<sup>81</sup>

4.55. Only one of the five main metal mining operations active in the Dominican Republic during the period under review is operated under the concessions scheme.<sup>82</sup> Three of the operations are or were run under special contracts, and the ferronickel mining operations are subject to a contract entered into in 1956, before the Mining Law came into force.<sup>83</sup>

4.56. Between 2015 and 2021, the tax revenue from mining and extractive industries amounted to DOP 128.3 billion.<sup>84</sup> The main sources of these revenues were: the net profits share (PUN) (37.2%), ISR (36.4%) and the net smelter return (RNF) royalty (17.6%).<sup>85</sup> According to the data available for 2020 and 2021, 86.1% of these revenues is related to the Pueblo Viejo mine operations, the largest in the country, which extracts primarily gold and silver.

4.57. The Dominican State-Owned Enterprises Corporation (CORDE), which is currently in the process of being dissolved by the Commission for the Liquidation of State Organs (CLOE), holds six non-metallic mining concessions (for travertine, marble, gypsum and salt). Three of these concessions, for the exploitation of marble and gypsum, have been leased out by CORDE since 2000 under leasing contracts.

4.58. The State also holds a 9.98% stake in the company Falconbridge Dominicana and, up until 2019, almost all of these shares were managed by CORDE.<sup>86</sup> Then in 2019, the shares managed by CORDE were transferred first to the Reformed Companies Equity Fund (FONPER), established in 2001, and then to the Ministry of Finance.<sup>87</sup> According to the authorities, the purpose of this second transfer was to consolidate the management of all the State's interests in the hands of a single representative.

4.59. In order to monitor mining activity in the country, between 2017 and 2020, all exports of metallic and non-metallic minerals under the concessions system required a certificate of no-objection issued by MEM.<sup>88</sup> This certificate cost DOP 1,000 and, according to official information, was issued within one day.

4.60. In 2016, a ban was placed on exports of amber and laminar in their natural state or semi-processed to promote domestic processing activities and develop an artisanal industry; these minerals were only authorized for export in their processed form.<sup>89</sup> However, in 2018, the ban on exports of these minerals in their natural state and semi-processed was lifted. In addition, amber and laminar concessions stopped being granted only to cooperatives and *campesino* associations from the areas where the deposits are located.<sup>90</sup> In this connection, in 2019, a regulation was issued that delimits exclusive areas and sets out the requirements and the methods and equipment allowed

<sup>79</sup> Decree No. 430-18.

<sup>80</sup> These contracts are the Special Mining Lease Agreement with the Pueblo Viejo Dominicana Corporation (2002), and the Special Contract for the Evaluation, Exploitation and Beneficiation of the Las Lagunas Tailings Dam with Las Lagunas Limited (2004).

<sup>81</sup> The tax conditions are combinations of an annual minimum tax, income tax (ISR), a share of net profits (PUN) and the payment of a net smelter return (RNF) royalty.

<sup>82</sup> Namely the concessions granted to CORMIDOM for the exploitation of gold, silver and copper at the Cerro de Maimón mine.

<sup>83</sup> The ferronickel exploitation concession is governed by the initial exploration and exploitation contract of 24 December 1956, and the amendments thereto (the supplementary agreement of 26 September 1969, the amendment agreement of 26 May 1988 and the amendment addendum of 25 August 1994). These contracts also specify the applicable taxes and royalties, the ISR rate, an earnings-adjustable tax and a tax on the surface area.

<sup>84</sup> Information based on the four Extractive Industries Transparency Initiative (EITI) reports on the Dominican Republic. Viewed at: <https://eitird.mem.gob.do>.

<sup>85</sup> Disaggregation by taxes is only available for the period 2015-18.

<sup>86</sup> Up until that time, CORDE managed 285,982 of the 299,332 shares that the State held in the mining company Falconbridge Dominicana.

<sup>87</sup> Decrees No. 167-19 and No. 470-19.

<sup>88</sup> MEM Resolution No. 34-17.

<sup>89</sup> MEM Resolution No. 47-16.

<sup>90</sup> Decree No. 431-18 and MEM Resolution No. 40-18.

for the artisanal exploitation of these minerals. That regulation also stipulates that a certificate of no-objection must be obtained from MEM in order to export these minerals in their natural state or semi-processed.<sup>91</sup>

#### 4.2.2 Hydrocarbons

4.61. The Dominican Republic remains a net importer of hydrocarbons. The cumulative trade deficit during the review period in mineral products (Section V of the Harmonized System) stood at over USD 14 billion. Imports increased by 54% between 2015 and 2021, highlighting a steady rise throughout that period under review, with the exception of 2020. In 2021, these mineral products were the main products imported by the Dominican Republic, accounting for 16.9% of total imports. Exports remained relatively stable, ranging between USD 1.4 billion and USD 1.6 billion per year until 2019. They then dropped sharply, down to USD 1.1 billion for 2020 and 2021 combined.

4.62. The institutions governing the hydrocarbons sector are MEM, which is the regulatory body for exploration and exploitation, and the Ministry of Industry, Trade and MSMEs (MICM), which is responsible for regulating and overseeing the commercialization of petroleum products.<sup>92</sup>

4.63. No substantial changes were made to the legal framework governing hydrocarbons during the period under review. Law No. 4532-56 (as amended by Law No. 4833-58) governs the exploration and exploitation of hydrocarbons and Law No. 112-00 (as amended by Laws No. 557-05, No. 495-06 and No. 253-12) governs the commercialization of petroleum products. Other laws, such as the General Law on Electricity, contain measures related to specific subsectors and products.

4.64. Non-renewable natural resources belong to the Nation, and exploration and exploitation rights are granted to private-sector entities through concession contracts following a tender process. These concession contracts must be approved by Congress. Other governments are prohibited from involvement in the exploitation and/or exploration of deposits either directly or as partners or shareholders in companies that hold a permit or concession.<sup>93</sup> Furthermore, all geological and geophysical surveys must be authorized by MEM, and all survey results must be submitted to the Ministry.<sup>94</sup>

4.65. In 2016, the first regulation governing the exploration and production of hydrocarbons was issued; it covers hydrocarbons in any physical form present in the soil or subsoil of the national territory, including the exclusive economic zone and the continental shelf. In 2021, the periods of validity set in 2016 for exploration and exploitation contracts were extended.<sup>95</sup>

4.66. In 2019, the Dominican Republic opened the first licensing round for oil and gas blocks, which resulted in one block located on the continental shelf being auctioned off.<sup>96</sup> In 2021, the exploitation contract and the amendment thereto were approved by Congress and promulgated by the executive branch.<sup>97</sup> This is the only such concession contract currently in force in the Dominican Republic.

4.67. Imports of fossil fuels and petroleum products are subject to a licence issued by the MICM<sup>98</sup>, and imports to be used to produce electricity must also be authorized by the National Energy Commission.<sup>99</sup> The MICM also grants licences for the storage, transport and distribution of petroleum

<sup>91</sup> Regulation No. 370-19.

<sup>92</sup> Law No. 100-13, as amended by Law No. 142-13.

<sup>93</sup> Law No. 4532-56, as amended by Law No. 4833-58.

<sup>94</sup> MEM Resolution No. 1-16. In addition, MEM Resolution No. 12-19 requires that well logs be compiled when drilling for hydrocarbons. There are currently no valid authorizations for surveys relating to hydrocarbons.

<sup>95</sup> Decree No. 83-16, as amended by Decree No. 164-21.

<sup>96</sup> The auction of onshore blocks was declared void, and only one company pre-qualified for the auction of offshore blocks. The authorities have indicated that the lack of accurate geological information concerning the viability of the other blocks had an impact on the outcome of the auction of the blocks not assigned.

<sup>97</sup> In 2018, MEM issued a model production sharing contract, which forms the basis for the contracts for onshore areas and for offshore areas.

<sup>98</sup> Law No. 37-17 (Article 2) grants the MICM the power to regulate these aspects. Import authorization takes between 30 and 90 days and costs between DOP 1,025,000 and DOP 4,055,000, depending on the importer's storage capacity.

<sup>99</sup> Article 9 of Law No. 112-00, as amended by Laws No. 557-05, No. 495-06 and No. 253-12. Article 129 of Law No. 125-01 (General Law on Electricity (LGE)), as amended by Law No. 186-07.

products, as well as the operation of petrol stations and other fuel retail outlets (such as for LPG).<sup>100</sup> The MICM issues resolutions governing various aspects of these activities (including construction and operation requirements, Ministry service charges and licences). In 2021, the period of validity of licences issued by the MICM was increased from one to two years.<sup>101</sup>

4.68. The Dominican Republic has one single refinery, the Refinería Dominicana de Petróleo SA (REFIDOMSA), which has a refining capacity of 35,000 barrels a day. In 2021, the Dominican Government acquired the remaining 49% of the shares in REFIDOMSA, making it the sole shareholder. During the period under review, the company has expanded its list of crude oil suppliers and improved its refining process. Domestically refined petroleum products met a fifth of the country's demand for these products in the period under review. The rest was imported by REFIDOMSA and another six privately owned companies, with the public sector providing approximately 60% of marketed fuels.

4.69. In 2021, 78 million barrels of natural gas were imported, representing an increase of 86% on 2016 levels. Natural gas is imported by a private company that generates electricity, and almost all the gas (90%) is used for that purpose.<sup>102</sup> The natural gas is distributed to power stations through a network of three gas pipelines<sup>103</sup>, while compressed natural gas is distributed to industries by lorry.

4.70. Eighty private companies transport petroleum products to a network of 911 LPG stations, 850 liquid fuel stations and 39 stations for natural gas vehicles (NGV).<sup>104</sup> Distribution is in the hands of 58 companies, all locally registered, of which only two are subsidiaries of foreign companies. The three main distribution companies control 40% of the sales to the public. Existing infrastructure can store 7.8 million barrels. In recent years, the Dominican Republic has increased its average stocks for consumption of all petroleum products; LPG stocks remain the lowest in terms of days of supply.<sup>105</sup>

4.71. The (weekly) retail prices for LPG, gasoline, kerosene, aviation turbine fuel (avtur), diesel oil and fuel oil are regulated by the MICM. They are set in line with international oil prices and the exchange rate, which determine the import parity price (IPP).<sup>106</sup> When calculating official retail prices, the Ministry also factors in marketing margins, which cover transportation, distribution, retail outlets and the selective consumption tax levied on hydrocarbons (*ISC sobre hidrocarburos*).<sup>107</sup>

4.72. The State subsidizes household consumption of LPG (for poor and lower-middle-class households) through the *Bonogás* for households (BGH) programme. Similarly, it provides LPG subsidies to drivers of vehicles that transport passengers through the *Bonogás* for drivers (BGC) programme. The monthly subsidy is in the amount of DOP 228 (increased to DOP 470 as from March 2022) for recipients of the BGH and DOP 3,420 under the BGC. In addition, there are systems for refunding or offsetting the ISC on hydrocarbons for fossil fuels and petroleum products used in the industrial sector and to generate electricity, within certain monthly consumption limits.<sup>108</sup>

<sup>100</sup> All of these licences may be obtained through the MICM's online service platform, which also lists all the requirements that have to be met in the different cases. Viewed at: <https://ventanillavirtual.micm.gob.do/Servicios/Info>.

<sup>101</sup> MICM Resolution No. 311-21.

<sup>102</sup> National Energy Commission, National Energy Plan 2022–36, March 2022.

<sup>103</sup> Construction of the eastern gas pipeline was completed in 2019, providing natural gas to power stations in San Pedro de Macorís. MEM Resolution No. 36-19 establishes the requirements for the permit to construct pipelines.

<sup>104</sup> In general, NGV stations also distribute other petroleum products, such as liquid fuel or LPG.

<sup>105</sup> National Energy Commission, National Energy Plan 2022–36, March 2022.

<sup>106</sup> The international benchmark price is that of a barrel of West Texas Intermediate (WTI) crude oil, f.o.b., while, in the case of LPG, the simple averages of the Mont Belvieu (non-TET) price on the Tuesday of the previous week is used.

<sup>107</sup> Law No. 112-00 and Decree No. 307-01, as amended by Decree No. 176-04. Taxes on hydrocarbons consist of a first specific component (per US gallon, depending on the type of hydrocarbon) and a second *ad valorem* component on the IPP set by the MICM.

<sup>108</sup> Established by Law No. 253-12. Decree No. 275-16 governs the system of refunds for energy companies, companies established in free zones or special border development zones, public works contractors and mining concessions.

Between 2015 and 2020, the revenue foregone as a result of these various concessions amounted to DOP 112.8 billion, equivalent to 34.6% of the tax revenue collected in this category.<sup>109</sup>

### 4.2.3 Electricity

4.73. The capacity of the country's electricity sector has increased by 44% since 2015, reaching an installed capacity of 5,148 MW in December 2021. The obsolescence of some generators makes the national grid (known as SENI) vulnerable. Electricity generation continues to rely on imported fuel (Table 4.7). During the period under review, the use of fuel oil to generate power dropped sharply (down 35 percentage points), while the proportion of coal and, to a lesser extent, natural gas increased considerably. These changes are due to the conversion to natural gas of generating units in the eastern region producing more than 700 MW, and the entry into service of the Punta Catalina coal-fired thermal power station.<sup>110</sup> Renewable energy sources have doubled their contribution to electricity generation between 2015 and 2021, with only hydropower following a downward trend from 2017 onwards. According to the authorities, this change in the energy mix has led to a reduction in the production price, which fell from USD 161.40 per MWh in 2010 to USD 151.11 per MWh in 2021.

**Table 4.7 Supply and demand in the national grid, 2015–21**

|                         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Installed capacity (MW) | <b>3,577</b> | <b>3,640</b> | <b>3,708</b> | <b>3,986</b> | <b>4,921</b> | <b>4,921</b> | <b>5,148</b> |
| Generation (GWh)        | 14,177       | 14,984       | 15,282       | 15,702       | 17,412       | 17,663       | 21,404       |
| Fuel oil (%)            | 47.3         | 48.4         | 33.4         | 38.6         | 38.6         | 16.8         | 12.8         |
| Natural gas (%)         | 28.6         | 24.3         | 34.3         | 33.8         | 29.9         | 32.8         | 40.1         |
| Coal (%)                | 15.7         | 15.2         | 15.2         | 12.6         | 19.7         | 35.1         | 30.9         |
| Renewable energy (%)    | 8.4          | 12.1         | 17.1         | 15.0         | 11.8         | 15.3         | 16.2         |
| Hydropower              | 6.4          | 9.8          | 13.8         | 10.5         | 5.6          | 6.7          | 7.0          |
| Wind                    | 2.0          | 2.1          | 2.5          | 2.8          | 4.3          | 6.1          | 5.8          |
| Solar                   | 0.0          | 0.2          | 0.3          | 0.5          | 0.9          | 1.6          | 2.3          |
| Biomass                 | 0.0          | 0.0          | 0.5          | 1.2          | 1.0          | 0.9          | 1.1          |
| Demand (GWh)            | 16,003       | 16,838       | 17,159       | 17,714       | 19,266       | 19,804       | 21,649       |

Source: Annual reports of the Coordinating Agency 2015–21.

4.74. The electricity market is regulated by the General Law on Electricity (LGE)<sup>111</sup>, which is implemented by three bodies: (i) the National Energy Commission (CNE), which formulates electricity policy and is presided over by MEM; (ii) the Electricity Supervisory Authority (SIE), which is the regulatory body for the electricity market and is attached to MEM; and (iii) the Coordinating Agency, which coordinates the technical and commercial operations relating to the national grid. Up until 2020, the Dominican Corporation of State-owned Electricity Companies (CDEEE) played a major role in the sector, as it was responsible for implementing various development policies for state-owned electricity companies, as well as for the electrification of rural and suburban areas. Since then, the CDEEE has been in process of being liquidated; its responsibilities and functions were transferred to MEM; the management boards of the three electricity distribution companies (EDE), under its oversight, were merged; and the Rural and Suburban Electrification Unit (UERS) became part of the Vice-Ministry of Energy of MEM.<sup>112</sup> According to the authorities, the companies previously under the oversight of the CDEEE will operate independently once the process of dissolving the CDEEE has been completed.

4.75. In 2021, the National Pact to Reform the Electricity Sector 2021-30 (Electricity Pact)<sup>113</sup> was signed, with a view to providing a universal, high quality, efficient, reliable, resilient, and environmentally and financially sustainable electricity service. The objectives of the Electricity Pact

<sup>109</sup> National Energy Commission, National Energy Plan 2022–36, March 2022.

<sup>110</sup> The Punta Catalina thermal power station accounts for 15.11% of the national grid's nominal installed capacity.

<sup>111</sup> Law No. 125-01, as amended by Laws No. 186-07 and No. 100-13, and Decree No. 555-02, as amended by Decrees No. 749-02, No. 494-07, No. 342-20 and No. 167-21. The most recent amendment to the regulations implementing the Law concerns the definition of the grounds on which the electricity supply to end-consumers can be suspended and the related procedures.

<sup>112</sup> Decree No. 342-20.

<sup>113</sup> Signed on 25 February 2021. Decree No. 655-21 contains the implementing regulations of the Electricity Pact. The full version of the Electricity Pact is available online at: <https://mem.gob.do/wp-content/uploads/2021/03/pactp-electrico.pdf>.

include integrating the CNE into MEM, rather than being a unit attached to the Ministry, and to eliminate the support for electricity tariffs.

4.76. Although there has been a significant improvement in the electricity supply, which could be attributable to the diversification of the energy mix and efforts to modernize and restructure the sector, major challenges remain. Specifically, the dependency on imported fuel, electricity tariffs that fail to cover costs, a series of subsidies, the lack of investment in distribution and transmission, the high level of losses and the inadequate management of the distribution companies (EDE).

4.77. Reducing distribution losses remains a challenge for the Dominican electricity sector. Loss reduction targets have not been met<sup>114</sup> and, although there has been a slight decline since 2015, losses remained above 33% in 2020.<sup>115</sup> The main reasons for these losses are inadequate administrative and commercial management and energy theft. The Electricity Pact sets the objective of reducing loss levels by 15 percentage by 2026 and provides for the construction of new power stations to reduce electricity costs. Another shortcoming that has been identified in the Dominican electricity sector is the lack of a system of penalties for failure to comply with regulations, both for operators and for users.

4.78. The conditions of access to the electricity market have not changed during the review period. The private sector can undertake electricity generation activities, although the generation of hydroelectric power in excess of 5 MW is an activity reserved to the State. The state-owned Empresa de Generación Hidroeléctrica Dominicana (Dominican Hydroelectric Power Company) (EGEHID) has a monopoly in this regard.<sup>116</sup> In addition to the EGEHID, the State is involved in electricity generation through its ownership of the Punta Catalina thermal power station and through its 49.9% stakes in the generating companies EGE ITABO and EGE HAINA.<sup>117</sup> In 2021, a trust was set up to facilitate the transfer of CDEEE's assets and rights in the Punta Catalina thermal power station to another state entity for their administration.<sup>118</sup> In addition to the four state-owned generating companies, which account for 28% of the country's installed capacity, 22 private generating companies supply electricity to the national grid.

4.79. Electricity transmission is also reserved to the State. Another state-owned company, Empresa de Transmisión Eléctrica Dominicana (Dominican Electricity Transmission Company) (ETED), has a monopoly in this regard. The private sector is authorized to participate in the financing, construction and/or management of activities under state monopoly (i.e. transmission and generation activities).

4.80. Three state-owned companies are responsible for distribution and marketing (EDENORTE, EDESUR and EDEESTE), which have been under the supervision of the Reformed Companies Equity Fund since 2021. Nevertheless, according to the authorities, these companies operate as private enterprises. However, their operations have been managed by a single board of directors since 2020. While the private sector is permitted to participate in the distribution and marketing of electricity, no private companies are actively involved in these activities.

4.81. In 2015, there were seven privately funded isolated electricity systems, most of which have now been gradually integrated into the national grid.<sup>119</sup>

<sup>114</sup> The Electricity Sector Action Plan sought to reduce losses to 10.5% by 2021.

<sup>115</sup> Generation and transmission losses are relatively low – below 2% in each area. The Empresa Distribuidora de Electricidad del Este (Eastern Electricity Distribution Company) (EDEESTE) has particularly high loss rates. National Energy Commission, National Energy Plan 2022–36, March 2022.

<sup>116</sup> General Law on Electricity and Law No. 57-07.

<sup>117</sup> Law No. 394-14 authorizes the Dominican State, through the CDEEE, to be involved, directly or indirectly, in electricity generation as a promoter, operator and/or owner. The authorities indicate that, since the CDEEE is being liquidated, rights over future electricity generation facilities will be awarded through public tenders or public-private partnerships.

<sup>118</sup> Decree No. 538-21.

<sup>119</sup> For instance, the following systems have been integrated during the review period: Altobandera, Cap Cana Caribe, Compañía de Electricidad de Bayahíbe, Corporación Turística de Servicios Punta Cana, Costasur Dominicana, Luz y Fuerza de Las Terrenas, El Progreso del Limón and Puerto Plata de Electricidad. The Consorcio Energético Punta Cana-Macao continues to operate as an isolated system and its activities include electricity transmission within its concession area. In many cases, the isolated systems do not apply a SIE-approved tariff structure.

4.82. Generation, transmission and distribution activities in the electricity sector are subject to a concessions system. Where electricity is to be generated from renewable sources, the CNE must first grant a provisional concession before a final concession can be awarded. In all other cases, the provisional concession is optional. The provisional concession (up to 18 months) entitles holders to carry out the exploratory work, analyses and surveys needed to demonstrate the project's viability. The application for a final concession to exploit, build and launch generation, transmission or distribution works must be filed while the provisional concession is still valid. Applications for conventional electricity generation and distribution must be filed with the SIE, while those for electricity generation from primarily renewable sources must be filed with the CNE. In all cases, the CNE and SIE draw up a recommendation report for the executive branch, which then decides whether to award the final concession for a period of up to 40 years (with the possibility of an extension).<sup>120</sup> Transmission concessions are only granted on an exceptional basis to generating companies that are too far away from the national grid to be connected to it. It is expected that the ETED will take over this infrastructure at some point in the future, subject to a compensation agreement with the investor. Isolated systems, which provide generation, transmission and distribution services, must also apply for a concession if demand exceeds 2 MW.

4.83. Vertical integration of companies in the subsector is not generally allowed. However, distribution companies may be authorized to operate power stations, as long as they do not account for more than 15% of national grid demand. As a result of the transfer of shares in distributing companies from the CDEEE to the Reformed Companies Equity Fund in 2021 the distribution and generation activities of state-owned companies were separated.

4.84. Under the General Law on Electricity, 20% of the electricity bought on the wholesale market must come from the spot market. However, this target has not been met, as the spot market supplies only 6–7% of electricity. The proportion of electricity bought under long-term contracts or on the spot market varies depending on the distributor and the year in which the contract was signed. According to the authorities, this is because the preferred method for purchasing electricity has been long-term contracts between generating and distributing entities, in particular, since 2015, in an effort to promote investment in renewable energies and in new generation facilities. The authorities point out that the spot price did not guarantee a return on investment, so long-term contracts were introduced to provide greater investment certainty. The authorities note that purchases are currently made through a tender process. The CDEEE also serves as an intermediary in the wholesale electricity market. Despite being in liquidation, the CDEEE continues to manage energy supply contracts with two independent private producers.<sup>121</sup> In 2021, the direct sale of clean energy to distributors, without the CDEEE serving as an intermediary, was approved.<sup>122</sup>

4.85. In order to encourage the development of renewable energies, the Dominican Republic continues to offer incentives to promote the production of clean electricity and biofuels (Section 2.4.1).<sup>123</sup> In 2015, the incentives regime was extended to include the production of energy from biomass and solid residues, as well as geothermal energy.<sup>124</sup> In addition, in 2020, new incentives were introduced for energy and material recovery plants, with recovery processes including solid waste co-processing.<sup>125</sup> Efforts to promote renewable energies have resulted in a total installed capacity of 677 MW from renewable energy facilities under 24 final concessions granted during the period 2015–21.

4.86. The tax foregone as a result of renewable energy incentives during the period 2014–21 amounts to USD 252.7 million, disaggregated as follows: exemption from import taxes (41%, mainly for large-scale projects); exemption from the ITBIS (31%); and tax credits (28%). With regard to

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<sup>120</sup> According to the authorities, various factors are taken into account when determining the concession's time span, such as the general interest, the project's social value, and the guaranteed return on and profitability of the investment.

<sup>121</sup> Dominican Power Partners (270 MW) and Compañía Eléctrica de San Pedro de Macorís (300 MW).

<sup>122</sup> Decree No. 608-21. In 2021, the CNE issued a price recommendation for long-term renewable energy purchase contracts with distributors.

<sup>123</sup> This regime is described in detail in WTO document WT/TPR/S/319/Rev.1 of 13 November 2015.

<sup>124</sup> Law No. 57-07, as amended by Laws No. 253-12 and No. 115-15, and Decree No. 202.08. The incentives set forth in the Law were not amended but rather extended to include other renewable energy producers.

<sup>125</sup> Law No. 225-20 and Decree No. 320-21.

the fourth renewable energy incentive, namely the tax reduction on external financing, no applications have been received.

4.87. Electricity tariffs are controlled for regulated customers. Free clients (i.e. those whose monthly demand exceeds 1 MW) negotiate the purchase price directly with the distribution and/or generating companies.<sup>126</sup> The electricity tariffs paid by regulated users are set quarterly by the SIE; these rates were frozen between 2015 and the third quarter of 2021. In the fourth quarter of 2021, the electricity tariff was adjusted, in order to meet one of the targets of the Electricity Pact<sup>127</sup>, with a linear adjustment in the difference between the indexed or technical tariff<sup>128</sup> and the applied tariff up to 2026. In recent years, the applied tariff had been considerably lower than the technical tariff for residential users.

4.88. In the Dominican Republic, there are both direct and indirect subsidy schemes for regulated customers. The *Bonoluz* programme is a direct subsidy for poor families with a monthly consumption of 100 kWh. A refinement of the subsidy has reduced the number of beneficiaries from 462,166 in 2015 to 354,584 in 2020. The annual cost of the subsidy in 2020 was USD 34.5 million. The Electricity Tariff Stabilization Fund (FETE) is a system of indirect subsidies to prevent fluctuations in fossil fuel prices being passed on to consumers' bills.<sup>129</sup> The difference between the indexed tariff, which varies according to the consumption range and the type of consumer, and the applied tariff is funded by the FETE, with the subsidy paid directly to distributors. While including coal in the energy mix helped to reduce energy production costs and, consequently, the cost of this subsidy, the State paid out USD 1,229 million to cover the needs of the FETE between 2018 and 2020. It is expected that gradually eliminating (or making linear adjustments to) the difference between the tariffs will mean that the FETE can be eliminated in 2026.

### 4.3 Manufacturing

4.89. The manufacturing sector in the Dominican Republic has two components: a local manufacturing sector, mainly oriented towards the domestic market, and a sector that operates under the free-zone regime and is mainly oriented towards exports. The free-zone manufacturing sector accounts for a quarter of the country's manufacturing GDP (Table 4.8), and free zone manufacturing exports largely exceed manufacturing exports under the national regime (see below). The free zones are therefore a key source of foreign exchange for the country.

4.90. During the period under review, the manufacturing sector's share of GDP remained stable, at an average of around 14.4%. There were approximately 450,000 jobs in the industrial sector, which also includes mining and quarrying, at end-2020, which is around 10% of all the jobs in the country's economy. The sector is therefore the second-largest employer in the Dominican Republic, exceeded only by commercial activities. In 2021, the free zones' share of total GDP was 3.6%, and the cumulative investment by companies based in free zones totalled USD 5,903.1 million. Domestic capital made up a fifth of these investments, while the main sources of foreign investment are the United States (36.2% of total investment), the United Kingdom (6.6%), Germany (6.4%) and Canada (4.2%). By the end of 2021, there were 79 free zones with 734 companies employing more than 183,232 people.

4.91. Local manufacturing production is quite diversified, with the main industry being prepared foodstuffs, followed by beverages and tobacco, and refined petroleum products. Industries operating under the free-zone regime have undergone a major transformation since the previous trade policy review, with production now focused on medical instruments and apparatus, electrical machinery and equipment, and pearls, precious stones and precious metals, while production of articles of apparel and clothing accessories has decreased.

<sup>126</sup> Free clients can buy their electricity directly on the spot market. In 2020, only 96 of the 214 free clients made use of the wholesale electricity market; the majority of free clients have a direct business relationship with a distributor.

<sup>127</sup> SIE Resolution No. 61-22 contains the most recent tariff update for the quarter from July to September 2022.

<sup>128</sup> The method for calculating the technical tariff was updated in June 2022 through SIE Resolution No. 65-22.

<sup>129</sup> Decree No. 302-03.



**Table 4.8 The manufacturing sector's share of GDP and employment, 2015–21**

(%)

|                                      | 2015                      | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 <sup>a</sup> |
|--------------------------------------|---------------------------|------|------|------|------|------|-------------------|
|                                      | Share of current GDP      |      |      |      |      |      |                   |
| <b>Local manufacturing</b>           | 11.4                      | 11.1 | 10.8 | 10.8 | 10.6 | 10.9 | 11.5              |
| Prepared foodstuffs                  | 4.5                       | 4.4  | 4.3  | 4.2  | 4.1  | 4.6  | 4.5               |
| Beverages and tobacco                | 1.3                       | 1.3  | 1.4  | 1.3  | 1.3  | 1.4  | 1.3               |
| Refined petroleum products           | 1.0                       | 1.0  | 1.0  | 1.1  | 1.0  | 1.1  | 1.2               |
| <b>Free-zone manufacturing</b>       | 3.3                       | 3.3  | 3.3  | 3.3  | 3.2  | 3.5  | 3.6               |
|                                      | Share of total employment |      |      |      |      |      |                   |
| <b>Industrial sector<sup>b</sup></b> | 10.1                      | 10.4 | 10.2 | 10.0 | 10.2 | 10.7 | 10.1              |

a Preliminary data.

b Includes mining and quarrying.

Source: Central Bank of the Dominican Republic.

4.92. The free zones make a significant contribution to manufacturing exports at the national level (Table 4.9), accounting for 61% of these exports in 2021, down slightly on the 2015 figure of 65%. This decline was due to the fact that exports under the national regime (and others) have increased more rapidly (+50%) than free-zone manufacturing exports (+26%). As a result of these strong growth rates, manufacturing exports accounted for three quarters of total exports under all customs regimes combined in 2020.

4.93. Among products under the national regime, iron and steel exports were particularly strong during the period under review, with their export value increasing almost five-fold. However, exports of pearls, precious stones and precious metals remained the leading manufacturing exports under the national regime by some margin (accounting for more than 50% of exports). Under the free-zone regime, exports of electrical sound reproducing machinery and equipment were particularly strong, as were exports of pearls, precious stones and precious metals. In both cases, export values doubled between 2015 and 2020. Exports of articles of apparel and clothing accessories declined in value relative to 2015; this was the only major category of free-zone products that recorded a downward trend.

**Table 4.9 Manufacturing exports, by regime and by main activity, 2015–21**

|   | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|-------|-------|-------|-------|-------|-------|-------|
| <b>Value of manufacturing exports (USD million)</b>                         |       |       |       |       |       |       |       |
| Total exports   | 6,726 | 6,995 | 7,497 | 7,802 | 8,269 | 7,619 | 9,042 |
| National regime and others  | 2,336 | 2,653 | 2,848 | 2,878 | 3,182 | 3,012 | 3,505 |
| Free-zone regime  | 4,391 | 4,342 | 4,649 | 4,924 | 5,087 | 4,606 | 5,537 |
| <b>Manufacturing exports' share of total exports, by customs regime (%)</b> |       |       |       |       |       |       |       |
| Total exports   | 71.6  | 71.5  | 73.3  | 72.5  | 73.3  | 77.3  | 76.4  |
| National regime and others  | 58.5  | 60.3  | 64.1  | 62.4  | 64.5  | 74.8  | 74.8  |
| Free-zone regime  | 81.4  | 80.6  | 80.4  | 80.1  | 80.1  | 79.0  | 77.5  |
| <b>Main manufacturing exports under the national regime and others (%)</b>  |       |       |       |       |       |       |       |
| 71. Pearls, precious stones and precious metals                             | 54.8  | 61.7  | 53.9  | 50.2  | 50.9  | 58.6  | 50.9  |
| 72. Iron and steel  | 5.6   | 6.8   | 10.1  | 13.5  | 15.3  | 14.7  | 17.6  |
| 39. Plastics and articles thereof   | 10.2  | 8.8   | 7.9   | 6.9   | 6.7   | 7.6   | 8.5   |
| <b>Main manufacturing exports under the free-zone regime (%)</b>            |       |       |       |       |       |       |       |
| 90. Optical, precision, medical or surgical instruments and apparatus       | 22.5  | 25.2  | 21.0  | 19.3  | 19.5  | 23.4  | 21.3  |
| 85. Electrical machinery and equipment; sound reproducers                   | 12.2  | 13.3  | 17.4  | 19.5  | 20.1  | 24.6  | 20.7  |
| 71. Pearls, precious stones and precious metals                             | 9.0   | 9.2   | 9.3   | 10.1  | 10.5  | 9.5   | 13.9  |
| 61. Articles of apparel and clothing accessories, knitted or crocheted      | 12.7  | 12.4  | 12.3  | 13.0  | 12.3  | 6.7   | 8.0   |
| 30. Pharmaceutical products   | 7.1   | 7.4   | 9.2   | 10.0  | 9.8   | 9.7   | 7.9   |

Source: Datacomex RD, Ministry of Industry, Trade and MSMEs (MICM) and National Statistics Office.

4.94. In 2021, the tariff applied to non-agricultural products (WTO definition) was 6.6%, slightly lower than the average MFN tariff for the tariff universe as a whole, which was 7.8%. Based on the HS sections, the manufactured product groups with an above-average tariff are precious stones (18.1%), edible preparations (17.5%), footwear (16.7%) and miscellaneous manufactured articles (16.8%). The product groups subject to the lowest tariffs are mineral products (2.3%), products of the chemical or allied industries (2.3%) and machinery and mechanical appliances (3.4%).

4.95. In addition to tariffs, the manufacturing sector can avail itself of various tax incentives set forth in the Law on Industrial Competitiveness and Innovation (Law No. 392-07), the Law establishing the Special Comprehensive Border Development Zone (Law No. 12-21), the Law on the Promotion of Free Zones (Law No. 8-90), the Law on Reviving and Promoting Exports (Law No. 84-99) and the Law declaring of textile and leather manufacturing subsectors to be a national priority and creating a national regulatory regime for them (Law No. 56-07).<sup>130</sup> The Law on Industrial Competitiveness and Innovation and the laws on the border regime (Laws No. 28-01 and No. 12-21) have been amended during the review period, while no changes were made to the other regimes (Section 2.4).

4.96. The Center for Industrial Development and Competitiveness (PROINDUSTRIA) is the public entity responsible for promoting the industrial competitiveness of the manufacturing sector. The management board of PROINDUSTRIA is the agency's governing body, responsible for proposing and furthering policies and programmes for the sector's development and modernization.<sup>131</sup> Manufacturing industries that have obtained Industrial Recognition can apply to PROINDUSTRIA to receive the benefits set forth in Law No. 392-07.<sup>132</sup> This incentives regime expired in 2017 after 10 years in force, but some of the incentives were reinstated in 2020 for a further 15 fiscal years.<sup>133</sup> In addition to investment incentives (Section 2.4), a 50% exemption from the ITBIS is applied to purchases of some capital goods and raw materials that are imported or purchased on the domestic market<sup>134</sup>; exporters are entitled to a refund of the ITBIS and the ISC<sup>135</sup>; and recognized companies can join the partial processing regime.<sup>136</sup>

4.97. PROINDUSTRIA promotes the creation of new manufacturing companies and enterprises by young entrepreneurs, carries out other technical assistance programmes, provides technological training and promotes industrial parks. These parks, which may be public, private or joint ventures, provide logistical facilities and industrial premises at low rents. They seek to generate productive and associative links between companies, and most of what they produce enters the local market.

4.98. In 2021, the incentives regime for the Special Border Development Zone expired and was replaced with a new regime known as the Special Comprehensive Border Development Zone.<sup>137</sup> Under the new regime, the incentives' period of validity was extended from 20 to 30 years.<sup>138</sup> In addition to investment incentives (Section 2.4), some of the production-related incentives were amended: for example, the 50% reduction in fees for transit and use of ports and airports was abolished, and the exemption from payment of the ITBIS on purchases of supplies and raw materials used to produce goods not exempt from the ITBIS was reduced from 100% to 50%. The following exemptions were not modified: the exemption from the ISR; the exemption from the ISC on telecommunications and insurance relating to project facilities; the exemption from the ITBIS on purchases and imports of supplies and raw materials used to produce goods that are exempt from the ITBIS; and the exemption from the tariff on imports of production-related supplies and raw materials not produced in the country.

<sup>130</sup> These regimes are mutually exclusive, in other words a company cannot operate under two different regimes at the same time.

<sup>131</sup> Law No. 392-07 and Decree No. 674-12.

<sup>132</sup> To apply for Industrial Recognition, the applicant company must show that: (a) it is a manufacturing industry dedicated to the production of tangible and marketable goods; (b) that the industrial activity is carried out in a factory; and (c) that the industry is not benefiting from any special regime that offers exemption from the ISR (PROINDUSTRIA Resolution No. 248-52-2013).

<sup>133</sup> Law No. 242-20 amended the scope of Law No. 392-07 on Industrial Competitiveness and Innovation, as amended by Law No. 542-14. In addition, Law No. 242-20 modified the composition of the management board of PROINDUSTRIA.

<sup>134</sup> The eligible capital goods are listed in Article 24 of Law No. 557-05, while the eligible raw materials and inputs are those listed in the Seventh Edition of the Tariff Codes with a 0% tariff.

<sup>135</sup> The selective consumption taxes on telecommunications, insurance and fuels are refunded, as is the tax on cheques.

<sup>136</sup> Under this regime, local manufacturers may process raw materials, inputs and/or intermediate or end goods covered by a special regime, provided that the processed goods re-enter the special regime within a maximum non-renewable period of six months (Law No. 542-14). According to the authorities, the aim of this regime is to strengthen ties between local industry and industries in free zones.

<sup>137</sup> This regime covers the provinces of Pedernales, Independencia, Elías Piña, Dajabón, Montecristi, Santiago Rodríguez and Bahoruco (Law No. 12-21 and Decree No. 766-21).

<sup>138</sup> Council for the Coordination of the Special Border Development Zone. Viewed at: <https://ccdf.gob.do/phocadownload/SobreNosotros/MarcoLegal/Beneficios/Beneficios%20Ley%2012-21.pdf>.

4.99. In 2021, the tax foregone as a result of the benefits granted to companies in free zones amounted to DOP 28,308 million, which is equivalent to 0.6% of GDP. In that same year, the cost of the benefits stood at DOP 1,661 million for companies under the border development regime and DOP 6.2 million for companies under the PROINDUSTRIA regime.

## 4.4 Services

### 4.4.1 Financial services

4.100. Financial intermediation services in the Dominican Republic accounted for 3.9% of GDP in 2021. The Dominican Republic is a net importer of financial services. Financial intermediation services in the Republic are provided by: (1) incorporated entities, which may be full-service banks or either of two types of credit institutions: savings and credit banks, or credit corporations; and (2) non-joint-stock entities, which may be savings and loan associations or savings and credit cooperatives.<sup>139</sup> The savings and loan associations are mutual entities that the Monetary Board may authorize to be converted into full-service banks or credit institutions.<sup>140</sup>

4.101. During the review period, the financial system performed well, despite the negative economic effects of the COVID-19 pandemic, thanks in no small part to the monetary, financial and exchange policies implemented from March 2020 and the channelling of resources towards the domestic productive sectors and households. During this review, the authorities noted that financial system regulations have fostered financial stability domestically by creating the right conditions for the financing of the productive sectors and by strengthening the operating framework for financial intermediaries and foreign exchange intermediaries during the COVID-19 pandemic. The main regulatory measures include the freeing up of legal reserves and the use of repurchase agreement transactions and the quick liquidity facility window. In total, these policies provided a monetary stimulus of more than DOP 215 billion, or more than 5.0% of GDP, to revive economic activity and employment.<sup>141</sup> In addition, the Central Bank actively participated in the foreign exchange market by placing more than USD 6.9 billion to inject foreign currency liquidity into financial entities to meet demand for foreign currency.

4.102. In addition to the above, the monetary authorities adopted measures to prevent the potential deterioration of the loan portfolio due to the uncertainty created by the impact of the pandemic on the economy. In this regard, in its Second Resolution of 17 March 2020, the Monetary Board (the highest monetary authority – see below) authorized the implementation of a transitional regulatory approach for financial intermediaries, allowing them to freeze the ratings and provisions of their respective debtors at pre-pandemic levels until 31 March 2021, at which point entities would have to rectify their ratings to bring them in line with the Asset Valuation Regulations (REA). Similarly, in considering what financial impact the end of this transitional approach might have on financial institutions, the Monetary Board, in its Fourth Resolution of 15 December 2020, stipulated that the provisions that were exempted under the regulatory approach could be built up gradually, on a voluntary basis, over the course of 24 months. It also stipulated that, until deferred provisions were in place, institutions would not be permitted to pay out dividends other than for their capitalization. At a later stage, the Monetary Board, in its Second Resolution of 18 March 2021, extended the period for gradual provisioning from 24 to 33 months, ending on 31 December 2023, and allowed gradual provisioning for new loans, the impairment of pre-existing loans and the loss of value of eligible guarantees. The Monetary Board also authorized forward-looking provisioning – to be recorded in the profit and loss statement for 2021 – to cover up to 2% of risk-weighted assets and contingency transactions.

4.103. Within the context of the WTO, the Dominican Republic has ratified the Fifth Protocol to the General Agreement on Trade in Services, but has made few commitments. The country's legislation allows foreign ownership of up to 60% of equity in domestic banking service institutions, although

<sup>139</sup> Article 34 of the Monetary and Financial Law (Law No. 183-02).

<sup>140</sup> Article 75 of the Monetary and Financial Law (Law No. 183-02) and Articles 37-39 of the Regulation on the Opening and Operation of Financial Intermediation Entities and Representative Offices of 11 May 2004.

<sup>141</sup> The Monetary Board introduced quick liquidity facilities (FLR) in its Fourth Resolution of 22 July 2020, its Second Resolution of 8 October 2020, and its Fourth Resolution of 25 February 2021. The Monetary Board also approved the provision of resources in national currency through its First Resolution of 17 March 2020, its Second Resolution of 24 March 2020 and its Third Resolution of 16 April 2020.

such ownership is usually 49%. Moreover, for some deposit services the establishment of financial entities is subject to evidence of economic necessity.<sup>142</sup>

#### 4.4.1.1 Banking

##### 4.4.1.1.1 General features and prudential indicators

4.104. According to the Monetary and Financial Law (Law No. 183-02), financial intermediaries may be either private or public entities. Those that are private may be either incorporated entities or non-joint-stock entities. Incorporated entities consist of full-service banks and two types of credit institutions: savings and credit banks, and credit corporations. The non-joint-stock entities engaged in financial intermediation can be either savings and loan associations or savings and credit cooperatives.<sup>143</sup>

4.105. To operate as a financial intermediary, prior authorization must be obtained from the Monetary Board, which may only refuse authorization on legal grounds, not for reasons of expediency. The Board's authorization expires if the entity does not commence operations within six months of it being granted. Prior authorization from the Monetary Board is also required for mergers, takeovers, changes of form, split-offs, divisions, sales of shares of other entities representing at least 30% of the paid-up capital and transfers of all or a substantial part of an entity's assets and liabilities, as well as the opening of branches and agencies of domestic banks abroad and the opening of representative offices of foreign financial entities in the national territory. In each case, the prior opinion of the Banking Supervisory Authority is required. The opening of branches and agencies in the national territory, as well as their transfer and closure, requires prior authorization from the Banking Supervisory Authority.

4.106. Although the Law does not actually limit the activities of financial entities within their respective categories, the Monetary Board has the authority to establish operational limitations on newly created entities in terms of the opening of branches, maximum organization costs, dividends and other measures to ensure that their initial expansion is carried out prudently. The Law also stipulates, however, that such limitations may not apply beyond five years after authorization is granted. No limitations may apply to interest rates, commissions and surcharges, which are determined freely, as agreed, with no additional limitations other than those deriving from general procurement rules and from consumer transparency and protection rules provided for in the Law.

4.107. Savings and loan associations are mutual entities that are governed by the Monetary and Financial Law; the Monetary Board may authorize them to be converted into full-service banks or credit institutions.<sup>144</sup> Savings and credit cooperatives are governed by Law No. 127-64 on Cooperative Associations of 27 January 1964 and are excluded from the scope of Law No. 183-02.<sup>145</sup>

4.108. As of December 2021, there were 49 financial intermediaries operating under the supervision of the Banking Supervisory Authority: 17 full-service banks, 14 savings and credit banks, 6 credit corporations, 10 savings and loan associations, the Export and Development Bank (BANDEX) and the Agricultural Bank of the Dominican Republic (BAGRÍCOLA).<sup>146</sup> Of these, 46 were private-equity institutions and three – the Reserve Bank, BANDEX and BAGRÍCOLA – were public corporations.<sup>147</sup> As of the same month, authorizations had been granted for the establishment of eight representative offices of foreign banks in the country, which were already operating.<sup>148</sup>

4.109. The Dominican banking system performed well during the review period, despite the negative effects of the COVID-19 pandemic. Assets totalled DOP 2,696.2 million in December 2021

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<sup>142</sup> Integrated Trade Intelligence Portal for services (I-TIP Services) of the WTO and the World Bank. Viewed at: <http://i-tip.wto.org/services/default.aspx>.

<sup>143</sup> Article 34 of Law No. 183-02.

<sup>144</sup> Article 75 of Law No. 183-02 and Articles 37-39 of the Regulation on the Opening and Operation of Financial Intermediation Entities and Representative Offices of 11 May 2004.

<sup>145</sup> Article 76 of Law No. 183-02.

<sup>146</sup> Information from the Banking Supervisory Authority. Viewed at: <https://www.sb.gob.do/entidades-autorizadas-sib/entidades>.

<sup>147</sup> Law No. 122-21 allows potential private shareholders to own equity in BANDEX.

<sup>148</sup> Information from the Banking Supervisory Authority. Viewed at: [https://www.sb.gob.do/entidades-autorizadas-sib/oficinas\\_representacion/9](https://www.sb.gob.do/entidades-autorizadas-sib/oficinas_representacion/9).

(USD 47,500 million), compared with DOP 1,359.6 million (USD 30,213 million) in 2015.<sup>149</sup> In December 2021, 88.0% (USD 41.8 billion) of total assets were controlled by full-service banks, 9.7% by savings and loan associations, 1.9% by savings and credit banks, 0.3% by BANDEX and 0.1% by credit corporations.<sup>150</sup>

4.110. As indicated in the report for the previous review, the Dominican banking system continues to display a high degree of concentration. In December 2021, the three leading institutions held 70% of total assets, up from 67.3% indicated for December 2014 in the previous report. The 10 largest institutions held 89.0% of total assets.<sup>151</sup> The 15 largest institutions held 94.7% of total assets. The expansion of total assets was driven by the dynamism of the loan portfolio, which recorded a substantial increase. Some 10.3% of financial system assets are in the hands of foreign banks; this percentage rises to 26.5% if Dominican banking with foreign capital participation is taken into account.<sup>152</sup> Some 89% of local bank capital is owned by local shareholders, while 11% is owned by foreign shareholders. The latter own shares in 11 financial intermediaries.

4.111. Following the trend indicated in the previous report, the increase in the level of financial intermediation continued to gather strength during the review period. This pushed the value of the total assets of the financial system to 50.6% of GDP in 2021, compared with 42.4% in 2015. Financial system deposits increased from 33.4% of GDP in 2015 to 39.3% in December 2021, while the loan portfolio remained at around 26% of GDP (Table 4.10).

**Table 4.10 Banking system indicators, 2015-21**

|   | December       |                |                |                |                |                |                   |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
|   | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021 <sup>a</sup> |
|   | (DOP billion)  |                |                |                |                |                |                   |
| <b>Total financial assets</b>             | <b>1,359.6</b> | <b>1,518.7</b> | <b>1,650.6</b> | <b>1,782.2</b> | <b>1,909.1</b> | <b>2,375.2</b> | <b>2,757.9</b>    |
| % of GDP (at current prices)              | 42.4           | 43.5           | 43.4           | 42.1           | 41.8           | 53.3           | 50.6              |
| <b>Financial system deposits</b>          | <b>1,069.9</b> | <b>1,183.3</b> | <b>1,299.4</b> | <b>1,403.1</b> | <b>1,559.7</b> | <b>1,825.5</b> | <b>2,094.7</b>    |
| Deposits (% of GDP)                       | 33.4           | 33.9           | 34.2           | 33.1           | 34.2           | 41.0           | 39.3              |
| <b>Assets by type of institution</b>      |                |                |                |                |                |                |                   |
| Full-service banks                        | 1,175.9        | 1,316.7        | 1,427.6        | 1,542.4        | 1,732.6        | 2,085.9        | 2,427.3           |
| Credit institutions                       |                |                |                |                |                |                |                   |
| Savings and credit banks                  | 26.5           | 30.6           | 35.3           | 36.1           | 40.7           | 45.8           | 51.6              |
| Credit corporations                       | 4.1            | 3.6            | 4.0            | 3.8            | 3.5            | 3.6            | 4.0               |
| Savings and loan associations             | 145.2          | 161.5          | 178.4          | 191.8          | 206.9          | 232.5          | 266.7             |
| Export and Development Bank               | 7.9            | 6.3            | 5.5            | 8.1            | 8.2            | 7.4            | 8.2               |
| <b>By composition, of which</b>           |                |                |                |                |                |                |                   |
| <b>Loan portfolio</b>                     | <b>844.5</b>   | <b>923.5</b>   | <b>999.6</b>   | <b>1,109.9</b> | <b>1,208.9</b> | <b>1,256.0</b> | <b>1,389.9</b>    |
| Commercial loans                          | 503.8          | 537.7          | 568.8          | 635.8          | 688.7          | 703.6          | 775.9             |
| Private sector                            | 767.7          | 853            | 932            | 1,037          | 1,140          | 1,216          | 1,348             |
| Public sector                             | 76.8           | 70             | 67             | 72             | 69             | 40             | 42                |
| Consumer loans                            | 201.4          | 232.9          | 260.6          | 287.9          | 310.8          | 329.8          | 362.4             |
| Mortgage loans                            | 139.3          | 153.0          | 170.2          | 186.2          | 209.5          | 222.6          | 251.6             |
| Loan portfolio (% of GDP)                 | 26.3           | 26.5           | 26.3           | 26.2           | 26.5           | 28.2           | 26.1              |
| <b>Lending rate of full-service banks</b> |                |                |                |                |                |                |                   |
| Commercial loans                          | 14.3           | 14.4           | 13.0           | 11.6           | 11.4           | 10.2           | 8.6               |
| Consumer loans                            | 19.1           | 18.7           | 18.3           | 17.6           | 18.1           | 15.5           | 15.3              |

<sup>149</sup> Institutional statistics from the Banking Supervisory Authority. Viewed at: <http://sb.gov.do/transparencia/estadisticas-institucionales>.

<sup>150</sup> The Banking Supervisory Authority does not include the Agricultural Bank in the statistical information, so the information would be based on 48 financial intermediaries.

<sup>151</sup> In December 2021, the concentration of total assets was distributed as follows: Reserve Bank of the Dominican Republic, 32.58%; Banco Popular, 21.98%; Banco BHD-León, 15.19%; Scotiabank, 5.26%; Asociación Popular de Ahorros y Préstamos, 4.31%; Banco Santa Cruz, 3.74%; Asociación CIBAO de Ahorros y Préstamos, 2.52%; PROMERICA, 1.75%; BANESCO Banco Múltiple, 1.68%; others, 11.0%. Banking Supervisory Authority. Online information. Viewed at: [https://sb.gob.do/sites/default/files/nuevosdocumentos/estadisticas/seriestiempo/A-Total-de-Activos-por-Entidad\\_1.xlsx](https://sb.gob.do/sites/default/files/nuevosdocumentos/estadisticas/seriestiempo/A-Total-de-Activos-por-Entidad_1.xlsx).

<sup>152</sup> As of December 2021, there were eight foreign-owned banks: Scotiabank (Canada, with 5.26% of financial system assets); PROMERICA (Nicaragua, 1.75%); BANESCO (Bolivarian Republic of Venezuela, 1.68%); Citibank (United States, 0.82%); LAFISE (Panama, 0.60%); Bancamérica (Bolivarian Republic of Venezuela, 0.13%); Bellbank (Bolivarian Republic of Venezuela, 0.05%); and Empire (United States, 0.01%). The Dominican banks with foreign participation include: Banco Múltiple BHD-León, 15.19% of assets with foreign capital participation of 19.18% (Banco Popular de Puerto Rico, 15.83%; International Finance Corporation (IFC), 3.35%); Banco Múltiple Ademi (0.66%), with foreign participation of 10.43% (European Investment Bank (EIB)); Banco de Ahorro y Crédito Adopem (0.33%), with foreign participation of 71.4% (Fundación Microfinanzas BBVA (Spain), 55.6%, IFC 10% and EIB 5.77%).

|  | December |       |       |       |       |       |                   |
|--|----------|-------|-------|-------|-------|-------|-------------------|
|  | 2015     | 2016  | 2017  | 2018  | 2019  | 2020  | 2021 <sup>a</sup> |
| Mortgage loans   | 11.6     | 12.2  | 11.2  | 11.6  | 11.1  | 10.9  | 9.1               |
| <b>Microprudential indicators for full-service banks</b> |          |       |       |       |       |       |                   |
| Solvency ratio   | 16.0     | 17.2  | 18.3  | 17.1  | 16.6  | 21.1  | 19.1              |
| Average return on equity (ROE)                           | 20.1     | 19.0  | 16.7  | 20.0  | 19.5  | 15.6  | 21.0              |
| Average return on assets (ROA)                           | 2.3      | 2.2   | 1.9   | 2.4   | 2.3   | 1.8   | 2.3               |
| Financial intermediation margin (MIF)/earning assets     | 8.9      | 8.6   | 8.5   | 8.5   | 7.9   | 7.8   | 7.5               |
| % of earning assets                                      | 74.2     | 74.4  | 77.0  | 76.3  | 79.4  | 76.4  | 80.1              |
| Efficiency <sup>b</sup>                                  |          |       |       |       |       |       |                   |
| Liquidity ratio <sup>c</sup>                             | 23.4     | 23.6  | 20.1  | 21.6  | 18.3  | 23.6  | 18.7              |
| % past-due portfolio                                     | 1.7      | 1.7   | 1.9   | 1.6   | 1.6   | 1.9   | 1.3               |
| Provisions/past-due portfolio                            | 152.4    | 156.3 | 149.3 | 157.1 | 162.1 | 203.9 | 335.7             |

a Latest information published by the Banking Supervisory Authority.

b Measured as the costs-to-income ratio.

c Measured as the liquid assets-to-total deposits ratio.

Source: Institutional statistics of the Banking Supervisory Authority. Viewed at: <http://sb.gov.do/transparencia/estadisticas-institucionales>.

4.112. During the period under review, the microprudential indicators of the Dominican financial system remained at appropriate levels, with good liquidity and capitalization conditions, despite the negative impact of the pandemic on economic activity. The solvency ratio remained well above the internationally recommended level of 8% and the national regulatory minimum of 10%, reaching 19.1% in December 2021 for the financial system and 16.8% for full-service banks. As of the same month, the average return on equity (ROE) of the banks was 21.0% and the return on assets (ROA) indicator 2.3%. The past-due portfolio ratio remained low, at 1.4% in December 2021. As was already the case in the previous report, there were ample provisions to meet this past-due portfolio, with an index of 313.53% in December 2021, indicating that full-service banks were solvent and low risk. As was the case at the outbreak of the global financial crisis, the nature of the Dominican financial system, with most funding coming from domestic sources, has largely insulated it from external shocks. The Dominican Republic therefore withstood the impact of the pandemic satisfactorily, despite a temporary fall in remittances and tourism revenue. In this regard, the authorities observed that profitability indicators were similar to their pre-pandemic levels thanks to monetary and financial easing implemented to mitigate the coronavirus health crisis.

4.113. Given its ability to attract resources domestically, the Dominican financial system – as indicated in the previous review – has not shown a trend towards becoming dollarized. As of the end of May 2022, 71.5% of financial system assets other than shares were in the national currency and 28.5% in foreign currency, while 81.9% of loans were in the national currency, making the system's exposure to currency risk quite small.<sup>153</sup>

#### 4.4.1.1.2 Regulatory framework

4.114. Since the previous review in 2015, the only substantial changes to legislation in the financial sector in the Dominican Republic have been new laws on money laundering, security interests and the securities market. The banking system's regulatory legal framework currently consists of the Constitution;<sup>154</sup> the Monetary and Financial Law (Law No. 183-02); Law No. 92-04 on Systemic Risk; Law No. 189-11 on the Development of the Mortgage Market and Trusts; Law No. 155-17 on Money Laundering and the Financing of Terrorism; and the financial regulations issued by the Monetary Board.<sup>155</sup> Amendments to the legal regime governing the banking sector require the approval of two thirds of the combined membership of the Senate and the Chamber of Deputies, with the exception of amendments presented by the Executive and proposed by the Monetary Board, which must be approved in each chamber by two thirds of those members who are present.<sup>156</sup>

4.115. The Monetary Board, through its Second Resolution of 23 November 2017, approved the Regulation Governing the Monetary Programme and Monetary Policy Instruments, which defines the

<sup>153</sup> WTO Secretariat calculations based on information from the Central Bank of the Dominican Republic. Viewed at: <https://www.bancentral.gov.do/a/d/2536-sector-monetario-y-financiero>.

<sup>154</sup> Articles 223-232 of the Monetary and Financial Law.

<sup>155</sup> Article 1 of Law No. 183-02. For the legal framework, see: <http://www.sb.gob.do/marco-legal> or <http://www.bancentral.gov.do/normativa/leyes>.

<sup>156</sup> Article 232 of the Constitution and Article 9(i) of Law No. 183-02.

mechanisms for achieving the targets of the Monetary Programme and monetary policy. During the period under review, the Monetary Board amended and updated certain regulations and implemented circulars issued by the Central Bank and the Banking Supervisory Authority. In 2015, for example, it amended the Regulation on Risk Concentrations and the Regulation on the Protection of Users in Financial Products and Services. In 2016, it amended certain aspects of the Rules on the Dissolution and Liquidation of Financial Intermediation Entities, including their scope of application, and it approved the final text of the Regulation on Repurchase Agreements, which is intended to regulate repurchase agreements in national or foreign currency entered into by financial intermediaries, whether with another intermediary, with the Central Bank or with other institutional investors.

4.116. Under Article 19 of the Monetary and Financial Law, the Banking Supervisory Authority is the institution responsible for supervising financial intermediaries and has full operational autonomy. The Authority has the power to require financial intermediaries to book provisions relating to risks; to require them to rectify any breaches of laws and regulations in force; and to impose sanctions, except those applied by the Central Bank.<sup>157</sup> The Banking Supervisory Authority supervises the operations of all financial intermediaries regulated by the monetary and financial administration, with the exception of savings and credit cooperatives (see below). The Supervisory Authority, the Central Bank and the Ministry of Finance are members of the Monetary Board, which is the highest body in the monetary and financial administration. The Monetary Board is responsible for formulating financial, monetary and exchange policy, which is then implemented by the Central Bank, and for proposing amendments to the monetary and financial system to the Executive. The Board is responsible for authorizing the operations of financial intermediaries. The Central Bank has exclusive responsibility for administering the payments and securities settlement system.<sup>158</sup>

4.117. The Supervisory Authority is also responsible for proposing authorizations or revocations of financial institutions. Its proposals are then evaluated by the Monetary Board, which can either approve or reject the proposals. Likewise, in areas within its remit, the Supervisory Authority may propose draft regulations to the Monetary Board, which has the power to approve or reject them. The Supervisory Authority may also issue instructions within its remit. In this regard, it has internal regulatory authority on a self-organized basis, subject to the approval of the Monetary Board, as well as subordinate regulatory authority to develop, through instructions, the provisions of regulations concerning areas within its remit.

4.118. The regulatory framework for the Dominican financial system does not require necessity tests or establish any other special conditions on the establishment of financial intermediaries, whether domestic or foreign, nor does it impose any definitive restrictions on the activities that may be undertaken. However, the Monetary Board may impose operational limitations on the newly formed entity for up to five years, if doing so is deemed essential to ensure compliance with prudential rules. To commence (or cease) local financial intermediation activities, domestic and foreign investors must submit an application for authorization to the Monetary Board, after first having the application assessed by the Banking Supervisory Authority.<sup>159</sup>

4.119. Foreign investors may, subject to authorization by the Monetary Board: (a) buy shares in full-service banks and credit institutions established in the Dominican Republic; (b) establish joint-stock financial intermediaries; (c) establish subsidiaries; and (d) open branches of banks established abroad.<sup>160</sup> As of June 2022, there were five financial institutions controlled by foreign capital: four subsidiaries and one branch of foreign banks. Foreign investors must comply with the requirements of the Monetary and Financial Law and its implementing regulations. As indicated above, to commence, merge or cease local financial intermediation activities, domestic and foreign investors must be authorized to do so by the Monetary Board, after first having their application assessed by the Banking Supervisory Authority.<sup>161</sup> The Banking Supervisory Authority forms its opinion on the basis of the documentation submitted by the applicant entity. In doing so, the Authority shall verify the following: (a) the consolidated equity of the applicant shareholders is greater than or equal to the minimum capital required to establish the institution; (b) the founding

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<sup>157</sup> Information from the Banking Supervisory Authority. Viewed at: <https://www.sb.gob.do/acerca-de-la-sb>.

<sup>158</sup> Article 227 of the Constitution and Articles 5, 9(a), 15 and 19 of Law No. 183-02.

<sup>159</sup> Article 34 of Law No. 183-02.

<sup>160</sup> Article 39 of Law No. 183-02 and Article 24 of the Regulation.

<sup>161</sup> Article 34 of Law No. 183-02 and Articles 5 and 20-22 of the Regulation.

partners have proven prior experience in financial matters;<sup>162</sup> (c) the articles of association and constitutional documents required do not contain any pacts or provisions that are illegal or unfair, or that severely harm the rights of minority shareholders, or that excessively limit control over decisions; and (d) the requirements established by law and the Monetary Board regulations have been met.

4.120. The establishment of foreign-bank subsidiaries and branches are both permitted. To establish a branch, the parent company must be located in a country with which it is possible to sign a coordination and information exchange agreement and must be subject to consolidated supervision. For the purpose of ensuring compliance with the prudential rules, the Monetary Board may impose operational limitations. Institutions located abroad may offer technical, economic and financial advisory services for the purpose of linking domestic banking and financial activities with foreign entities through the establishment of representative offices that have been authorized by the Monetary Board. As of December 2021, there were eight representative offices of foreign financial entities established in the Dominican Republic.

4.121. Under Dominican legislation, full-service banks are institutions that can take instant-access, demand or current-account deposits from the public and carry out all types of operations included in the general catalogue of activities established in the Law. Credit institutions are institutions that collect their deposits in the form of savings deposits and time deposits, subject to the provisions of the Monetary Board and the terms agreed between the parties. Such entities are not permitted to take demand deposits or current-account deposits. Credit institutions fall into two categories: savings and credit banks, and credit corporations. The Monetary Board is authorized to establish certain regulatory differences between the two types of credit institutions, provided that the difference in the minimum paid-up capital required for each type of institution is linked to the number and type of authorizable operations and the permissible risks. Such a distinction must not create prudential requirements that are less stringent than those that apply to full-service banks.

4.122. Full-service banks and credit institutions must be legally constituted in the form of joint-stock companies whose sole corporate purpose is to engage in financial intermediation. Such institutions and their articles of association are registered with the Banking Supervisory Authority. The corporate names of the institutions must not include any term that may suggest that the institution benefits from state or public guarantee. The minimum paid-up capital for full-service banks and credit institutions is determined by the Monetary Board, in accordance with the relevant regulations, and must be no less than DOP 90 million for full-service banks, DOP 18 million for savings and credit banks and DOP 5 million for credit corporations, adjusted for inflation each year. The minimum paid-up capital is the same for all entities of the same type and is represented by registered common shares. The Monetary Board may allow preferred shares as part of the paid-up capital of these entities. Under no circumstances may preferred shareholders be given greater voting rights than common shareholders, or the right to receive early dividend payouts, or the right to receive dividends that are not tied to annual results. The Banking Supervisory Authority must be notified when shares representing more than 3% of paid-up capital are acquired and when transactions are carried out that directly or indirectly determine control of more than 3% of the paid-up capital of a full-service bank or credit institution.

4.123. The board of directors shall be composed of at least five natural persons. At least 40% of board members must be professionals with experience in finance or persons with proven experience in economics, finance or business. The Banking Supervisory Authority keeps a register of the board members and senior managers of these institutions.

4.124. Foreign ownership through the purchase of shares in existing full-service banks and credit institutions by banks, financial institutions and natural persons must be authorized by the Monetary Board if the value of the purchase is greater than 30% of the paid-up capital of the institution in question. Authorization from the Monetary Board is also required for foreign investment through a subsidiary, or for foreign investment through the establishment of branches of banks that were

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<sup>162</sup> To meet this requirement, it is in all cases necessary to form a team of managers and officials who are experienced in managing different areas of a financial institution. During the first three years that the institution is operating, it must therefore submit the curricula vitae of all executive and managerial staff to the Banking Supervisory Authority every six months. After the first three years, the curricula vitae of new executive and managerial staff must be submitted every time a change occurs.



created under the laws of another country. Foreign banks not domiciled in the Dominican territory may open representative offices, which may not engage in financial intermediation.

4.125. Full-service banks may engage in the following: (a) receiving demand deposits in national currency and savings and time deposits in national and foreign currency; (b) issuing securities; (c) receiving loans from financial institutions; (d) issuing bills, payment orders, and drafts against their own offices or agents; collecting and making payments; and making fund transfers; (e) granting loans in national and foreign currency, with or without real guarantees, and granting credit lines; (f) discounting bills of exchange, payment orders, promissory notes and other commercial documents representing methods of payment. Full-service banks may invest up to 20% of their paid-up capital in support and related services entities. Support entities are defined as entities engaged exclusively in collection, invoice discounting, leasing, ATM operations, credit card sign-up and processing, foreign exchange, electronic data processing, credit information centres and other, similar services. Related services entities consist of mutual fund managers and stock exchange offices. Such entities must not be financed in any way through the collection of deposits from the public. The Banking Supervisory Authority keeps a register of support and related services entities. Full-service banks may invest up to 10% of their paid-up capital in the capital of non-financial companies, provided that the investment does not constitute ownership of more than 10% of the paid-up capital of each non-financial company in which the investment is made. They may also invest up to 20% of their paid-up capital in opening branches, agencies or representative offices abroad, and may invest in shares of foreign financial institutions.

4.126. All savings and time deposits collected and loans issued by savings and credit banks must be in national currency. These banks may take on debt obligations abroad and issue loans in foreign currency only if authorized to do so by the Monetary Board. Credit corporations may also receive time deposits and issue loans in national currency.

4.127. Full-service banks as well as savings and credit banks must obtain prior authorization from the Monetary Board before they engage in the following operations: (a) selling credit portfolio and goods with a value exceeding 20% of the paid-up capital of the bank; (b) participating in securitization as an originator, securitizer or manager, or acquiring securities through the securitization of its portfolio or assets; (c) owning equity in support and related services entities and in financial institutions abroad and, in the case of full-service banks, opening representative offices abroad.<sup>163</sup>

4.128. Law No. 45-20 on Secured Transactions, established the legal framework for the secured transactions regime, the Electronic System for Secured Transactions, the enforcement processes related to security interests, and the unitary legal regime governing the creation of security interests, their effectiveness, their publicity, their prioritization, their enforcement, and all matters relating to such transactions. The Law allows security interests to be created through a security contract, through an agreement within a contract, through legal provisions, or by court order. A security interest may be created for: (1) one or several movable property; (2) generic categories of property; (3) movable real rights; (4) contractual rights; and (5) present or future property, whether already determined or to be determined, and whether tangible or intangible, or all of the secured debtor's movable property. Security interests may also be established for economic rights derived from intellectual property, the right to the payment of money by virtue of deposits, lines of credit and shareholder rights for stocks, shares and equity or part-ownership of the capital of partnerships or corporations. Debt obligations may be secured irrespective of whether they are present or future. Transactions may be secured with or without possession of the good.<sup>164</sup>

4.129. Foreign-owned financial institutions may offer the same services as their domestic counterparts and must observe the same operating regulations and prudential rules.<sup>165</sup> The minimum paid-up capital is DOP 275 million (USD 4.8 million) to establish a full-service bank, DOP 55 million (USD 1 million) for a savings and credit bank, DOP 15 million (USD 262,000) for a credit corporation and DOP 17 million (USD 297,000) for a savings and loan association.<sup>166</sup>

<sup>163</sup> For more information, see Articles 41 and 44 of Law No. 183-02.

<sup>164</sup> Law No. 45-20 on Secured Transactions. Viewed at:

<https://www.sb.gob.do/sites/default/files/nuevosdocumentos/Ley-45-20-sobre-Garantias-Mobiliarias.pdf>.

<sup>165</sup> Articles 38 and 40-50 of Law No. 183-02 and Articles 23-29 of the Regulation.

<sup>166</sup> The minimum paid-up capital was increased in 2014 to help stabilize the financial system (Fifth Resolution of the Monetary Board of 10 April 2014).

Moreover, under Monetary and Financial Law No. 183-02, full-service banks may invest up to 20% of their paid-up capital in support and related services entities and up to 10% in non-financial enterprises. Under the prudential rules, full-service banks and credit institutions must maintain a solvency ratio of no less than 10% and are subject to the legal reserve requirements established by the Monetary Board.<sup>167</sup>

4.130. Bank deposits in the Dominican Republic are guaranteed from the Contingency Fund for up to DOP 1.86 million per depositor, provided that the total amount used from the Fund does not exceed 30% of the preferred debt obligations of the financial intermediary being dissolved.<sup>168</sup> If this percentage is reached, the amount to be paid per depositor could be lower.

4.131. To manage the risks to which financial intermediaries are exposed, criteria and basic guidelines were drawn up for maintaining adequate comprehensive risk management based on the nature, size, complexity, profile and systemic significance of the risk.<sup>169</sup> In addition, to promote policies that channel credit to all economic sectors and to promote financial inclusion, the Monetary Board approved the comprehensive amendment to the Asset Valuation Regulations (REA) on 28 September 2017. The amendment broadened the scope of category-D debt risks, introduced a mandatory minimum coverage ratio of 100% and established new percentages for the mitigation of provisions for eligible securities, among other measures. On 18 November 2021, Articles 63 and 66 were also amended to make the shares of listed companies eligible as securities. Finally, the Dominican Republic approved the comprehensive amendment to the Microcredit Regulation, the purpose of which was to update the regulatory framework for granting, assessing and managing microcredits in accordance with the provisions of the REA.<sup>170</sup>

4.132. To preserve financial and foreign exchange stability, the Foreign Exchange Regulation was amended to establish new macroprudential limits in terms of the net foreign currency position of financial and foreign exchange intermediaries. The following were established: a daily limit of 40% of the paid-up capital and legal reserves for the short position, and a daily limit of 50% of the paid-up capital and legal reserves for the long position. It was also stipulated that intermediaries must not have daily increases in their position that, averaged over five consecutive working days, exceed USD 10 million or 25% of the paid-up capital or legal reserves, whichever is the lesser. In addition, provisions were established stipulating the role of the Central Bank and the Banking Supervisory Authority on the Electronic Currency Trading Platform. These regulatory changes are intended to create a more competitive foreign exchange market by making foreign exchange transactions more transparent and more efficient.<sup>171</sup>

4.133. Measures were also adopted to promote the financing of the mortgage sector. A procedure was established for financial intermediaries that decide to sell a portion of their mortgage portfolios, to manage credit portfolios or to acquire securities generated through the securitization of mortgage portfolios. Intermediaries that submit sale applications must be authorized by the Monetary Board, the mortgage loans must be A-rated or B-rated and the loans must be equivalent to at least 80% of the mortgage guarantee.<sup>172</sup> In addition, a process was created for full-service banks, savings and credit banks, and savings and loan associations to issue mortgage securities and instruments, known as *letras hipotecarias*.<sup>173</sup>

4.134. Among other improvements, the regulatory framework for external audit firms was updated to improve the processes, requirements and duties that these institutions must fulfil to register with

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<sup>167</sup> The level of reserves that must be maintained in the Central Bank is established in the Monetary Board Instructions of 24 March 2020.

<sup>168</sup> In 2020, the nominal amount stipulated in Article 64 of Law No. 183-02 was amended by virtue of the provisions of Article 79 of the Monetary and Financial Law (First Resolution of the Monetary Board of 15 December 2020).

<sup>169</sup> In accordance with the Regulation on Guidelines for Integrated Risk Management approved through the Third Resolution of the Monetary Board of 16 March 2017.

<sup>170</sup> Approved through the First Resolution of the Monetary Board of 17 May 2018.

<sup>171</sup> See the Foreign Exchange Regulation approved through the Fourth Resolution of the Monetary Board of 8 August 2019.

<sup>172</sup> Regulation on the Procedure for Authorizing the Purchase and Sale of the Mortgage Loan Portfolios of Financial Intermediation Entities for Securitization and the Acquisition of Securities, approved through the Seventh Resolution of the Monetary Board of 27 April 2017.

<sup>173</sup> Unified Regulation on Mortgage Securities and Instruments, approved through the Third Resolution of the Monetary Board of 23 November 2017.

the Banking Supervisory Authority and to be hired by financial and foreign exchange intermediaries.<sup>174</sup> A mechanism was also established to liquidate entities that voluntarily decide to exit the financial system, the purpose of which was to reduce the costs associated with an disorderly market exit.<sup>175</sup>

4.135. To make transactions more secure, the Monetary Board approved the Cyber- and Information Security Regulations on 1 November 2018. The Regulations set out new guidelines on managing cyber risk and preventing financial services from being interrupted by cyberattacks and cybercrime. The Regulations are intended to make financial infrastructure feel safe and trustworthy for its users. The procedures applicable to the System of Payments and Settlement of Securities of the Dominican Republic (SIPARD) have also been strengthened, largely thanks to the emergence of new market players, in line with the global trend regarding payment systems.<sup>176</sup>

4.136. Law No. 122-21 of 22 June 2021, which repealed Law No. 126-15 of the National Export Bank (BANDEX), stipulated that, in addition to financing the export sector, BANDEX can channel resources to the production sectors and can operate as a first- and-second tier bank. The Bank is currently 100% public-owned, but ownership is also open to private investors. Similarly, the Reserve Bank, which was established by Law No. 586 of 24 October 1941 and amendments thereto, is an autonomous state entity, vested with legal personality and authorized to enter into contracts and sue on its own behalf and in its own right. As of the end of December 2021 it ranked first among Dominican full-service banks, concentrating 32.6% of total financial system assets. The Reserve Bank is authorized to engage in all activities permitted for full-service banks, subject to the regulatory framework established for the financial system, and thus provides services similar to those provided by private full-service banks. Moreover, the Reserve Bank receives all the deposits of public-sector institutions and pays all cheques and other payment orders issued by the Government.

#### 4.4.1.1.3 International financial zone regime

4.137. Law No. 480-08 of 11 December 2008 created the legal regime for the establishment of international financial zones (ZFI) throughout Dominican territory. The Law was subsequently repealed by Law No. 155-17 of 1 June 2017 on money laundering and the financing of terrorism, which aims to define: the actions that constitute money laundering and the financing of terrorism; offences and applicable criminal penalties and precautionary measures; the regime for preventing and detecting such actions and for preventing and detecting the financing of the proliferation of weapons of mass destruction; the institutional framework to prevent the national economic system being used in the aforementioned offences; and special research techniques, international cooperation mechanisms and international legal assistance mechanisms in the area of money laundering and the financing of terrorism. Law No. 155-17 defines the scope of criminal offences. It also includes provisions on the following, which apply to financial and non-financial obligated persons: special investigation techniques for money laundering and the financing of terrorism; international cooperation; precautionary measures on goods; the seizure of goods and their purpose; and matters concerning third persons acting in good faith.<sup>177</sup>

4.138. Law No. 155-17 abolished ZFIs, which required the authorization of the Executive and were subject to a favourable report by the National Financial Zones Council. Operators and users of ZFIs needed to hold a licence issued by the Council. The operator had to be a legal person with authorized domicile in the Dominican Republic and at least DOP 100,000 in equity capital. ZFI users were required to provide services only to customers not established in the Dominican Republic and were prohibited from providing services other than financial services and other related activities or supporting services. ZFI operators and users benefited from: (a) a total exemption, for a period of

<sup>174</sup> External Audit Regulation approved through the Third Resolution of 24 January 2019.

<sup>175</sup> In accordance with the provisions of Article 65 of the Monetary and Financial Law; Regulation on the Voluntary Liquidation of Financial Intermediaries, approved through the Second Resolution of 27 April 2017.

<sup>176</sup> The Second Resolution of 29 January 2021 introduced a comprehensive amendment to the Payment Systems Regulation.

<sup>177</sup> Article 31 of Law No. 155-17 defines financial obligated persons as financial intermediaries; securities intermediaries; intermediaries involved in the trade, exchange and remittance of foreign currency; the Central Bank of the Dominican Republic; legal persons authorized or licensed to act as a fiduciary company; savings and credit cooperatives; insurance and reinsurance companies and insurance brokers; investment-fund management companies; securitization companies; stockbrokerages; the centralized securities depository; and issuers of public offerings that reserve the initial offering.

30 years, from various taxes, such as the telecommunications development tax and the Selective Consumption Tax (ISC) on telecommunications, (b) an exemption from additional levies or taxes on prices of energy and contracted power, (c) the tax-free purchase of fuel, and (d) the possibility of repatriating their capital and the profits derived from their operations free of taxes and charges and in freely convertible currency.

#### 4.4.1.2 Insurance

4.139. In December 2020 the insurance market consisted mainly of 33 companies, of which 23 were Dominican and 10 foreign-owned. There were also two reinsurance companies. The sector is still highly concentrated, with the top six insurers controlling 80% of the assets and premiums paid. Between 2015 and 2020 the combined assets of the insurance companies rose by DOP 44.2 billion, to DOP 91.1 billion, equivalent to nominal growth of 94.1% (Table 4.11), while net premiums grew by DOP 36.6 billion, a nominal growth rate of over 100%. As a result insurance companies' share in the economy rose to more than 1.6% of GDP. The average share of net premiums accounted for by general insurance premiums between 2015 and 2020 remained steady at around 84%.

**Table 4.11 Insurance and reinsurance market indicators, 2015-20**

(DOP billion, unless otherwise indicated)

| (Billion)                         | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Assets</b>                     | <b>46.9</b> | <b>52.2</b> | <b>59.1</b> | <b>72</b>   | <b>77.9</b> | <b>91.1</b> |
| <b>Net premiums paid</b>          | <b>35.6</b> | <b>40.8</b> | <b>49.4</b> | <b>59.6</b> | <b>69.2</b> | <b>72.2</b> |
| As a % of GDP                     | 1.2         | 1.2         | 1.4         | 1.5         | 1.5         | 1.6         |
| Life insurance                    | 6.3         | 7.5         | 8.5         | 9.5         | 10.8        | 10.6        |
| General insurance                 | 29.3        | 33.1        | 40.9        | 50.0        | 58.5        | 61.6        |
| <b>Ceded reinsurance premiums</b> | <b>15.9</b> | <b>16</b>   | <b>19.4</b> | <b>22.1</b> | <b>..</b>   | <b>..</b>   |

.. Not available.

Source: Institutional statistics of the Insurance Supervisory Authority, viewed at : <https://www.supersegueros.gob.do/index.php/consultas/reportes-estadisticos>, and data provided by the authorities.

4.140. The regulatory body for insurance market operators is the Insurance Supervisory Authority, an entity attached to the Ministry of Finance and created by Law No. 400 of 9 January 1969. The legal regime governing the insurance industry is set out in Law No. 146-02 on Insurance and Bonds of 9 September 2002 and in the resolutions issued by the Insurance Supervisory Authority. No amendments have been made to the Law to date; however, a number of resolutions have been issued bolstering the insurance sector's regulatory framework.

4.141. In that connection, in November 2017 the Rules on the Prevention of Money Laundering and the Financing of Terrorism for the Insurance Sector were approved. The purpose of the Rules is to implement processes and mechanisms that aim to prevent and identify irregularities in transactions performed by insurers described in the Law on Money Laundering and the Law on Terrorism establishing the National Anti-Terrorist Committee and the National Anti-Terrorist Directorate. Moreover, following the enactment of Law No. 249-17 that repealed and replaced Law No. 19-00 on the Securities Market (see below), authorizing investment funds to operate on the stock market, the Insurance Supervisory Authority issued its Fifth Resolution of 30 May 2018 authorizing insurers to invest reserves in: (1) open- and closed-ended investment funds; (2) shares in publicly offered trusts authorized by the Securities Market Supervisory Authority (SIMV); and (3) transactions to purchase securities with repurchase agreements (repos) traded through brokerage firms authorized by the SIMV.

4.142. In order to improve skills across the insurance sector generally, Resolution 02-2020 created the Insurance Supervisory Authority Training School (ESFOSIS). The Client Service Centre of the Insurance Supervisory Authority was created in a similar vein to optimize and digitize the services of the Insurance Supervisory Authority by providing the Authority's services and any information it imparts in a centralized, specialist fashion.

4.143. Access to the market in insurance and reinsurance services for foreign companies is granted on the basis of the principle of reciprocity. To operate in the Dominican Republic an insurer or reinsurer must apply to the Insurance Supervisory Authority for authorization. The requirements

and the documents that need to be submitted depend on the company's nationality. In addition to meeting the requirements imposed on Dominican companies, foreign firms must be set up as limited companies. The company must be registered in accordance with Dominican law and must establish a guarantee fund in the Dominican Republic of DOP 8.5 million from its authorized capital. Foreign persons must hold registered shares amounting to 51% of the company's capital, have offices in the Dominican Republic, have more than five years' experience operating in the insurance sector in their country of origin, be located and maintain the minimum capital required in the Dominican Republic and provide, in Spanish, a certificate from the regulatory body in their country of origin showing that they are authorized to engage in the branches of insurance indicated in their application for authorization. They must also provide a certificate from their country of origin showing that they are authorized to operate in the Dominican Republic.<sup>178</sup>

4.144. Although foreign insurance companies may not establish branches in the country, within the framework of the CAFTA-DR the Dominican Republic undertook to permit all foreign insurance/reinsurance companies to do so. The authorities pointed out that although this commitment has been implemented, foreign insurance and reinsurance companies have not established branches, preferring instead to set themselves up as local, foreign-capital companies. Agents, brokers and experts must be licensed by the Insurance Supervisory Authority. There is an exception for insurance companies, which may act as intermediaries without the need for a licence. Where natural persons are concerned, foreigners who want to act as intermediaries must be permanent residents and have lived in the Dominican Republic on a permanent basis, after obtaining permanent residence, for the six years preceding the licence application. At October 2021 there were 980 active insurance brokers. There are no restrictions on the activities that may be undertaken by companies that provide services in the insurance sector. For example, the same company may operate in both the general and personal branches. An insurance company wishing to offer new products must apply to the Insurance Supervisory Authority for authorization to do so. The Authority has 30 days to decide on the application.

4.145. Some insurance contracts are subject to a local procurement obligation and must be concluded in the Dominican Republic with the prior approval of the Insurance Supervisory Authority to provide coverage there. This obligation includes insurance concerning (a) life and health; (b) property situated in the country and Dominican interests abroad; (c) ships' hulls, aircraft and motor vehicles licensed in the Dominican Republic or temporarily entering the country; and (d) import cargo transport. The law permits suspension of the local procurement obligation where signed regional trade agreements contain provisions to that end or where excess line insurance is concerned.<sup>179</sup> The local procurement obligation does not apply to reinsurance operations. Foreign reinsurance companies authorized by the Insurance Supervisory Authority may carry out their activities without being established in the Dominican Republic. In 2021, there were 121 foreign reinsurers that were not established in the Dominican Republic and 89 brokers in the same position.

4.146. Insurers are free to set the tariffs for their premiums but they must be submitted to the Supervisory Authority for assessment and approval. The tariffs may not be amended without the Supervisory Authority's approval. Model policies must also be submitted for the Supervisory Authority's approval. Mergers of insurers and reinsurers are authorized by the Law on Insurance and Bonds subject to the prior approval of the Insurance Supervisory Authority.

4.147. The Dominican Republic continues to work with international agencies in the field of insurance sector oversight, such as the Latin American Association of Insurance Supervisors (ASSAL) and the International Association of Insurance Supervisors (IAIS). In 2019, the Dominican Republic, in the form of the Insurance Supervisory Authority, was approved as a permanent member of the ASSAL Disciplinary Panel. Also in that year, the Insurance Supervisory Authority contributed to the report by the Organisation for Economic Co-operation and Development (OECD) on global insurance market trends.

4.148. Premiums paid are subject to selective consumption tax (ISC, 16%). Agricultural policies are exempt from payment of the tax.<sup>180</sup> The provision of insurance services is exempt from payment of

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<sup>178</sup> Articles 12-35 of Law No. 146-02.

<sup>179</sup> Article 6 of Law No. 146-02.

<sup>180</sup> Article 383 of the Tax Code (as of 19 February 2014). The Tax Code can be viewed at: <http://www.dgii.gov.do/legislacion/codigoTributario/Paginas/codigoTributario.aspx>.

the tax on the transfer of industrialized goods and services (ITBIS).<sup>181</sup> In accordance with the figures set out in the Dominican insurance market report of 2020 by the Dominican Chamber of Insurers and Reinsurers, per capita expenditure on insurance is USD 125.70.

4.149. The Dominican Republic has made few multilateral commitments in the area of insurance services, and current practice is considerably more liberal than the bindings under the GATS. In accordance with the commitments assumed under that Agreement, foreign ownership of up to 49% of equity in domestic insurance and reinsurance companies is permitted.<sup>182</sup>

#### 4.4.1.3 Securities market

4.150. The activities of the securities market in the Dominican Republic are regulated and overseen by the Securities Market Supervisory Authority (SIMV), an autonomous, decentralized state body established under Law No. 19-00 on the Securities Market, as subsequently amended by Law No. 249-17. The SIMV has legal personality, its own assets and administrative, financial and technical autonomy. Its role is to promote, regulate and supervise the securities market. During the review period, the Executive enacted Law No. 249-17 of 19 December 2017 repealing and replacing Law No. 19-00 on the Securities Market of 8 May 2000. The new Law on the Securities Market empowers the National Securities Market Council (CNMV), in its capacity as the top-level body of the SIMV, to approve the various regulations implementing the Law. The scope of the Law extends to the public offering of securities, in both national and foreign currency, their issuers, centralized trading mechanism managers, securities intermediaries and other securities market participants. The purpose of the Law is to regulate, supervise, develop and promote an ordered, efficient, transparent securities market in order to protect the rights and interests of the investing public, minimize systemic risk, foster healthy competition and maintain confidence in the securities market for the benefit of the country's social and economic development. The Law incorporates the objectives and principles of the International Organization of Securities Commissions (IOSCO) that apply to the regulation of securities markets in the OECD.

4.151. Securities market operators must be entered on the Securities Market Register (RMV) held by the SIMV. At end-2021, the following were enrolled in the RMV: 26 external auditors, 10 investment fund management companies, 1 stock exchange, 1 commodity exchange, 3 rating agencies, 182 securities dealers, 1 centralized securities depository, 41 securities issuers, 17 brokerage firms, 25 investment developers (3 legal persons), 1 price vendor, 4 public offering trust companies and 1 securitization company.

4.152. During the review period, the Dominican securities market has developed in positive fashion. The authorities indicated that the emergence of new instruments led to new guidelines being incorporated into the regulatory framework. In that regard, the CNMV approved a series of regulations that seek to develop and bolster the securities market, including: (a) amendments to the Regulation on Management Companies and Investment Funds (2021); (b) the Regulation on Supervision, Change of Control, Merger, Administrative Intervention, Suspension and Striking Off of Issuers and Publicly Offered Securities (2021); (c) the Regulation in respect of Comprehensive Risk Management for Securities Intermediaries (2020); (d) the Regulation on Management Companies and Investment Funds (2019); (e) the Regulation on Public Offerings (2019); (f) the Regulation on Securities Intermediaries (2019); (g) the Regulation on Centralized Securities Depositories and Securities Clearance and Settlement Systems (2019); (h) the Regulation to provide for and operate Centralized Trading Mechanisms (2019); (i) the Regulation to provide for and operate on the OTC Market and Registration Systems for Securities Transactions (2019); (j) the Regulation on Corporate Governance (2019); (k) the Regulation governing the Prevention of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction on the Dominican Securities Market (2018); and (l) the Regulation on Regulatory Fees and Fees for Services provided by the Securities Market Supervisory Authority (2018).

4.153. Additionally, in 2022 the CNMV approved (a) the Regulation on Rating Agencies; (b) the Regulation on the Administrative Penalties Procedure; and (c) the Regulation on Privileged Information, Relevant Facts and Market Manipulation.

<sup>181</sup> Article 344 of the Tax Code (as of 19 February 2014).

<sup>182</sup> WTO/World Bank I-TIP Services database. Viewed at: <http://i-tip.wto.org/services/default.aspx>.

4.154. Law No. 249-17 on the Securities Market and its implementing regulations provide that the application for approval of a public offering of securities must be accompanied by a prospectus that includes economic and financial information covering, for share offerings, at least the three years of the company's operations prior to the application, or for debt securities, at least two years, as well as the characteristics of the securities offered and a report by a registered entity of the risks associated with them. Companies that do not meet the operating period set out above must submit financial statements for the period that they have been in operation. The financial statements must be in accordance with the International Financial Reporting Standards (IFRS).

4.155. Law No. 249-17 on the Securities Market, the associated Regulations on Public Offering and Corporate Governance, and recent Law No. 163-21 Promoting the Placement and Trading of Publicly Offered Securities on the Securities Market of the Dominican Republic established a regulatory framework that made it possible for listed companies to emerge onto the market. The Single Resolution of the Securities Market Supervisory Authority (R-SIMV-2022-12-EV) of 4 April 2022 approved the first public share offering in the Dominican Republic.

#### **4.4.1.4 Payment systems and cybersecurity**

4.156. In accordance with Law No. 183-02, the Central Bank is responsible for supervising and settling payment systems. The Law also provides that the key purposes of the regulations issued by the Monetary Board governing the organization and operation of the clearance and settlement system are to ensure that payments are made immediately and successfully. To that end, in its Sixth Resolution of 19 April 2007, the Monetary Board approved the Payment Systems Regulations, which determine the legal regime and procedures applicable to the System of Payments and Settlement of Securities of the Dominican Republic (SIPARD). The rules have undergone several modifications to strengthen the regulation, oversight and management of the various payment systems that constitute SIPARD, most recently under the Second Resolution of the Monetary Board of 29 January 2021.<sup>183</sup>

4.157. In order to ensure that the SIPARD infrastructure remains protected in the face of technological progress, the Second Resolution of the Monetary Board of 1 November 2018 approved the Cyber- and Information Security Regulations, establishing the principles and guidelines that will act as a foundation for financial intermediaries, payment system administrators and other participants in SIPARD, and for institutions providing support and related services that are networked to financial intermediaries and SIPARD, to maintain the integrity, availability and confidentiality of information while securing optimal functioning of information systems and the technological infrastructure.

4.158. SIPARD underwent several changes during the review period, including (a) the implementation of an instant payment service managed by the Central Bank of the Dominican Republic (BCRD), where bank clients use their banks' websites and mobile apps to transfer funds electronically in Dominican pesos and US dollars, 365 days a year; (b) compulsory adoption of the EMV (Europay Mastercard Visa) standard for issuing bank cards in order to make them more secure; and (c) the incorporation into the regulatory and supervisory framework of non-bank payment service providers such as (i) electronic payment entities – companies that provide, subject to regulations, payment services using financial technology; (ii) acquiring companies that process payments made using electronic payment instruments, on behalf of affiliated establishments and/or payment aggregators; (iii) payment aggregators – companies that enable their affiliates to accept electronic payment instruments pursuant to agreements with other payment service providers; and (iv) administrators of automatic teller machine networks.

4.159. In order to strengthen cybersecurity and provide greater protection for information, the BCRD has implemented strategies for the financial sector, for example by setting up the Sectoral Council for Financial Sector Cybersecurity Incident Response and the Financial Sector Cybersecurity Incident Response Centre (SPRICS); by making an automated self-assessment tool available to all participants in the financial and payments systems in order to encourage implementation and management of the controls provided for in the Cyber- and Information Security Regulations; and

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<sup>183</sup> This Regulation has given rise to several implementing instructions such as those concerning cheque processing specifications; payments and securities settlement system administrators, companies or acquirers and other suppliers of payment services; the real-time gross settlement system; the digitization, truncation and clearance of cheques; and electronic payment entities and electronic payment accounts.

by building capacity as regards monitoring, the generation of intelligence on threats to cybersecurity, and integration into analytical engines of intelligence on new sources of international data for the transmission of periodic alerts to the participants in the financial and payments system.

4.160. Electronic transfers of funds rose significantly during the review period, a fact that the authorities attribute to the initiatives referred to above. For example, the number of transactions processed daily through the real-time gross settlement (RTGS) system rose from 3,173 in 2015 to 50,558 in 2021. RTGS services are also used to process transactions performed using the payment systems managed by private payment system administrators. In 2021, there were eight systems using these services, compared to five in 2015. Similarly, a sum amounting to USD 13,077.3 million was settled in 2021, 35.4% more than the amount for 2015. At December 2021, 5.4 million users had signed up to Internet banking services provided by financial intermediaries, an increase of 164.8% compared to December 2015. Electronic commerce has grown significantly owing to the greater availability of bank cards and the diversity of suppliers of goods and services that operate using electronic solutions.

4.161. The BCRD also manages a cross-border payment system – the Central American Interconnected Payment System (SIPA), which is linked to the settlement systems of the central banks of the member States of the Central American Monetary Council (CMCA), namely Guatemala, Costa Rica, Honduras, Nicaragua, El Salvador and the Dominican Republic. The system, which processes intra-regional payments, allows payments between these countries to be settled in real time. The authorities indicated that during the review period the sum processed in transactions conducted using the system was USD 798.8 million.

#### 4.4.2 Telecommunications

4.162. As is the case in other countries, telecommunications and related technologies have become a major cross-cutting force for social and economic development in the Dominican Republic. The transformation of the sector, which has partly been accelerated by the pandemic, is evident in the falling demand from landline telephony traffic and the rising demand for broadband. However, this dynamism within the sector stands in contrast with its performance in terms of share of GDP and value added. Its contribution to Dominican GDP fell 0.2 percentage points between 2015 and 2021, and was just 0.8% in 2021. Even though the sector's growth was positive (+31%) during the review period, the sector's value added has not increased significantly and has hovered around USD 750 million per year, only rising above USD 800 million in 2018.<sup>184</sup>

4.163. The landline and mobile telephony segment experienced low growth (+6% between 2015 and 2021) compared to the growth in Internet services, where the number of users almost doubled (+90%) (Table 4.12). Landline telephony is showing signs of contraction as, even though the number of users has remained stable at around 1.2 million (-0.1 million users since 2015), due to population growth, its penetration rate was only slightly over 10% in 2021.<sup>185</sup> During the review period, the number of mobile telephony users grew by 8%, meaning that 9 out of 10 Dominican residents have access to this service. The total number of Internet accounts in the country increased by 4.6 million, of which 93% are mobile broadband accounts. The teledensity of these services has been rising steadily since 2015, meaning that two thirds of the population (67.1%) had Internet access through this type of service in 2021.<sup>186</sup>

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<sup>184</sup> The authorities have stated that the statistics for the sector produced by the Central Bank do not include activities or sales in free zones. Telecommunications activity is highly dependent on developments in Internet and mobile services: the growth and decline in these services account for up to 70% of the general development of the sector.

<sup>185</sup> Within this segment, there was a shift away from access via traditional networks to Voice over Internet Protocol (VoIP) offerings. In 2021, 45% of the landlines contracted were VoIP, compared to 12% in 2015.

<sup>186</sup> In 2021, the minimum standard broadband speed changed from 512 kilobytes per second (KBps) to 4 megabytes per second (MBps). As a result of this change, there is an inconsistency in the fixed and mobile broadband data, as well as in their respective teledensity data (Resolution No. 026-21 of the Dominican Telecommunications Institute (INDOTEL) Board of Directors).



**Table 4.12 Telecommunications indicators, 2015-21**

|   | 2015                                  | 2016   | 2017  | 2018   | 2019  | 2020   | 2021              |
|---|---------------------------------------|--------|-------|--------|-------|--------|-------------------|
| Communications share of GDP (at current prices) (%) | 1.0                                   | 1.0    | 1.0   | 1.0    | 0.8   | 0.9    | 0.8               |
| Communications GDP growth rate (%)                  | 5.8                                   | 5.9    | 3.9   | 12.5   | -7.2  | 2.7    | 4.0               |
| Communications sector value added (USD million)     | 744.8                                 | 757.3  | 766.7 | 819.4  | 747.3 | 712.2  | 543.0             |
| Investment (USD million)                            | 335.9                                 | -263.9 | 67.1  | -240.1 | 312.4 | -123.0 | 84.3              |
| % of total FDI                                      | 15.2                                  | -10.3  | 1.9   | -9.4   | 10.3  | -4.7   | 2.7               |
| <b>Telecommunications services</b>                  | (Million, unless otherwise indicated) |        |       |        |       |        |                   |
| Total number of lines                               | 10.1                                  | 10.0   | 10.1  | 10.2   | 10.1  | 10.1   | 10.7              |
| Number of landlines                                 | 1.3                                   | 1.3    | 1.3   | 1.3    | 1.2   | 1.1    | 1.2               |
| Number of mobile lines                              | 8.8                                   | 8.7    | 8.8   | 8.9    | 8.9   | 9.0    | 9.5               |
| Number of Internet accounts                         | 4.9                                   | 6.1    | 7.0   | 7.7    | 8.2   | 8.8    | 9.5               |
| Fixed broadband (%) <sup>a</sup>                    | 12.4                                  | 10.9   | 10.9  | 10.4   | 11.2  | 11.7   | 10.1 <sup>b</sup> |
| Mobile broadband (%) <sup>a</sup>                   | 74.2                                  | 75.5   | 84.6  | 88.5   | 88.3  | 87.7   | 76.4 <sup>b</sup> |
| Other (%) <sup>a</sup>                              | 13.4                                  | 13.5   | 4.5   | 1.1    | 0.5   | 0.6    | 13.5 <sup>b</sup> |
| <b>Teledensity</b>                                  | (%)                                   |        |       |        |       |        |                   |
| Total lines   | 101.2                                 | 99.8   | 99.3  | 99.5   | 98.1  | 97.1   | 101.1             |
| Landlines   | 13.1                                  | 13.4   | 13.1  | 12.4   | 11.7  | 11.1   | 11.0              |
| Mobile lines  | 88.1                                  | 86.4   | 86.2  | 87.1   | 86.4  | 86.0   | 90.1              |
| Internet  | 49.2                                  | 60.2   | 68.8  | 74.6   | 78.9  | 83.9   | 87.9 <sup>b</sup> |
| Mobile broadband (%)                                | 36.5                                  | 45.4   | 58.2  | 66.0   | 69.7  | 73.6   | 67.1 <sup>b</sup> |
| <b>Tariffs</b>                                      | (DOP per minute)                      |        |       |        |       |        |                   |
| Landline telephony                                  | 1.50                                  | 1.24   | 1.47  | 1.36   | 1.51  | 1.43   | 1.63              |
| Mobile telephony (postpaid)                         | 3.48                                  | 3.46   | 4.11  | 3.18   | 3.10  | 3.05   | 2.75              |
| Mobile telephony (prepaid)                          | 6.74                                  | 6.05   | 5.74  | 6.11   | 6.08  | 6.09   | 6.09              |

a Estimated data for 2015 and 2016.

b In 2021, the minimum standard broadband speed was changed from 512 kilobytes per second (KBps) to 4 megabytes per second (MBps), which has created an inconsistency in the fixed and mobile broadband data, as well as in their respective teledensity data (Resolution No. 026-21 of the INDOTEL Board of Directors).

Source: Data provided by the Central Bank, Dominican Telecommunications Institute (INDOTEL) and the National Statistics Office. Viewed at: <http://www.bancentral.gov.do>, <http://www.indotel.gob.do> and <http://www.one.gob.do>.

4.164. The Dominican telecommunications sector continued receiving foreign direct investment (FDI) during the review period, but the FDI amounts have fluctuated considerably from one year to another and the balance for the period (USD 171.8 million) is eight times lower than the flows during the previous TPR.<sup>187</sup> In 2016 and 2018, there were two major disinvestments in the sector (of approximately USD 250 million each), and there was also a negative flow of approximately USD 120 million in 2020. The 2016 divestment was due to national investors purchasing the company Trilogy (Viva). The 2018 disinvestment was linked to profits being paid out abroad, while that of 2020 was due to telecommunications companies with foreign investment lending to their parent companies. The largest investors are from Mexico, Denmark and the United States. The FDI during the review period was intended for infrastructure, in particular, for developing mobile phone services (expanding and improving 4G networks), expanding landline telephony services (transition to fibre optic networks and Voice over Internet Protocol (VoIP) services) and the roll-out of new Internet access technologies (introduction of 5G technology).

4.165. The authorities have stated that the infrastructure for the mobile telephony network has been rolled out across almost the entire territory and the vast majority of municipalities have 4G coverage (97.6% of the population). The tendering process for 4G bands was undertaken in 2014; however, 4G technology only arrived on the market in 2017.

4.166. A total of 22 companies are licensed to provide public telephony services, of which 10 currently do so, with 8 also providing Internet services. Another 42 companies provide Internet and television subscription services.<sup>188</sup> Only private sector companies operate on the public telecommunications service market. The Compañía Dominicana de Teléfonos (Claro) is the largest provider on the market, accounting for 72% of the landline telephony market, 63% of the mobile telephony market and 59% of the Internet services market. Claro increased its share in the two

<sup>187</sup> Between 2008 and 2014, it is estimated that FDI inflows stood at approximately USD 1,350 million.

<sup>188</sup> Online information from INDOTEL. Viewed at: <https://transparencia.indotel.gob.do/publicaciones-oficiales/estad%C3%ADsticas-telecomunicaciones/indicadores-estadisticos-trimestrales>.

telephony sectors between 2015 and 2021. Altice Dominicana, a group which came into operation in 2014 following its acquisition of Orange Dominicana and Tricom, with the merger approved in 2018<sup>189</sup>, is the second largest provider in all segments: landline telephony (24%), mobile telephony (32%) and Internet services (36%). There is practically a duopoly on the telephony services market, resulting in low competition, which is clear from the stable prices for the services provided (Table 4.12). Trilogy Dominicana (Viva) is the third largest operator in all segments, but its share in each of them is less than 5%. The other operators hold a tiny share of the different market segments.

4.167. Public telecommunications services are governed by the General Law on Telecommunications (LGT)<sup>190</sup> and regulations issued through resolutions of the Board of Directors of the Dominican Telecommunications Institute (INDOTEL).<sup>191</sup> The LGT governs the installation, maintenance and operation of the telecommunications network, as well as the provision of services and telecommunications equipment. It stipulates that the interest of the State is to guarantee an efficient, modern and affordable telecommunications service for all its inhabitants, under a system of fair, genuine and sustainable competition. During the review period, no amendments were made to the LGT, but there were a series of technical changes which amended some regulations and standards (Table 4.13). A public consultation is currently under way with a view to preparing a draft information technology and communications law, which would replace the LGT.<sup>192</sup>

**Table 4.13 Main regulations and standards approved, 2015-22 (June)**

| Regulation or standard   | Reference                                  |
|--|--|
| General Regulations on Number Portability  | Resolutions No. 015-15 and No. 037-15      |
| Telephony Service and Internet Access Quality Standard   | Resolution No. 016-15                      |
| Regulations on the Contribution to Telecommunications Development (CDT)  | Resolution No. 061-17                      |
| Regulations on the Rights and Obligations of Users and Providers of Public Telecommunications Services   | Resolution No. 062-17                      |
| Standard setting out the measures for activating and billing mobile data services; international mobile roaming services (data roaming and voice roaming); and premium short message services (SMS) by public telecommunications services providers. | Resolution No. 069-17                      |
| Administrative Sanctioning Regulations   | Resolution No. 081-17                      |
| General Regulations on Sharing Passive Infrastructure and Related Telecommunications Facilities  | Resolution No. 089-17                      |
| Amendment of Regulations on Sharing Passive Infrastructure and Related Telecommunications Facilities   | Resolution No. 005-19                      |
| Regulations on Authorizations for Telecommunications Services  | Resolution No. 036-19                      |
| Telecommunications Development Fund (FDT) Regulations  | Resolution No. 063-19                      |
| Standard governing the contracting and activation of public telecommunications services  | Resolution No. 070-19                      |
| Establishment of a Single Pricing Area for the Landline Telephony Service  | Resolution No. 078-19                      |
| National Frequency Allocation Plan (PNAF)  | Resolution No. 011-20 and Decree No. 91-20 |
| General Regulations for Internet Access Services   | Resolution No. 033-20                      |
| General Regulations on the Use of the Radio Spectrum   | Resolution No. 034-20                      |
| Regulations on the Settlement of Disputes between Users and Providers of Public Telecommunications Services  | Resolution No. 091-20                      |
| International Public Tender for 5G, INDOTEL/LPI-001-2021   | Resolution No. 005-21                      |
| Regulations on Statistical Indicators  | Resolution No. 026-21                      |
| Master Plan on the Use of the Radio Spectrum   | Resolution No. 071-21                      |
| Regulations on the Digital Terrestrial Television Service  | Resolution No. 121-21                      |
| Digital Terrestrial Television Switchover Plan   | Resolution No. 122-21                      |
| Regulations on Cybersecurity   | Resolution No. 126-21                      |
| New regulations for holding consultations and public hearings for drawing up INDOTEL standards and regulations   | Resolution No. 022-22                      |

Source: Information provided by INDOTEL.

<sup>189</sup> In 2014, Tricom was the second largest landline provider (23%), while Orange Dominicana was the second largest mobile service (37%) and Internet services (31%) provider. Resolution No. 056-17 of the INDOTEL Board of Directors ordered corrective measures for the merger of these operators, which included reintegrating some bands assigned to the operators and reducing the interconnection access charges.

<sup>190</sup> Law No. 153-98.

<sup>191</sup> Before being approved through a Resolution, INDOTEL Regulations must be put to a public consultation (Article 93 of the LGT). The Regulations can be viewed at:

<https://transparencia.indotel.gob.do/base-legal-de-la-institucion/resoluciones>.

<sup>192</sup> Online information about this public consultation. Viewed at: <https://transparencia.indotel.gob.do/media/214592/bid-documento-consulta-pu-blica-cl-plus-jec-final.pdf>; and comments already made: <https://indotel.gob.do/enlaces/convocatoria-publica>.

4.168. The LGT created and established INDOTEL, which, as the telecommunications regulatory body, is responsible for regulating and supervising the telecommunications market. It is a decentralized public entity with functional, jurisdictional and financial autonomy. It is mandated to ensure universal service, free and fair competition, the protection of customer rights and the efficient use of the radio spectrum.<sup>193</sup> INDOTEL also implements priority measures for the development of public telecommunications services, including the priority measures set out in the various Multi-Year Public Sector Plans.

4.169. The State holds no ownership stake in companies providing public telephony and Internet services, serving only as the regulator for this market. In 2018, the Dominican Power Transmission Company (ETED), a state-owned enterprise, obtained a concession to provide (wholesale) carrier services, with the aim of creating a national fibre optic network for the national transportation of telecommunications services. With the exception of public broadcasting services, where control (more than 50%) must be in the hands of a Dominican national, foreign capital may hold an ownership stake in all areas of the telecommunications sector.

4.170. Public telecommunications service providers require authorization from INDOTEL in order to offer the different types of services: a concession (public telecommunications service) or registration in the relevant Special Register (value added services; aeronautical or maritime mobile services; private radiocommunications services; satellite carrier, passive infrastructure and related facility services; and resale of public telecommunications services) is needed. In addition, when the provision of the service involves the use of the radio spectrum, a licence to use it must be obtained. Any concession to provide a public telecommunications service that requires using the radio spectrum is awarded through a public tender, in accordance with the availability of frequencies to be allocated and the National Frequency Allocation Plan in force. Only businesses incorporated in the Dominican Republic can obtain a concession. Licences are valid for the same length of time as their related concession (5 to 20 years) or registration in the Special Register (up to 10 years). Companies registered in the Special Register may be incorporated abroad, but must be domiciled in the Dominican Republic should the registration application be for services that are going to be provided directly by the registration-holder to end users. In 2019, the number of requirements for obtaining a *título habilitante* authorization from INDOTEL was reduced (from 37 to 17), as was the time period for obtaining a concession (from 185 days to 140 days); the mechanism for expanding the services under the concession was established; and the maximum period for registrations in the Special Registers was extended, among other developments.<sup>194</sup>

4.171. Under the LGT, which entered into force in 1998, all concessions, licences, permits or other authorizations granted before that year had to be aligned with the provisions of this Law within one year. However, this process is still not complete. The alignment process for the three largest concession holders for public telecommunications services was completed in 2021: the concessions previously awarded to these operators were amended, with the validity period for their concessions set at 20 years (up to 2041). Between 2015 and 2021, 49 concessions were awarded for the provision of public telecommunications services, including 2 for landline telephony, 16 for Internet access, 6 for cable broadcasting, 2 for satellite carrier services, 5 for sound broadcasting, 1 for satellite television broadcasting and 17 for multiple services. In 2021, the operating rights for broadband frequencies were awarded through an international public tender<sup>195</sup> as part of the process of developing the 5G network in the Dominican Republic.<sup>196</sup> The rights were awarded to Claro and Altice, the only bidders in this tender, which also included the 700MHz band, which was not awarded.<sup>197</sup>

4.172. The LGT defines anti-competitive practices and prohibits operators from applying different conditions to equivalent services that place some competitors at a relative disadvantage to others. Operators are required to provide INDOTEL with accounting records for each service under

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<sup>193</sup> Article 76 of the LGT, Regulations on Free and Fair Competition for the Telecommunications Sector (Resolution No. 022-05) and General Telephone Service Regulations (Resolution No. 105-07 and amendments thereto).

<sup>194</sup> Resolution No. 036-19.

<sup>195</sup> INDOTEL/LPI-001-2021 International Public Tender, launched by Resolution No. 005-21.

<sup>196</sup> The General Regulations on the Use of the Radio Spectrum (Resolution No. 034-20) and the Master Plan on the Use of the Radio Spectrum (Resolution No. 071-21) outline how use of the spectrum will develop over the next five years.

<sup>197</sup> The tender established spectrum ownership caps for bidders, as well as a national roaming obligation for the winning service provider.

concession in order to prevent cross subsidies or any other practice that could impact competition. During the review period, such information led to the initiation of an investigation, which was subsequently closed with no sanction given.

4.173. Consumer prices are set independently, while operators agree the interconnection charges<sup>198</sup> and accounting rates among themselves.<sup>199</sup> INDOTEL may intervene if it is of the opinion that these amounts will not ensure effective and sustainable competition on the market. Interconnection agreements must be submitted to INDOTEL, which may raise objections to them and even has the power to set interconnection charges should operators fail to reach agreement. The authorities have stated that, during the review period, INDOTEL has not intervened on consumer prices and accounting rates, but has rejected interconnection charges submitted by operators on five occasions since 2015. In 2021, INDOTEL launched a process for setting interconnection charges. As long as INDOTEL does not set these amounts, the charges agreed by operators shall apply, even if they have not been approved by INDOTEL. During the review period, no clear trend emerged for landline telephone charges, while mobile telephone charges fell 10%-20% depending on the contract type (Table 4.12). The relative cost of prepaid plans compared to postpaid plans is increasing and the rate per equivalent minute paid by consumers on prepaid plans was more than double that paid by consumers on postpaid plans in 2021.

4.174. Telecommunications services are subject to two taxes and one levy, the contribution to telecommunications development (CDT). The CDT is intended to finance the Telecommunications Development Fund (FDT) and INDOTEL, and is set at a 2% rate, levied on the gross amount of end customers' bills and on operators' net earnings from international traffic.<sup>200</sup> End users have also paid the selective consumption tax (ISC) applied to telecommunications (10%) and the ITBIS (18%) since 2013. International incoming call traffic from landlines and mobiles is exempt from the ITBIS and the ISC. Similarly, the ITBIS is not levied on foreign customers' mobile roaming traffic. Under the tax incentive schemes (sections 2.4 and 3.3) in place, the Dominican Republic offers ISC refunds to manufacturing exporters on telecommunications, and to companies in the Special Comprehensive Border Development Zone. No estimates are available of the tax revenue foregone as a result of these exemptions and refunds.

4.175. Within the framework of the National Development Strategy 2030 (Law No. 1-12), the Dominican Republic is seeking to "[a]chieve universal access and the productive use of information and communication technologies". It is looking to expand connectivity and widen broadband access at affordable prices for customers, and to narrow the knowledge and opportunities gaps in order to drive the digital transformation forward.<sup>201</sup> This objective involves a number of actions designed to achieve specified outcomes. Through its Social Policy on Universal Service<sup>202</sup>, INDOTEL manages the FDT, which finances projects in unserved rural areas or in areas where there are low levels of Internet penetration (areas below the poverty line), so that they can access and connect to high-quality broadband.<sup>203</sup> The FDT is financed with proceeds from the CDT and other financial contributions. The 2021-22 Biennial Plan provides for the implementation of a comprehensive project to connect the unconnected, which is built around three pillars (access and infrastructure, an Internet usage subsidy for 200,000 women, and skills development) and has a budget of DOP 150 million.<sup>204</sup> Under another measure in this area, when amending their concessions, operators were required to expand their mobile service operations to 40 new localities in provinces

<sup>198</sup> General Interconnection Regulations (Resolution No. 038-11).

<sup>199</sup> The accounting rate is the tariff charged by the company operating a country's telephone network for calls from another country. INDOTEL does not intervene in setting accounting rates, but it does review agreements between operators.

<sup>200</sup> Regulations on the Collection of the CDT (Resolution No. 061-17). The distribution of this collected revenue between the FDT and INDOTEL varies based on the approved INDOTEL budget for each fiscal year (Resolution No. 150-04).

<sup>201</sup> Multi-Year Public Sector Plan 2021-24.

<sup>202</sup> Resolution No. 024-10.

<sup>203</sup> LGT; Biennial Project Plan 2021-22; and FDT Regulations (Resolution No. 063-19). The changes made to the Regulations include allocating a minimum of 3% of the CDT budget to the FDT, using trusts for managing FDT projects, aligning FDT objectives with the 2030 National Development Strategy and greater involvement by the general population in identifying projects, among other changes.

<sup>204</sup> The execution of the activities is awarded to the private sector through public tenders, in accordance with the Law on Government Procurement. Companies that fail to meet its requirements will not be able to participate in future tender proceedings.

with the lowest levels of penetration and their home fibre optic service to more than 15 new municipalities.

4.176. INDOTEL is responsible for settling disputes between providers, and between customers and operators. In the event of a disputes, decisions may be appealed in the first instance to INDOTEL itself, in the second instance before the Administrative Court, and in the third instance before the Supreme Court of Justice.<sup>205</sup> In 2020, INDOTEL published new regulations<sup>206</sup> for settling these disputes, which reduced the response times for user complaints, streamlined and simplified decision-making through arbitral rulings, and established statutes of limitations for complaints, among other aspects. According to the data provided by the authorities, between 16,000 and 25,000 complaints were processed annually between 2015 and 2021.

4.177. The process of introducing number portability in the Dominican Republic began in 2006, with the approval of the initial Regulations on Number Portability<sup>207</sup>. Following a preparation period, this service subsequently came into effect in 2009. After a public consultation which began in 2013, INDOTEL introduced new Regulations on Number Portability in 2015, which aim to streamline the process.<sup>208</sup> The changes made include abolishing grounds for rejecting portability requests and reducing the time period for porting a number to 24 hours for mobile telephony and 7 days for landline telephony. Currently, customers can port a number within the same service (mobile or landline), as, since 2019, there have been no geographic restrictions for landline telephony.<sup>209</sup> Operators bear the technical and administrative costs for porting a number and, since 2015, have not been able to recoup them from customers using this service. During the review period, the total number of numbers ported was approximately 700,000, which means fewer than 100,000-number-porting requests were completed per year or, in other words, less than 1% of users request this service each year. The authorities have stated that long-term postpaid contracts (22% of the active lines), easy access to prepaid plans and the limited number of options available to users has reduced the incentive to port numbers.

4.178. During the review period, other measures adopted to promote the development of the telecommunications market included: adopting regulations allowing passive infrastructure to be shared between operators<sup>210</sup>; adopting new quality standards for the different services; rolling out home fibre optic networks in all municipalities in urban areas (in accordance with the National Broadband Plan)<sup>211</sup>; setting up digital terrestrial television; and adopting Cybersecurity Regulations for providing Internet services (Table 4.13).

### 4.4.3 Transport

#### 4.4.3.1 Air transport

4.179. Air transport is vitally important for the Dominican Republic and, in particular, for the tourism sector, as more than 86% of tourists arrive in the country by air.<sup>212</sup> Up until the global downturn in air transport caused by the COVID-19 pandemic, air traffic at the eight Dominican international airports had been increasing during the review period (Table 4.14), boosted by the air transport policy.<sup>213</sup> Even though air traffic has now returned to its 2015 levels, the number of passengers

<sup>205</sup> Article 79 of the LGT, Regulations on the Settlement of Disputes between Users and Providers of Public Telecommunications Services; and Regulations on the Settlement of Disputes between Service Providers.

<sup>206</sup> Regulations on the Settlement of Disputes between Users and Providers of Public Telecommunications Services (Resolution No. 091-20).

<sup>207</sup> Resolution No. 156-06 and amendments thereto. Number portability was rolled out pursuant to commitment made by the Dominican Republic under the CAFTA-DR Agreement, among other reasons.

<sup>208</sup> Resolutions No. 015-15 and No. 037-15.

<sup>209</sup> Resolution No. 078-19.

<sup>210</sup> These agreements are managed directly between providers and INDOTEL only intervenes in the event of a complaint. No complaints have been made up to June 2022.

<sup>211</sup> This National Broadband Plan and other recent initiatives have been introduced as a result of objectives set by Decree No. 539-20.

<sup>212</sup> According to data published by the Central Bank, between 2015 and 2022 (June), more than 40.3 million non-resident passengers entered the country.

<sup>213</sup> The Dominican Republic's eight international airports are Cibao (Santiago province); Gregorio Luperón (Puerto Plata); La Isabela Joaquín Balaguer (Santo Domingo); Las Américas José Francisco Peña Gómez (Santo Domingo); Casa de Campo La Romana (La Romana); María Montéz (Barahona); El Catey Presidente Juan Bosch (Samaná); and Punta Cana.

in 2021 was still far below 2015 figures. The Dominican Republic's air connections included more than 320 daily flights, 381 scheduled routes and 584 charter routes in 2021.

**Table 4.14 Air traffic, 2015-21**

|                                    | 2015          | 2016           | 2017           | 2018           | 2019           | 2020          | 2021          |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|
| <b>Aircraft (units)</b>            | <b>98,648</b> | <b>102,875</b> | <b>102,874</b> | <b>107,383</b> | <b>116,788</b> | <b>52,998</b> | <b>95,155</b> |
| Scheduled                          | 85,495        | 87,156         | 87,167         | 90,106         | 98,324         | 43,809        | 77,804        |
| Charter                            | 13,153        | 15,719         | 15,707         | 17,277         | 18,464         | 9,189         | 17,351        |
| <b>Passengers (millions)</b>       | <b>12.3</b>   | <b>13.1</b>    | <b>13.8</b>    | <b>14.5</b>    | <b>14.4</b>    | <b>5.5</b>    | <b>10.8</b>   |
| Embarked                           | 6.2           | 6.6            | 6.9            | 7.3            | 7.2            | 2.7           | 5.4           |
| Scheduled                          | 5.6           | 5.8            | 6.1            | 6.5            | 6.6            | 2.6           | 5.0           |
| Charter                            | 0.6           | 0.8            | 0.8            | 0.7            | 0.6            | 0.2           | 0.4           |
| Disembarked                        | 6.1           | 6.6            | 6.8            | 7.2            | 7.2            | 2.7           | 5.4           |
| Scheduled                          | 5.5           | 5.7            | 6.1            | 6.5            | 6.6            | 2.6           | 5.0           |
| Charter                            | 0.6           | 0.8            | 0.8            | 0.7            | 0.6            | 0.2           | 0.4           |
| <b>Cargo (thousands of tonnes)</b> | <b>105.4</b>  | <b>112.2</b>   | <b>117.7</b>   | <b>126.6</b>   | <b>119.6</b>   | <b>79.9</b>   | <b>97.2</b>   |
| Imports                            | 39.5          | 41.5           | 40.9           | 43.3           | 36.5           | 27.0          | 32.0          |
| Exports                            | 65.9          | 71.7           | 76.8           | 83.3           | 83.1           | 52.9          | 65.2          |

Source: *Informe Estadístico del Transporte Aéreo de la República Dominicana 2021*; *Reporte Histórico de la Junta de Aviación Civil*, National Statistics Office of the Civil Aviation Board (JAC); and information provided by IDAC.

4.180. In 2021, the country's main airports were Punta Cana and Las Américas (Santo Domingo), which handled 40% and 35% of passenger arrivals, respectively, followed by Cibao (province of Santiago) (17%), while the other five airports handled less than 8% of passenger arrivals.<sup>214</sup> Air cargo is handled mainly by Santo Domingo (Las Américas), Cibao, Puerto Plata and Punta Cana Airports. Cibao Airport serves as a collection centre for exporting goods to the United States, while Punta Cana Airport is used for exporting goods to non-traditional destinations, due to the large number of charter flights travelling to and from there.<sup>215</sup>

4.181. Five out of the eight international airports are operated and managed under concession by the foreign company Aeropuertos Dominicanos Siglo XXI (AERODOM).<sup>216</sup> The other three airports, including two high-traffic airports (Punta Cana and Cibao), are operated by Dominican companies.

4.182. The institutional framework for the sector is made up of the Dominican Civil Aviation Institute (IDAC), an autonomous public body, and the Civil Aviation Board (JAC), an agency of the executive branch.<sup>217</sup> IDAC acts as the regulatory body and ensures air safety by providing, among other things, navigation services. The JAC is also an autonomous public body made up of a number of government entities and private-sector representatives. It is responsible for drawing up commercial air transport policy, regulating the economic aspects of air transport, negotiating agreements on air services and advising the President on all matters relating to commercial aviation.

4.183. The Dominican Republic Air Transport Policy was adopted in 2010, but remained in force during the review period, as it is an open skies policy designed to develop tourism. For example, traffic rights are granted up to the Sixth Freedom of the air for passenger, cargo, and combined flights, and up to the Seventh Freedom for cargo-only flights.<sup>218</sup> The policy also allows cooperation between airlines, free determination of capacity, freedom to set fares and multiple carrier designations for routes. The International Civil Aviation Organization (ICAO) estimates that, by implementing this policy, there has been an increase in the number of routes and of passengers, and in tourist spending, which has had a positive impact on Dominican GDP.<sup>219</sup> However, despite this policy, the authorities reserve the right to limit the number of operators on specific routes. In

<sup>214</sup> *Informe Estadístico del Transporte Aerocomercial en la República Dominicana 2021*.

<sup>215</sup> Both airports are currently moving ahead with expansion projects which will also increase their cargo logistics capacity.

<sup>216</sup> The Dominican Republic does not apply restrictions on foreign ownership stakes in public airports or in their operations, or in ground handling service operators. The concession contract was awarded for 30 years in 1999, and covers Arroyo Barril Aerodrome (Samaná), in addition to the five international public airports. The airports operated under concessions are Gregorio Luperón; La Isabela Joaquín Balaguer; Las Américas José Francisco Peña Gómez; María Montéz; and El Catey Presidente Juan Bosch.

<sup>217</sup> Chapters II and XI of Law No. 491-06, as amended by Laws No. 67-18 and No. 29-18. See also: <http://www.idac.gob.do> and <https://jac.gob.do>.

<sup>218</sup> Resolution No. 180-2010 of the JAC.

<sup>219</sup> The Impact of Aviation Reforms in the Dominican Republic: A model of Socioeconomic Growth and Development, ICAO, August 2018.

addition, the domestic market is restricted to Dominican carriers and foreign carriers cannot provide cabotage services.

4.184. Air transport is regulated by the Civil Aviation Law (LAC) and amendments thereto.<sup>220</sup> In 2018, an amendment was made to an article of the LAC relating to the restrictions on flight times for pilots and crews set out in a 1964 Law.<sup>221</sup> During the review period, implementing regulations (Decree No. 376-16) were issued for the Law on Airport and Civil Aviation Security (Law No. 188-11). IDAC Resolutions, particularly resolutions relating to Dominican Aeronautical Regulations (RAD), are a major component of civil aviation regulatory policy in the Dominican Republic.

4.185. The LAC stipulates that, in order to be considered a Dominican airline, airlines must be companies incorporated under Dominican law and have the three following characteristics: (i) 35% of the capital or substantial ownership is in the hands of Dominicans and the board of directors is composed of Dominicans in the same proportion; (ii) half plus one of the other executives are Dominicans; and (iii) the principal place of business is in the Dominican Republic. Airlines incorporated in the country with 100% foreign capital are also considered as Dominican airlines, provided that the investment has been authorized by the executive branch and has been made by an airline of international repute.<sup>222</sup> In 2021, the executive branch granted this exception for the first time to an airline with 100% foreign capital and has recognized it as a Dominican airline since then.

4.186. There is currently no flag carrier airline in the Dominican Republic. In 2022, there were 16 medium-capacity national airlines.<sup>223</sup> National airline operators need an economic authorization certificate (CAE) from the JAC and an airline operator certificate (AOC) from the IDAC. The CAE is issued for a specified route, for a renewable period of 10 years, and is conditional upon the approval of the executive branch.<sup>224</sup> During the review period, the CAEs of 10 national airlines were cancelled due to a failure to comply with the requirements stipulated in the LAC. All JAC decisions may be appealed within 10 days and, in 2022, the JAC issued the administrative procedure it applies as soon as it is determined that there has been a violation or breach of the LAC.<sup>225</sup> The IDAC also suspends and revokes AOCs, but statistics in this regard were not available.

4.187. International flights are operated in accordance with the air-service agreements and, in the absence of an agreement, under the principle of reciprocity. The JAC issues operating permits for foreign carriers operating scheduled flights and special licences for charter flights. Operating permits are valid for up to 10 years, non-transferable and issued for a specific route, and must be approved by the executive branch. In order to add a new route, the operating permit must be amended and the legal, economic and financial requirements must be met.<sup>226</sup> Airlines applying for an operating permit must appoint a legal and/or business representative in the country. A total of 59 foreign airlines held an operating licence in 2022. During the review period, two operating licences held by foreign airlines were cancelled.

4.188. Applications for special licences for charter flights are made through a company incorporated in the Dominican Republic and licensed by the JAC as a cosignee agent for aircrafts of foreign operators operating non-scheduled flights.<sup>227</sup> A Dominican airline may act as a cosignee agent, with the exception of a 100% foreign-owned airline. In 2022, just one company obtained a cosignee agent licence and 18 companies currently have this licence. There are no limitations on foreign ownership stakes in companies that provide cosignee agency services for non-scheduled (charter) flights.

4.189. Domestic and cabotage flights are reserved to Dominican-owned airlines. However, code-sharing agreements with foreign airlines on domestic flights are permitted.<sup>228</sup> Airlines operating

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<sup>220</sup> Law No. 491-06, as amended by Laws No. 67-13 and No. 29-18.

<sup>221</sup> These aspects are currently regulated through IDAC Resolutions; for example, the most recent ordinance on this matter is IDAC Resolution No. 3-16.

<sup>222</sup> Articles 237-238 of the LAC.

<sup>223</sup> JAC. Viewed at: <https://jac.gob.do/index.php/publicacion/lineas-aereas-y-consignatarios>.

<sup>224</sup> Articles 130-132 and 216-239 of the LAC; and *Manual de Requisitos JAC-001*, version 7.0.

<sup>225</sup> JAC Resolution No. 033-22. This administrative procedure also applies to foreign airlines with operating permits in the Dominican Republic.

<sup>226</sup> *Manual de Requisitos JAC-001*, version 7.0.

<sup>227</sup> Decree No. 232-14 regulating the process for issuing these licences for cosignee agents.

<sup>228</sup> Authorities indicate that there are no code-sharing agreements for domestic flights currently in force.

internal and cabotage flights must satisfy stricter substantial ownership and effective control criteria: (i) belong to Dominicans (51% of the capital); (ii) be under the control of Dominican executives (two thirds); and (iii) maintain effective control over their fleet.<sup>229</sup> Cabotage is also reserved to Dominican-registered aircraft.<sup>230</sup> Of the 16 national airlines (excluding the sole 100% foreign-owned airline), 14 fulfil the requirements for making cabotage flights.

4.190. Foreign airlines may hire foreign aviation staff, while airlines under substantial Dominican ownership may only hire Dominican staff. In the event of a shortage of qualified staff, they may temporarily hire foreign aviation staff, provided that conditions of reciprocity are in force.<sup>231</sup> Dominican-registered aircraft may be maintained in workshops abroad which have a certificate issued by the civil aviation authority of an ICAO member State or which are covered by an Article 83 bis agreement under the Chicago Convention, and when this certificate is recognized or authenticated by IDAC.<sup>232</sup>

4.191. Foreign airlines with an operating licence may freely sell their services in the country. Similarly, there are no restrictions on the activities of providers of computerized booking systems; not in terms of the number of travel agencies to which they may provide their services, nor in terms of requirements to be established in the country.

4.192. Both when entering and leaving the Dominican Republic, passengers must pay airport and aviation taxes<sup>233</sup>; however, passengers travelling on to cruises do not have to pay these taxes.<sup>234</sup> The IDAC collects the aviation tax of USD 14, which is included in the price of an air ticket, and distributes the revenue among various entities.<sup>235</sup> The airport tax of USD 1.3 is fully collected by the airports. For airports operated under concession, these taxes form part of the profits earned by the concession holders. Between 2014 and 2022 (July), exemptions were granted to the concession holders for these airports on various taxes (including the ITBIS, the ISC and lien) set out in the Concession Contract<sup>236</sup>, in the amount of DOP 755.8 million.

4.193. In 2021, IDAC approved the requirements for granting licences to build airports, aerodromes, runways and heliports.<sup>237</sup> The authorities have stated that this approval procedure will be useful in developing public-private partnerships in this area.

4.194. During the review period, 27 bilateral agreements on air transport were negotiated, either Air Service Agreements (ASA) or Memorandum of Understanding (MoU), giving a total of 70 bilateral agreements in force (Table 4.15). The Dominican Republic has also signed two plurilateral agreements.<sup>238</sup> Under a Memorandum of Understanding, the Dominican Republic and other member States of the Latin American Civil Aviation Commission reached a reciprocal agreement on exercising seventh-freedom traffic rights for cargo flights between 2020 and 2021. In general, the scope of the agreements reached by the Dominican Republic reflect the open skies commercial aviation policy adopted in 2010.

**Table 4.15 Air service agreement modalities: bilateral agreements**

| Partner             | Year signed | Freedom <sup>a</sup> |         |                   | Clause                      |                       |
|---------------------|-------------|----------------------|---------|-------------------|-----------------------------|-----------------------|
|                     |             | Fifth                | Seventh | Eighth (cabotage) | Tariff setting <sup>b</sup> | Capacity <sup>c</sup> |
| Antigua and Barbuda | 2019*       | Yes                  | Cargo   | No                | FP                          | FD                    |
| Argentina (MoU)     | 2021        | Yes                  | No      | No                | ..                          | PD                    |
| Aruba (MoU)         | 2014        | Yes                  | No      | No                | FP                          | FD                    |
| Austria             | 2007        | Yes                  | No      | No                | FP                          | FD                    |

<sup>229</sup> Articles 183 and 239 of the LAC.

<sup>230</sup> The registration of aircraft in the Dominican Republic is regulated by the Civil Aviation Law (Articles 79-89) and by the Dominican Aeronautical Regulations (RAD47).

<sup>231</sup> Articles 120-123 of the LAC.

<sup>232</sup> The requirements that these workshops must meet are set out in the RAD 145 issued by the IDAC.

<sup>233</sup> Decree No. 655-08, as amended by Decrees No. 876-09, No. 99-14 and No. 327-17.

<sup>234</sup> Decree No. 375-10, as amended by Decree No. 269-14.

<sup>235</sup> These entities are the Ministry of Tourism, the IDAC, the Specialized Body for Airport Security, the Dominican Air Force and the JAC, in descending order of the amount transferred

<sup>236</sup> Executive Resolution No. 121-99.

<sup>237</sup> IDAC Resolution No. 030-21.

<sup>238</sup> The Multilateral Open-Skies Agreement for the Member States of the Latin American Civil Aviation Commission and the Air Transport Agreement of the Association of Caribbean States (WTO document WT/TPR/S/319/Rev.1 of 13 November 2015).



| Partner                             | Year signed       | Freedom <sup>a</sup> |         |                   | Clause                      |                       |
|-------------------------------------|-------------------|----------------------|---------|-------------------|-----------------------------|-----------------------|
|                                     |                   | Fifth                | Seventh | Eighth (cabotage) | Tariff setting <sup>b</sup> | Capacity <sup>c</sup> |
| Bahamas                             | 2018              | Yes                  | No      | No                | PD                          | FD                    |
| Belgium                             | 1998              | Yes                  | No      | No                | DA                          | PD                    |
| Bolivia (MoU)                       | 2018              | Yes                  | Cargo   | No                | ..                          | PD                    |
| Brazil                              | 2018*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Canada (ASA/MoU)                    | 2008              | Yes                  | Cargo   | No                | FP                          | FD                    |
| Chile                               | 2009              | Yes                  | Cargo   | No                | FP                          | FD                    |
| China                               | 2018              | Yes                  | No      | No                | PD                          | PD                    |
| Colombia                            | 2011/2013*        | Yes                  | No      | No                | CO                          | PD                    |
| Costa Rica                          | 2022*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Cuba                                | 2005              | Yes                  | No      | No                | CO                          | PD                    |
| Czech Republic                      | 2016*             | Yes                  | No      | No                | PD                          | PD                    |
| Denmark (SA/MoU)                    | 2016*             | Yes                  | No      | No                | FP                          | FD                    |
| Ecuador                             | 2022*             | Yes                  | Cargo   | No                | FP                          | PD                    |
| El Salvador (Minutes)               | 1998              | Yes                  | No      | No                | FP                          | FD                    |
| Finland                             | 2016              | Yes                  | No      | No                | FP                          | FD                    |
| France (ASA/MoU)                    | 1969<br>2011/2013 | Yes                  | No      | No                | FP                          | FD                    |
| Germany                             | 1992              | Yes                  | No      | No                | FP                          | FD                    |
| Guatemala                           | 2022*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Guyana (ASA/MoU)                    | 2016              | Yes                  | Cargo   | No                | FP                          | FD                    |
| Haiti (MoU)                         | 2017              | Yes                  | Cargo   | No                | PD                          | PD                    |
| Hungary (Agreement Minutes)         | 2003              | Yes                  | No      | No                | FP                          | FD                    |
| India (ASA/MoU)                     | 2011              | Yes                  | No      | No                | FP                          | FD                    |
| Iceland (ASA/MoU)                   | 2009              | Yes                  | Cargo   | No                | FP                          | FD                    |
| Israel                              | 2019*             | Yes                  | No      | No                | FP                          | FD                    |
| Italy (ASA/MoU)                     | 1971/2000         | Yes                  | No      | No                | FP                          | FD                    |
| Jamaica (ASA/MoU)                   | 2018*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Jordan (ASA/MoU)                    | 2019*             | Yes                  | No      | No                | FP                          | FD                    |
| Kenya (ASA/MOJ)                     | 2018*             | Yes                  | No      | No                | PD                          | PD                    |
| Kuwait, State of                    | 2019              | Yes                  | No      | No                | FP                          | FD                    |
| Latvia (ASA/MoU)                    | 2021*             | Yes                  | Cargo   | No                | PD                          | PD                    |
| Luxembourg (ASA/MoU)                | 2015*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Malaysia (ASA/MoU)                  | 2019*             | Yes                  | No      | No                | PD                          | PD                    |
| Morocco                             | 2018              | Yes                  | No      | No                | FP                          | FD                    |
| Mexico (ASA/MoU)                    | 1994/2007*        | Yes                  | No      | No                | FP                          | FD                    |
| Nicaragua (ASA/MoU)                 | 2016*             | Yes                  | No      | No                | PD                          | PD                    |
| Norway (ASA/MoU)                    | 2016*             | Yes                  | No      | No                | PD                          | PD                    |
| New Zealand (ASA/MoU)               | 2016*             | Yes                  | Cargo   | No                | PD                          | PD                    |
| Oman (ASA/MoU)                      | 2019*             | Yes                  | No      | No                | PD                          | PD                    |
| The Netherlands                     | 2019              | Yes                  | No      | No                | FP                          | FD                    |
| Curaçao                             | 2019              | Yes                  | No      | No                | FP                          | FD                    |
| Sint Maarten                        | 2019*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Panama                              | 2008*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Paraguay (ASA/Consultation Minutes) | 2010*             | Yes                  | Cargo   | No                | FP                          | FD                    |
| Peru                                | 2019              | Yes                  | Cargo   | No                | FP                          | FD                    |
| Poland (ASA/MoU)                    | 2019*             | Yes                  | No      | No                | ..                          | FD                    |
| Portugal                            | 2019              | Yes                  | No      | No                | FP                          | PD                    |
| Qatar                               | 2017              | Yes                  | No      | No                | FP                          | FD                    |
| Russian Federation (ASA/MoU)        | 2009              | Yes                  | No      | No                | FP                          | FD                    |
| Rwanda                              | 2019              | Yes                  | Cargo   | No                | FP                          | FD                    |
| Serbia                              | 2015              | Yes                  | Cargo   | No                | PD                          | PD                    |
| Seychelles                          | 2015              | Yes                  | Cargo   | No                | PD                          | PD                    |
| Singapore                           | 2016              | Yes                  | Cargo   | No                | PD                          | PD                    |
| Spain (ASA/Technical agreement)     | 2022*             | Yes                  | No      | No                | FP                          | PD                    |
| Sri Lanka                           | 2017              | Yes                  | Cargo   | No                | FP                          | FD                    |
| South Africa (MoU)                  | 2017              | Cargo                | No      | No                | FP                          | FD                    |
| Sweden (MoU)                        | 2016              | Yes                  | No      | No                | FP                          | FD                    |
| Switzerland (ASA/MoU)               | 2000/2021         | Yes                  | No      | No                | PD                          | PD                    |
| Trinidad and Tobago (Final Minutes) | 1992              | Yes                  | No      | No                | PD                          | PD                    |
| Turkey                              | 2014              | Yes                  | No      | No                | FP                          | FD                    |
| United Arab Emirates                | 2014/2021*        | Yes                  | Cargo   | No                | FP                          | FD                    |
| Dubai (MoU)                         | 2007              | Yes                  | No      | No                | FP                          | FD                    |
| United Kingdom                      | 2006              | Yes                  | Cargo   | No                | FP                          | FD                    |
| United States                       | 1949              | Yes                  | No      | No                | FP                          | FD                    |
| Uruguay                             | 2018*             | Yes                  | Cargo   | No                | FP                          | FD                    |

| Partner                           | Year signed | Freedom <sup>a</sup> |         |                   | Clause                      |                       |
|-----------------------------------|-------------|----------------------|---------|-------------------|-----------------------------|-----------------------|
|                                   |             | Fifth                | Seventh | Eighth (cabotage) | Tariff setting <sup>b</sup> | Capacity <sup>c</sup> |
| Venezuela, Bolivarian Republic of | 1970        | Yes                  | Cargo   | No                | FP                          | FD                    |

.. Not available.

\* Service agreement (ASA) or memorandum of understanding (MoU) awaiting ratification.

a Yes = Rights, even limited ones, are granted.

b DA = Double approval; FP = Freedom to set prices; CO = Country of origin.

c FD = Freely determined; PD = Predetermined.

Source: WTO Secretariat, based on online data from the JAC, "Cuadros de ASA y MOU – Repu. Dom. con Otros Estados", viewed at: <https://jac.gob.do/index.php/publicacion/cuadro-de-acuerdos>; and information provided by the authorities.

#### 4.4.3.2 Maritime transport and port activities

##### 4.4.3.2.1 Maritime transport

4.195. Maritime transport is essential to Dominican foreign trade, as 96% of trade flows passed through its ports in 2021. In 2022, 17 shipping lines provided services from Dominican ports. There are no Dominican shipping lines.

4.196. The Ministry of Industry, Trade and MSMEs (MICM) and the Dominican Navy are responsible for formulating maritime transport policy.<sup>239</sup> The Directorate-General of Customs and the Dominican Port Authority (APORDOM) are also involved in this process.

4.197. International maritime conventions are signed by the Ministry of Foreign Affairs, with support and advice from state institutions, depending on the area in question.

4.198. In order to obtain a licence to operate in the Dominican Republic, shipping lines must flag their vessels through the following process: (i) register as a company; (ii) pay the appropriate taxes for each vessel; (iii) obtain a seaworthiness certificate following inspection by the Dominican Navy; and (iv) obtain a Dominican registration number for the vessel. With the registration number, the boat is flagged to the Dominican Republic, while the seaworthiness certificate confirms that the vessel complies with all national safety requirements and other aspects in order to sail.<sup>240</sup> Once a vessel has been flagged, the shipping line must apply for a permit as a shipping cosignee agent, which is approved by the APORDOM management board.

4.199. In order to be able to operate in the Dominican Republic, non-Dominican-based shipping lines must be represented by a shipping agent accredited by the Ministry of Finance and by APORDOM or, failing that, must become a consignee agent. Shipping agents must also have a licence to act as a consignee agent or a representative for domestic and international shipping lines.<sup>241</sup>

4.200. Shipping lines are free to set the rates for their maritime transport services. These rates do not have to be approved by any Dominican authority.

4.201. The Dominican Republic has no regulations on liner conferences and the authorities have stated that there are no liner conferences in the country.

4.202. The Dominican Republic does not have a national merchant fleet. There are no limits on foreign ownership stakes in Dominican-flag vessels. However, owners of these vessels must be

<sup>239</sup> Decree No. 309-10 names the Dominican Navy as the maritime authority responsible for maritime transit and traffic safety and security in Dominican waters.

<sup>240</sup> The authorities have stated that the patent has not yet been issued for the vessels and that this document was abolished following an administrative decision.

<sup>241</sup> Resolution No. 47-96 of the Ministry of Finance. See online information: <https://www.hacienda.gob.do/servicio/solicitud-de-licencias-para-operar-como-agente-consignatario-de-buques>.

residents of the Dominican Republic or, alternatively, incorporate a company with a commercial presence under Dominican laws.

4.203. Cabotage services are restricted to Dominican-flag vessels.<sup>242</sup> As Dominican-flag vessels are not widely available, Dominican ownership operators are allowed to lease temporarily a foreign vessel to provide the service, although this arrangement is not covered by the law. This temporary permit is issued by the Dominican Navy, following an inspection.

#### 4.4.3.2.2 Ports

4.204. The volume of cargo handled in Dominican ports has grown steadily during the review period, totalling 35 million tonnes in 2021, which is a 30.3% increase from 2015 (Table 4.16). In 2021, almost a fifth (18.6%) of port activity concerned goods transiting to and from other Caribbean ports. These activities have declined compared to the figures seen in 2018, as a result of the COVID-19 pandemic. Almost a quarter (23.7%) of the total cargo handled in 2021 was containerized.

**Table 4.16 Port operations, 2015-22 (June)**

|                                | 2015             | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           |
|--------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                | (million tonnes) |                |                |                |                |                |                |                |
| <b>Total cargo</b>             | <b>25.3</b>      | <b>24.9</b>    | <b>27.3</b>    | <b>28.9</b>    | <b>29.6</b>    | <b>29.1</b>    | <b>35.0</b>    | <b>17.8</b>    |
| <b>Foreign trade</b>           | <b>21.9</b>      | <b>21.1</b>    | <b>20.6</b>    | <b>21.7</b>    | <b>23.5</b>    | <b>23.5</b>    | <b>28.4</b>    | <b>14.2</b>    |
| Imports                        | 16.8             | 17.6           | 17.4           | 18.3           | 20.2           | 20.3           | 23.7           | 11.3           |
| Exports                        | 5.1              | 3.5            | 3.2            | 3.5            | 3.3            | 3.2            | 4.7            | 2.9            |
| By type of cargo               |                  |                |                |                |                |                |                |                |
| Loose                          | 2.4              | 2.5            | 1.8            | 2.0            | 2.0            | 2.2            | 3.1            | 1.9            |
| Containerized                  | 5.7              | 6.3            | 6.1            | 6.8            | 7.0            | 6.6            | 8.3            | 4.5            |
| Solid bulk                     | 6.9              | 4.9            | 5.1            | 5.3            | 6.3            | 7.2            | 7.3            | 3.1            |
| Liquid bulk                    | 2.4              | 2.5            | 1.8            | 7.6            | 8.2            | 7.5            | 9.7            | 4.5            |
|                                | (million tonnes) |                |                |                |                |                |                |                |
| <b>Cargo in transit</b>        | <b>3.3</b>       | <b>3.8</b>     | <b>6.6</b>     | <b>7.2</b>     | <b>6.0</b>     | <b>5.6</b>     | <b>6.5</b>     | <b>3.7</b>     |
| Entering                       | 1.6              | 1.9            | 3.3            | 3.6            | 3.1            | 2.8            | 3.4            | 1.7            |
| Leaving                        | 1.6              | 1.9            | 3.3            | 3.5            | 3.0            | 2.8            | 3.2            | 2.0            |
|                                | (thousand TEUs)  |                |                |                |                |                |                |                |
| <b>Containers</b>              | <b>1,208.4</b>   | <b>1,486.2</b> | <b>1,842.5</b> | <b>1,898.0</b> | <b>1,822.8</b> | <b>1,781.9</b> | <b>2,184.8</b> | <b>1,146.1</b> |
| Foreign trade                  | 852.6            | 1,090.0        | 1,113.5        | 1,184.6        | 1,241.0        | 1,172.5        | 1,420.7        | 698.3          |
| Imports                        | 525.1            | 556.5          | 572.6          | 601.5          | 635.5          | 603.8          | 717.5          | 362.2          |
| Exports                        | 490.7            | 533.5          | 540.8          | 583.0          | 605.5          | 568.8          | 703.2          | 336.1          |
| Transit                        | 355.8            | 396.0          | 792.0          | 713.5          | 581.8          | 609.4          | 764.0          | 447.8          |
| Entering                       | 177.7            | 198.1          | 365.3          | 357.6          | 291.3          | 330.0          | 387.0          | 222.5          |
| Leaving                        | 178.0            | 197.9          | 363.7          | 355.8          | 290.6          | 279.4          | 377.0          | 225.3          |
| <b>Other information</b>       |                  |                |                |                |                |                |                |                |
| No. of vessels <sup>a</sup>    | 4,983            | 5,205          | 5,258          | 4,917          | 5,025          | 4,337          | 4,837          | 2,805          |
| No. of passengers <sup>b</sup> | 528.9            | 809.2          | 1,493.3        | 982.3          | 1,103.9        | 344.9          | 363.3          | 652.4          |

a Freighters, bulk carriers, tankers and passenger ships.

b Thousands of passengers.

Source: APORDOM statistics, viewed at: <https://portuaria.gob.do/transparencia/estadisticas-institucionales>; and data provided by the Dominican authorities.

4.205. There were no changes to the legislation regulating port activities or to the institutions implementing it during the review period. Law No. 70-70 is still in force and governs port activities.<sup>243</sup> This Law establishes APORDOM, which is the regulatory body for the port system. In addition, the Law on Port and Coastal Policing (Law No. 3003-51) stipulates that Port Commanders shall act under the authority of the Dominican Navy; provides for the payment of specific services, such as port entry and clearance; and regulates in-port inspections and shipbuilding in Dominican territory. Law No. 70-70 gives APORDOM the power to grant concessions for port structures. Up until the Law on Public-Private Partnerships (PPPs) was enacted in 2020, concessions were regulated by Law No. 340-06 and amendments thereto. The authorities have stated that they expect this new legislation to have a positive impact on port development in the coming years.

<sup>242</sup> Law No. 3003 of 1951.

<sup>243</sup> Law No. 70-70, as amended by Law No. 169-75.

4.206. The Dominican Republic has 16 ports, including 10 state-owned ports. The private ports are Amber Cove (a cruise ship port), La Romana and the Multimodal Caucedo Port. APORDOM operates and manages seven state-owned ports<sup>244</sup>, while the other three are operated and managed by private sector operators under concession.<sup>245</sup> APORDOM grants concessions and supervises the operation of the ports under concession. Concessions are granted on a 10-year renewable basis and the maximum term for the concession is determined as a percentage of the port infrastructure's service life.<sup>246</sup> Any concession must be put out to public tender and current concessions were generally granted more than 20 years ago. There are no limitations on foreign ownership stakes in ports under concession.

4.207. Most cargo traffic continues to come through the Multimodal Caucedo Port (privately owned) and Río Haina (operated by private entities). Río Haina handles half of imports, while two thirds of exports go through Caucedo and Río Haina. The remaining imports and exports mainly move through Puerto Plata, San Pedro de Macorís and Santo Domingo. Caucedo handles the bulk of transit cargo and two thirds of container traffic. The remaining containerized cargo mainly comes through Río Haina. Caucedo is the only port equipped for berthing post-Panamax vessels.

4.208. The construction of the Amber Cove tourist terminal in the Maimón Bay (Puerto Plata province), which is solely used for cruise ship berthing, has resulted in growth in this type of tourism. In the first six months of 2022, a total of 337 ships from 9 cruise lines carrying 554,000 passengers arrived in the Dominican Republic. In 2019, 1.1 million passengers and cruise ship tourists travelling on 366 cruise ships arrived in the Dominican Republic (Table 4.16).<sup>247</sup> Of these passengers, 60% docked at the new Amber Cove terminal, which can accommodate two ships simultaneously and 4,000 passengers. La Romana port also handles cruise ship arrivals and welcomed 26.5% of registered visitors in 2019. The other passenger terminals with lower traffic levels are Santo Domingo and Samaná.

4.209. In 2016, the Cap Cana anchorage was put out on concession under an agreement arrangement used in the eastern region of the island. During the review period, the eastern part of the state-owned port (Puerto Plata province) was put out on concession under the regulatory framework set out in Law No. 340-06. After enacting the Law on Public-Private Partnerships, it was declared that developing a cruise ship terminal in Arroyo Barril Port (Samaná province) was in the public interest. In July 2022, construction of this terminal began, which will be equipped to welcome 10,000 tourists per day and has received USD 22 million of private investment.

4.210. Port services may usually be put out on concession. Stevedoring, buoyage and towing services are currently operated under this system. However, towing services can only be provided by Dominican vessels (with a Dominican registration number). The service providers must be incorporated in the Dominican Republic and must have a licence issued by APORDOM.<sup>248</sup>

4.211. The executive branch sets port charges in US dollars through a decree and there have been no changes to them since 2005.<sup>249</sup> However, port charges in Dominican pesos are updated every week by APORDOM. Dominican-flag vessels and passenger boats do not pay berthing charges, but do pay for pilotage services, as well as inspection charges and a set amount per passenger. If they are performing loading or unloading operations, Dominican-flag vessels may receive a 50% discount on the port-stay charge; if they are not performing these operations, they do not have to pay the port-stay charge.

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<sup>244</sup> Arroyo Barril (Samaná province), Azua, Barahona, Boca Chica (Santo Domingo province), Manzanillo (Monte Cristi province), Puerto Plata and San Pedro de Macorís.

<sup>245</sup> Cabo Rojo (Pedernales province), Río Haina (Santo Domingo province) and Santo Domingo.

<sup>246</sup> Laws No. 70-70 and No. 340-06.

<sup>247</sup> This activity was hit hard by the COVID-19 pandemic and tourist levels were three times lower during 2020-21.

<sup>248</sup> The requirements, which include a USD 500,000 insurance policy, are set out in Decree No. 612-05, and the licences are approved by the APORDOM management board. See also the online information: <https://portuaria.gob.do/blog/servicios/licencias-de-remolcadores>.

<sup>249</sup> Decree No. 572-99, as amended by Decrees No. 519-02, No. 534-04 and No. 612-05 set out the charges.

#### 4.4.4 Tourism

4.212. Tourism is still making a vital contribution to the Dominican economy. Tourism is the fourth largest employer in the economy, accounting for 7.3% of jobs during the review period on average. In 2015, it contributed 12.7% to the Dominican GDP, but, due to the pandemic, this contribution has fallen considerably and was just 5.6% in 2022 (Table 4.17).<sup>250</sup> Up until the outbreak of the pandemic, the sector had been performing well: income had increased 22% between 2015 and 2019, tax income had been up almost 44% and FDI was around USD 1 billion.<sup>251</sup> In addition, 2018 saw a record 6.6 million visitors and the number of hotels available grew to 900 in 2020. The closure of airports in the country and the travel restrictions put in place internationally to fight the pandemic hit the sector hard, with income falling by almost 65% between 2019 and 2020. In late 2021 and early 2022, the sector showed signs of recovery and, during the fourth quarter of 2021 and the first two quarters of 2022, the largest number of tourists in the country's history was recorded in each of these quarters.

**Table 4.17 Tourism indicators, 2015-22 (June)**

|   | 2015    | 2016    | 2017    | 2018    | 2019     | 2020    | 2021    | 2022 |
|---|---------|---------|---------|---------|----------|---------|---------|------|
| Contribution to GDP <sup>a</sup> (%)          | 7.8     | 7.8     | 7.8     | 7.6     | 7.4      | 4.1     | 5.3     | 5.6  |
| Contribution to services GDP <sup>a</sup> (%) | 12.7    | 12.7    | 12.8    | 12.7    | 12.3     | 7.0     | 9.5     | 10.2 |
| Employment (%)                                | 7.9     | 7.5     | 7.6     | 7.1     | 7.4      | 6.5     | 6.8     | 7.4  |
| Income <sup>b</sup>                           | 6,115.9 | 6,719.6 | 7,184.1 | 7,547.7 | 7,471.5  | 2,674.8 | 5,686.5 | ..   |
| FDI <sup>b</sup>                              | 671.9   | 790.0   | 704.0   | 854.2   | 994.2    | 954.0   | 961.8   | ..   |
| % of the total FDI                            | 30.5    | 32.8    | 19.7    | 33.7    | 32.9     | 37.3    | 31.0    | ..   |
| Tax income <sup>c</sup>                       | 7,631.3 | 8,029.4 | 8,500.8 | 9,803.9 | 10,986.5 | 5,015.6 | 9,577.4 | ..   |
| Tourist arrivals <sup>d</sup>                 | 5.6     | 6.0     | 6.2     | 6.6     | 6.4      | 2.4     | 5.0     | ..   |
| Dominican                                     | 0.8     | 0.8     | 0.8     | 1.0     | 1.1      | 0.7     | 1.3     | ..   |
| Foreign                                       | 4.8     | 5.1     | 5.4     | 5.6     | 5.4      | 1.7     | 3.7     | ..   |
| Average spend <sup>e</sup>                    | 129.6   | 130.7   | 133.5   | 136.5   | 136.2    | 129.6   | 129.5   | ..   |
| Stay (nights)                                 | 8.3     | 8.5     | 8.6     | 8.4     | 8.5      | 9.1     | 9.6     | ..   |
| Hotels  | 724     | 751     | 762     | 876     | 887      | 905     | 894     | ..   |
| Rooms   | 72,192  | 73,578  | 77,947  | 80,703  | 83,041   | 35,036  | 78,136  | ..   |
| Occupancy rate (%)                            | 76      | 78      | 77      | 78      | 72       | 41      | n.a.    | ..   |

.. Not available.

a At current prices.

b USD million.

c Includes the foreign passenger exit tax and the tourist card fee. DOP million.

d Non-resident arrivals by air, in millions.

e Data for non-resident foreigners, in USD.

Source: Economic statistics for the tourism subsector and the external sector compiled by the Central Bank and tourism statistics from the National Statistics Office, viewed at: <http://www.bancentral.gov.do>; <http://www.one.gob.do>; and data provided by the authorities.

4.213. The Tourism Law continued to regulate the tourism sector during the review period.<sup>252</sup> By virtue of this law, the Ministry of Tourism (MITUR) regulates tourism activities and implements tourism policy.

4.214. According to the authorities, tourist sector development in the Dominican Republic is highly dependent on the "sun and beach" sector (approximately 70% of the accommodation offering) and a separation from local economies and communities, due to the use of the "all-inclusive" model.<sup>253</sup> The construction of the Amber Cove terminal for cruise ships has boosted the sector. However, it has not led to a diversification of the development model or a movement away from tourist enclaves.

<sup>250</sup> The Central Bank estimates the contribution of tourism to GDP, employment and income based on data on the hotel, bar and restaurant subsectors, which do not reflect the entire impact of tourism on Dominican economic activity.

<sup>251</sup> The tourism sector attracts large amounts of FDI to the country and, with the exception of 2017, a third of the national annual FDI flows went to this sector.

<sup>252</sup> Law No. 541-69, as amended by Law No. 84-79.

<sup>253</sup> Multi-Year Public Sector Plan 2021-24, aligned with the National Development Strategy 2030 (Law No. 1-12).

4.215. In addition to the lack of diversity in its tourism offering, the sector is facing other obstacles, such as the need to improve transport infrastructure and the lack of productive linkages with national industry. To mitigate these difficulties, the Government is proposing to promote health and wellness tourism; provide technical assistance to air transport; improve airport infrastructure; and attract tourism to protected areas in order to promote sustainable and socially inclusive tourism. There are also 26 tourism clusters, which are business clusters that seek to pursue initiatives that diversify the country's tourism offering.<sup>254</sup>

4.216. The digitalization of MITUR services has helped to bring more foreign investment into the country. There are no limitations on foreign investment in the tourism sector in the Dominican Republic. The largest foreign investors are from the United States, Canada, Spain, Mexico, Italy and Austria, in descending order of investment. The State does not own any stakes in tourism service companies.

4.217. Tourism service providers must have a licence issued by MITUR in order to operate.<sup>255</sup> The Tourism Law and a number of regulations classify the different tourism services and stipulate the procedures for providing them.<sup>256</sup> Licences are only granted to Dominican nationals or residents. However, under exceptional circumstances, temporary licences are granted to non-residents to provide tourism services. To operate in the Dominican Republic, travel agencies and tour operators based abroad must appoint a local representative. Foreign guides may only operate in the country under exceptional circumstances, such as when there is no local guide to provide the service.<sup>257</sup> Providers of tourist guide, accommodation and transport services may not charge higher prices than those set by MITUR.<sup>258</sup>

4.218. The Dominican Republic offers tax and tariff incentives for developing tourism projects throughout Dominican territory to all natural or legal persons domiciled in the country (Table 4.18).<sup>259</sup> The incentives are granted once the Technical Board of the Council for Tourism Development (CONFOTUR), a MITUR agency, approves the Final Classification of the tourism project recognizing it as eligible, and the Ministry of Finance has performed a cost-benefit analysis of the project.<sup>260</sup> Hotel facilities, resorts or hotel complexes that were built more than 5 or 15 years ago can also apply for incentives for modernizing and refurbishing their facilities. For facilities built more than 15 years ago, all the benefits earmarked for new projects may be granted on the condition that the refurbishment work covers more than 50% of the hotel's infrastructure. An application for a Provisional Classification, which is valid for a year and may be renewed once, may be made should the project have not obtained all of the permits required for the Final Classification; in this instance, only some of the incentives are provided (Article 15 of Decree No. 372-14).<sup>261</sup>

**Table 4.18 Tax incentives for tourism projects or tourism activities**

| Project type              | Incentives   |
|---------------------------|--|
| New projects <sup>a</sup> | <ul style="list-style-type: none"> <li>- Exemption from income tax for 15 years from the conclusion of construction and fitting-out work for the project.</li> <li>- Exemption from national and municipal taxes for incorporating companies; for capital increases in companies that have already been incorporated; and for sales, exchanges or transfers of property rights.</li> </ul> |

<sup>254</sup> National Competition Council. Online information. Viewed at: <http://www.competitividad.org.do/clusteres/turismo>.

<sup>255</sup> Article 4 of Law No. 541-69, as amended by Law No. 84-79. Requirements for obtaining and renewing authorizations, available online: <https://servicios.mitur.gob.do/app/listOfServices/3>.

<sup>256</sup> Decrees No. 813-03 (gift shops classification and standards), No. 814-03 (car rentals), No. 815-03 (travel agencies and tour operators classification and standards), No. 816-03 (restaurant classification and standards), No. 817-03 (tourist land passenger transport) and No. 818-03 (hotel operations).

<sup>257</sup> Articles 18 and 23 of Law No. 541-69, as amended by Law No. 84-79.

<sup>258</sup> Articles 4, 25 and 44 of Law No. 541-69, as amended by Law No. 84-79. Regulations No. 2.119-84 (tourism transport tariff in Santo Domingo), No. 2.120-84 (tourism transport tariff in Puerto Plata) and No. 2.121-84 (guide tariff in Santo Domingo).

<sup>259</sup> Law No. 158-01, as amended by Laws No. 184-02, No. 318-04 and No. 195-13, and its implementing regulations (Decree No. 372-14).

<sup>260</sup> Projects are submitted in accordance with a guide prepared by CONFOTUR (Resolution No. 109-15 of the CONFOTUR). Online information. Viewed at: <https://confotur.mitur.gob.do/wp-content/uploads/2021/11/Guia-para-acceder-incentivos-Beneficios-Ley-No158-01.pdf>.

<sup>261</sup> The requirements for obtaining the different classifications are available to view online at: <https://confotur.mitur.gob.do/index.php/requisitos-clasificacion-provisional/> and the application can be made through the MITUR online services platform: <https://servicios.mitur.gob.do/app/listOfServices/2>.

| Project type   | Incentives  |
|--|---|
|  | <ul style="list-style-type: none"> <li>- Exemption from the ITBIS, the ISC and the levy on machinery, equipment, materials and movable property required for fitting out the tourism facility for the first time and starting up its operations.</li> </ul>   |
| Hotel facilities, resorts or hotel complexes built more than 5 years ago               | <ul style="list-style-type: none"> <li>- Exemption from the ITBIS, the ISC and the levy on local purchases and imports of machinery, equipment, materials and movable property required for modernizing, enhancing and renovating these facilities.</li> </ul>  |
| Hotel facilities, resorts or hotel complexes built more than 15 years ago <sup>b</sup> | <ul style="list-style-type: none"> <li>- Exemption from income tax for 15 years from the conclusion of refurbishment work.</li> <li>- Exemption from national and municipal taxes for incorporating companies; for capital increases in companies that have already been incorporated; and for sales, exchanges or transfers of property rights.</li> <li>- Exemption from the ITBIS, the ISC and the levy on machinery, equipment, materials and movable property required for renovating them.</li> </ul> |

- a Hotel facilities, resorts and/or hotel complexes; convention, exhibition and congress centres; ecological, theme or amusement parks; and port and maritime infrastructure for tourism, among others, are eligible for these incentives (Article 3 of Law No. 158-01).
- b In order to qualify for all of these benefits, the renovation work must cover more than 50% of the hotel facilities.

Source: *Guía para la presentación de Proyectos Turísticos para acceder a los Incentivos y Beneficios de la Ley N° 158-01*. Online information. Viewed at: <https://confotur.mitur.gob.do/wp-content/uploads/2021/11/Guia-para-acceder-incentivos-Beneficios-Ley-No158-01.pdf>.

4.219. The continuous and uninterrupted operation of an approved project must begin within three years, while the tax exemption will last for 15 years in all instances.<sup>262</sup> The exemption on tariffs applies only to the capital assets required to initiate the project and must be assessed and approved by the CONFOTUR, which will determine the assets (amounts, characteristics and components) that will be exempted based on the project investment and the cost-benefit analysis issued by the Ministry of Finance.<sup>263</sup>

4.220. During the first five years of the project, companies and investors may also deduct up to 20% of their investments in tourism projects from their net taxable income. Tourism service companies located in border provinces may apply for the incentives outlined in Law No. 158-01 or in Law No. 12-21 on Special Comprehensive Border Development Zone (Sections 2.4 and 3.3). However, tourism in the Border Development Zone is still rather limited.

4.221. In 2021, more than 60 companies benefited from the incentive scheme for tourism development, and obtained incentives and exemptions worth USD 336.9 million the same year. Of this amount, 23.7% corresponds to tariff exemptions.

4.222. The Official Tourism Promotion Fund, administered by MITUR in partnership with the private sector, is responsible for promoting the Dominican Republic as a tourism destination. This Fund is financed through proceeds from Tourism Card payments (USD 10 per passenger)<sup>264</sup> and aviation taxes (USD 3.25 per passenger upon entry and exit).<sup>265</sup> As a result, in 2022, DOP 6.5 billion was allocated to MITUR.<sup>266</sup> A combined strategy (the "Tourism in Every Corner" campaign) was launched, setting out to broaden the reach of tourism activities and strengthening the image of the country as a tourism destination in the main countries of origin for tourists to the Dominican Republic. MITUR has a network of more than 50 Tourism Promotion Offices, including 22 located abroad.

<sup>262</sup> Online information. Viewed at: <https://confotur.mitur.gob.do/wp-content/uploads/2021/11/Guia-para-acceder-incentivos-Beneficios-Ley-No158-01.pdf>.

<sup>263</sup> Decree No. 372-14. CONFOTUR Resolution No. 28-2018 sets out the materials not approved, as well as how the lists of exemptions should be presented for assessment.

<sup>264</sup> Visa-exempt tourists (Law No. 199-67) have to pay for the Tourist Card. Since 2018, this fee has been included in the price of airline tickets. There are some payment exceptions depending on the agreements which the Dominican Republic may have. Online information. Viewed at: <https://dgii.gov.do/sobreTarjetaTurista/Paginas/default.aspx>.

<sup>265</sup> Law No. 158-01 and amendments thereto; and Decree No. 99-14.

<sup>266</sup> Law No. 345-21.

## 5 APPENDIX TABLES

Table A1.1 Exports of consumer goods and re-exports by HS section and main HS chapter, 2015-21

(USD million and %)

| Description  | 2015  | 2016  | 2017   | 2018   | 2019   | 2020  | 2021   |
|--|---|-------|--------|--------|--------|-------|--------|
| Total exports (USD million)  | 9,389   | 9,785 | 10,225 | 10,758 | 11,287 | 9,853 | 11,832 |
| consumer goods, re-exports (% of total exports)  | 42.5  | 45.0  | 43.4   | 42.9   | 43.7   | 40.9  | 39.6   |
| free zones (% of total exports)  | 57.5  | 55.0  | 56.6   | 57.1   | 56.3   | 59.1  | 60.4   |
|  | (USD million)                                   |       |        |        |        |       |        |
| Exports of consumer goods and re-exports   | 3,995   | 4,399 | 4,442  | 4,610  | 4,935  | 4,025 | 4,688  |
|  | (% of exports of consumer goods and re-exports) |       |        |        |        |       |        |
| 1 – Live animals; animal products  | 1.5   | 1.7   | 1.4    | 1.6    | 1.4    | 0.6   | 0.4    |
| 03. Fish and crustaceans, molluscs and other aquatic invertebrates   | 0.5   | 0.5   | 0.5    | 0.5    | 0.5    | 0.2   | 0.2    |
| 04. Dairy produce; birds' eggs; natural honey; edible products of animal origin  | 0.5   | 0.5   | 0.4    | 0.3    | 0.3    | 0.2   | 0.1    |
| 02. Meat and edible meat offal   | 0.4   | 0.4   | 0.2    | 0.4    | 0.3    | 0.1   | 0.1    |
| 2 – Vegetable products   | 12.9  | 13.8  | 10.5   | 10.6   | 11.1   | 10.7  | 9.2    |
| 08. Edible fruit and nuts; peel of citrus fruit or melons  | 8.7   | 10.1  | 7.4    | 7.2    | 7.5    | 7.8   | 6.3    |
| 11. Products of the milling industry; malt; starches; inulin; wheat gluten   | 2.1   | 1.6   | 1.2    | 1.3    | 2.0    | 1.3   | 1.3    |
| 07. Edible vegetables and certain roots and tubers   | 1.1   | 1.3   | 1.2    | 1.1    | 1.0    | 1.2   | 1.2    |
| 3 – Animal or vegetable fats and oils  | 1.2   | 1.3   | 1.1    | 0.8    | 0.8    | 0.8   | 1.4    |
| 4 – Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes  | 16.1  | 14.9  | 12.5   | 13.5   | 13.0   | 12.7  | 12.5   |
| 17. Sugars and sugar confectionery   | 2.9   | 2.6   | 2.7    | 2.8    | 2.2    | 3.3   | 3.0    |
| 22. Beverages, spirits and vinegar   | 3.5   | 3.3   | 3.0    | 2.5    | 2.4    | 2.2   | 2.5    |
| 18. Cocoa and cocoa preparations   | 3.2   | 2.9   | 1.5    | 2.2    | 1.9    | 2.4   | 2.3    |
| 21. Miscellaneous edible preparations  | 3.2   | 2.8   | 2.1    | 1.7    | 1.8    | 1.9   | 1.6    |
| 19. Preparations of cereals, flour, starch or milk   | 0.9   | 0.8   | 0.9    | 1.1    | 0.9    | 1.3   | 1.5    |
| 20. Preparations of vegetables, fruit, nuts or other parts of plants   | 1.2   | 1.2   | 1.2    | 1.4    | 1.0    | 1.0   | 1.1    |
| 5 – Mineral products   | 14.6  | 11.8  | 14.0   | 15.1   | 12.5   | 2.9   | 7.1    |
| 27. Mineral fuels; bituminous substances; mineral waxes  | 10.3  | 8.5   | 10.8   | 11.8   | 9.9    | 0.7   | 4.1    |
| 25. Salt; sulphur; earths and stone; plastering materials, lime and cement   | 2.5   | 1.8   | 1.9    | 1.8    | 1.7    | 1.7   | 1.8    |
| 26. Ores, slag and ash   | 1.7   | 1.4   | 1.4    | 1.4    | 0.8    | 0.5   | 1.2    |
| 6 – Products of the chemical or allied industries  | 3.2   | 2.8   | 3.2    | 5.3    | 4.3    | 3.8   | 3.6    |
| 33. Essential oils; perfumery or cosmetic preparations   | 0.7   | 0.5   | 0.6    | 0.6    | 0.5    | 0.7   | 0.7    |
| 34. Soap, organic surface-active agents, washing preparations and lubricating preparations   | 0.6   | 0.5   | 0.4    | 0.5    | 0.5    | 0.6   | 0.6    |
| 31. Fertilisers  | 0.6   | 0.6   | 0.6    | 2.6    | 2.0    | 0.6   | 0.6    |
| 29. Organic chemicals  | 0.5   | 0.4   | 0.5    | 0.5    | 0.5    | 0.7   | 0.5    |
| 30. Pharmaceutical products  | 0.2   | 0.1   | 0.6    | 0.5    | 0.3    | 0.6   | 0.5    |
| 7 – Plastics and articles thereof  | 6.2   | 5.5   | 5.1    | 4.4    | 4.4    | 5.8   | 6.5    |
| 39. Plastics and articles thereof  | 6.0   | 5.3   | 5.0    | 4.3    | 4.3    | 5.7   | 6.4    |
| 8 – Raw hides and skins, leather, furskins and articles thereof; saddlery and harness  | 0.2   | 0.1   | 0.1    | 0.1    | 0.1    | 0.1   | 0.1    |
| 9 – Wood and articles of wood; wood charcoal   | 0.2   | 0.1   | 0.1    | 0.2    | 0.2    | 0.1   | 0.1    |
| 10 – Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof   | 1.6   | 1.4   | 1.5    | 1.4    | 1.1    | 1.6   | 1.6    |
| 48. Paper and paperboard; articles of paper pulp, of paper or of paperboard  | 1.2   | 1.1   | 1.1    | 1.0    | 0.9    | 1.3   | 1.2    |
| 11 – Textiles and textile articles   | 0.6   | 0.7   | 4.3    | 0.7    | 1.0    | 0.8   | 0.5    |
| 12 – Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith | 0.3   | 0.2   | 0.2    | 0.2    | 0.1    | 0.2   | 0.3    |
| 13 – Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware  | 0.6   | 0.7   | 0.5    | 0.8    | 0.9    | 0.7   | 0.8    |
| 69. Ceramic products   | 0.1   | 0.2   | 0.1    | 0.3    | 0.5    | 0.4   | 0.4    |



| Description   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|
| 14 - Natural or cultured pearls, precious or semi-precious stones, precious metals  | 32.0 | 37.2 | 34.6 | 31.3 | 32.8 | 43.8 | 38.1 |
| 7108. Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form   | 31.6 | 36.7 | 34.5 | 31.2 | 32.7 | 43.7 | 38.0 |
| 7113. Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal   | 0.1  | 0.5  | 0.1  | 0.1  | 0.1  | 0.0  | 0.1  |
| 15 - Base metals and articles of base metal   | 4.4  | 5.1  | 7.5  | 9.9  | 11.3 | 12.6 | 14.9 |
| 72. Iron and steel  | 3.3  | 4.1  | 6.5  | 8.4  | 9.9  | 11.0 | 13.2 |
| 73. Articles of iron or steel   | 0.8  | 0.6  | 0.6  | 0.8  | 0.6  | 0.7  | 0.7  |
| 76. Aluminium and articles thereof  | 0.1  | 0.1  | 0.1  | 0.4  | 0.4  | 0.3  | 0.4  |
| 16 - Machinery and mechanical appliances; electrical equipment; parts thereof   | 2.4  | 1.5  | 1.9  | 2.3  | 3.7  | 1.6  | 1.6  |
| 85. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles | 0.9  | 0.4  | 0.9  | 0.8  | 2.7  | 0.8  | 1.0  |
| 17 - Vehicles, aircraft, vessels and associated transport equipment   | 0.6  | 0.3  | 0.5  | 0.5  | 0.3  | 0.3  | 0.4  |
| 18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus, etc.   | 0.5  | 0.3  | 0.5  | 0.3  | 0.2  | 0.2  | 0.3  |
| 19 - Arms and ammunition; parts and accessories thereof   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| 20 - Miscellaneous manufactured articles  | 0.8  | 0.6  | 0.6  | 1.1  | 0.8  | 0.6  | 0.6  |
| 21 - Works of art, collectors' pieces and antiques  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| Other   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.2 Exports from free zones by HS section and main HS chapter, 2015-21**

(USD million and %)

| Description  | 2015                           | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|--------------------------------|-------|-------|-------|-------|-------|-------|
|  | (USD million)                  |       |       |       |       |       |       |
| Exports from free zones  | 5,394                          | 5,386 | 5,709 | 6,035 | 6,249 | 5,828 | 7,143 |
|  | (% of exports from free zones) |       |       |       |       |       |       |
| 1 - Live animals; animal products  | 0.0                            | 0.0   | 0.0   | 0.0   | 0.1   | 0.0   | 0.0   |
| 2 - Vegetable products   | 1.3                            | 1.5   | 1.6   | 1.5   | 1.5   | 1.6   | 1.8   |
| 08. Edible fruit and nuts; peel of citrus fruit or melons  | 0.5                            | 0.7   | 0.8   | 0.8   | 0.8   | 0.8   | 1.0   |
| 07. Edible vegetables and certain roots and tubers   | 0.5                            | 0.5   | 0.6   | 0.6   | 0.5   | 0.5   | 0.5   |
| 06. Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage   | 0.1                            | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| 13. Lac; gums, resins and other vegetable saps and extracts  | 0.2                            | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| 3 - Animal or vegetable fats and oils  | 0.0                            | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| 4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes  | 17.3                           | 17.9  | 18.0  | 18.3  | 18.3  | 19.3  | 20.6  |
| 24. Tobacco and manufactured tobacco substitutes   | 13.0                           | 13.8  | 14.2  | 14.2  | 14.5  | 15.9  | 17.2  |
| 18. Cocoa and cocoa preparations   | 2.5                            | 2.1   | 1.4   | 2.0   | 1.6   | 1.7   | 1.5   |
| 22. Beverages, spirits and vinegar   | 0.4                            | 0.4   | 0.6   | 0.6   | 0.6   | 0.8   | 1.0   |
| 20. Preparations of vegetables, fruit, nuts or other parts of plants   | 0.1                            | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.7   |
| 5 - Mineral products   | 0.0                            | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| 6 - Products of the chemical or allied industries  | 8.0                            | 8.3   | 9.5   | 9.9   | 9.8   | 9.9   | 8.3   |
| 30. Pharmaceutical products  | 5.8                            | 6.0   | 7.4   | 8.0   | 7.9   | 7.6   | 6.1   |
| 33. Essential oils; perfumery or cosmetic preparations   | 1.2                            | 1.5   | 1.3   | 1.2   | 1.3   | 1.4   | 1.1   |
| 34. Soap, organic surface-active agents, washing preparations and lubricating preparations   | 0.5                            | 0.3   | 0.4   | 0.3   | 0.3   | 0.5   | 0.7   |
| 7 - Plastics and articles thereof  | 2.5                            | 2.4   | 2.3   | 2.6   | 2.4   | 2.9   | 3.5   |
| 39. Plastics and articles thereof  | 2.5                            | 2.3   | 2.3   | 2.6   | 2.4   | 2.9   | 3.5   |
| 8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness  | 0.3                            | 0.3   | 0.3   | 0.3   | 0.4   | 0.3   | 0.3   |
| 9 - Wood and articles of wood; wood charcoal   | 0.0                            | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| 10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof   | 0.5                            | 0.5   | 0.6   | 0.6   | 0.8   | 0.9   | 1.2   |
| 48. Paper and paperboard; articles of paper pulp, of paper or of paperboard  | 0.5                            | 0.5   | 0.5   | 0.5   | 0.8   | 0.8   | 1.0   |
| 11 - Textiles and textile articles   | 23.2                           | 20.4  | 19.3  | 18.6  | 17.3  | 10.8  | 11.8  |
| 61. Articles of apparel and clothing accessories, knitted or crocheted   | 10.3                           | 10.0  | 9.9   | 10.4  | 9.8   | 5.3   | 6.2   |
| 52. Cotton   | 4.2                            | 2.0   | 2.2   | 2.9   | 2.7   | 2.0   | 2.6   |
| 62. Articles of apparel and clothing accessories, not knitted or crocheted   | 6.2                            | 5.8   | 5.0   | 3.3   | 2.9   | 1.2   | 1.3   |
| 63. Other made up textile articles; sets; worn clothing and worn textile articles; rags  | 1.6                            | 1.9   | 1.4   | 1.4   | 1.4   | 1.7   | 1.2   |
| 12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared fashions and articles made therewith   | 8.3                            | 6.9   | 6.9   | 5.1   | 4.6   | 3.6   | 2.9   |
| 64. Footwear, gaiters and the like; parts of such articles   | 8.2                            | 6.8   | 6.8   | 5.1   | 4.6   | 3.5   | 2.8   |
| 13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware  | 0.0                            | 0.1   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| 14 - Natural or cultured pearls, precious or semi-precious stones, precious metals   | 7.3                            | 7.4   | 7.5   | 8.1   | 8.4   | 7.5   | 10.8  |
| 7113. Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal  | 6.8                            | 6.8   | 7.0   | 7.4   | 6.7   | 6.3   | 8.4   |
| 7112. Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal | 0.1                            | 0.2   | 0.1   | 0.2   | 0.7   | 0.7   | 0.9   |
| 7108. Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form  | 0.2                            | 0.5   | 0.3   | 0.3   | 0.2   | 0.1   | 0.7   |
| 7110. Platinum, unwrought or in semi-manufactured forms, or in powder form   | 0.0                            | 0.0   | 0.0   | 0.1   | 0.6   | 0.4   | 0.6   |
| 15 - Base metals and articles of base metal  | 1.6                            | 1.8   | 1.5   | 2.0   | 2.3   | 2.3   | 2.8   |
| 76. Aluminium and articles thereof   | 0.6                            | 0.4   | 0.4   | 0.6   | 0.6   | 0.8   | 1.3   |
| 83. Miscellaneous articles of base metal   | 0.3                            | 0.3   | 0.3   | 0.5   | 0.9   | 0.8   | 0.7   |
| 72. Iron and steel   | 0.2                            | 0.2   | 0.2   | 0.2   | 0.2   | 0.1   | 0.3   |
| 73. Articles of iron or steel  | 0.2                            | 0.7   | 0.3   | 0.4   | 0.4   | 0.3   | 0.3   |
| 16 - Machinery and mechanical appliances; electrical equipment; parts thereof  | 10.5                           | 11.3  | 14.8  | 16.1  | 16.9  | 20.7  | 17.6  |
| 85. Electrical machinery and equipment; sound and image recorders and reproducers  | 9.9                            | 10.8  | 14.0  | 15.6  | 16.1  | 19.5  | 16.0  |
| 17 - Vehicles, aircraft, vessels and associated transport equipment  | 0.2                            | 0.2   | 0.1   | 0.2   | 0.2   | 0.1   | 0.1   |

| Description  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|------|------|
| 18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus  | 18.3 | 20.3 | 16.9 | 15.5 | 15.6 | 18.5 | 16.5 |
| 90. Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 18.3 | 20.3 | 16.9 | 15.5 | 15.6 | 18.5 | 16.5 |
| 20 - Miscellaneous manufactured articles   | 0.5  | 0.5  | 0.5  | 1.0  | 1.3  | 1.4  | 1.7  |
| 96. Miscellaneous manufactured articles  | 0.1  | 0.1  | 0.1  | 0.6  | 0.9  | 1.1  | 1.3  |
| 21 - Works of art, collectors' pieces and antiques   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.3 Total imports (f.o.b.) by HS section and main HS chapter, 2015-21**

(USD million and %)

| Description  | 2015                 | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|--|----------------------|--------|--------|--------|--------|--------|--------|
| Total imports (f.o.b., USD million)  | 17,102               | 17,816 | 18,120 | 20,356 | 20,415 | 17,118 | 24,487 |
| consumer goods, other (% of total imports)   | 78.5                 | 79.0   | 78.2   | 80.3   | 79.8   | 78.2   | 80.3   |
| free zones (% of total imports)  | 21.5                 | 21.0   | 21.8   | 19.7   | 20.2   | 21.8   | 19.7   |
|  | (% of total imports) |        |        |        |        |        |        |
| 1 - Live animals; animal products  | 2.6                  | 2.7    | 2.8    | 2.9    | 2.9    | 3.4    | 3.3    |
| 02. Meat and edible meat offal   | 0.9                  | 1.0    | 1.0    | 1.1    | 1.0    | 1.1    | 1.3    |
| 04. Dairy produce; birds' eggs; natural honey; edible products of animal origin  | 1.0                  | 1.0    | 1.1    | 1.1    | 1.2    | 1.5    | 1.2    |
| 03. Fish and crustaceans, molluscs and other aquatic invertebrates   | 0.6                  | 0.7    | 0.7    | 0.7    | 0.7    | 0.8    | 0.7    |
| 2 - Vegetable products   | 4.1                  | 3.9    | 4.4    | 3.9    | 4.2    | 4.8    | 4.5    |
| 10. Cereals  | 2.1                  | 1.9    | 2.0    | 1.9    | 2.0    | 2.2    | 2.4    |
| 12. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder   | 0.5                  | 0.5    | 0.6    | 0.6    | 1.0    | 0.7    | 0.7    |
| 08. Edible fruit and nuts; peel of citrus fruit or melons  | 0.3                  | 0.3    | 0.4    | 0.3    | 0.3    | 0.4    | 0.4    |
| 07. Edible vegetables and certain roots and tubers   | 0.4                  | 0.5    | 0.4    | 0.3    | 0.3    | 0.7    | 0.4    |
| 09. Coffee, tea, maté and spices   | 0.5                  | 0.3    | 0.3    | 0.3    | 0.3    | 0.3    | 0.2    |
| 11. Products of the milling industry; malt; starches; inulin; wheat gluten   | 0.2                  | 0.2    | 0.2    | 0.2    | 0.2    | 0.3    | 0.2    |
| 3 - Animal or vegetable fats and oils  | 1.1                  | 1.1    | 1.2    | 1.1    | 0.9    | 1.3    | 1.5    |
| 4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes  | 7.6                  | 7.6    | 7.3    | 7.0    | 7.1    | 8.9    | 7.4    |
| 24. Tobacco and manufactured tobacco substitutes   | 1.6                  | 1.6    | 1.6    | 1.6    | 1.9    | 2.4    | 1.8    |
| 22. Beverages, spirits and vinegar   | 1.4                  | 1.2    | 1.3    | 1.2    | 1.3    | 1.3    | 1.7    |
| 19. Preparations of cereals, flour, starch or milk   | 1.0                  | 1.0    | 1.0    | 1.0    | 1.0    | 1.3    | 1.0    |
| 21. Miscellaneous edible preparations  | 1.0                  | 1.0    | 1.0    | 1.0    | 1.1    | 1.2    | 0.9    |
| 23. Residues and waste from the food industries; prepared animal fodder  | 0.8                  | 0.8    | 0.7    | 0.7    | 0.3    | 0.9    | 0.6    |
| 20. Preparations of vegetables, fruit, nuts or other parts of plants   | 0.7                  | 0.8    | 0.7    | 0.6    | 0.7    | 0.7    | 0.6    |
| 5 - Mineral products   | 15.7                 | 13.9   | 16.6   | 19.2   | 18.4   | 12.5   | 16.9   |
| 27. Mineral fuels; bituminous substances; mineral waxes  | 15.4                 | 13.7   | 16.5   | 19.0   | 18.2   | 12.1   | 16.4   |
| 25. Salt; sulphur; earths and stone; plastering materials, lime and cement   | 0.2                  | 0.2    | 0.2    | 0.1    | 0.2    | 0.4    | 0.4    |
| 6 - Products of the chemical or allied industries  | 9.1                  | 9.0    | 9.1    | 8.5    | 8.7    | 10.1   | 10.3   |
| 30. Pharmaceutical products  | 3.2                  | 3.4    | 3.3    | 2.9    | 3.2    | 3.9    | 5.0    |
| 33. Essential oils; perfumery or cosmetic preparations   | 1.3                  | 1.4    | 1.4    | 1.2    | 1.4    | 1.4    | 1.1    |
| 38. Miscellaneous chemical products  | 1.0                  | 1.0    | 1.0    | 1.0    | 1.0    | 1.4    | 1.0    |
| 29. Organic chemicals  | 0.9                  | 0.8    | 0.8    | 0.8    | 0.7    | 0.9    | 0.8    |
| 31. Fertilisers  | 0.7                  | 0.6    | 0.5    | 0.6    | 0.5    | 0.6    | 0.7    |
| 32. Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks        | 0.7                  | 0.7    | 0.7    | 0.7    | 0.7    | 0.7    | 0.6    |
| 7 - Plastics and articles thereof  | 8.3                  | 8.4    | 8.4    | 7.8    | 7.7    | 8.8    | 8.7    |
| 39. Plastics and articles thereof  | 7.2                  | 7.4    | 7.4    | 6.9    | 6.8    | 7.8    | 7.8    |
| 40. Rubber and articles thereof  | 1.1                  | 1.0    | 1.0    | 0.9    | 0.9    | 0.9    | 0.9    |
| 8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness  | 0.9                  | 0.7    | 0.7    | 0.6    | 0.5    | 0.3    | 0.4    |
| 9 - Wood and articles of wood; wood charcoal   | 1.0                  | 0.9    | 0.9    | 0.9    | 0.9    | 0.8    | 1.0    |
| 44. Wood and articles of wood; wood charcoal   | 1.0                  | 0.9    | 0.9    | 0.9    | 0.9    | 0.8    | 1.0    |
| 10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof   | 3.1                  | 2.9    | 3.1    | 2.9    | 2.8    | 3.0    | 2.9    |
| 48. Paper and paperboard; articles of paper pulp, of paper or of paperboard  | 2.7                  | 2.5    | 2.7    | 2.5    | 2.5    | 2.8    | 2.6    |
| 49. Printed books, newspapers, pictures; manuscripts   | 0.3                  | 0.3    | 0.4    | 0.3    | 0.2    | 0.2    | 0.2    |
| 11 - Textiles and textile articles   | 7.4                  | 6.2    | 6.2    | 5.4    | 5.1    | 5.5    | 4.6    |
| 52. Cotton   | 2.8                  | 2.1    | 2.1    | 1.9    | 1.8    | 1.4    | 1.6    |
| 63. Other made up textile articles; sets; worn clothing and worn textile articles; rags  | 0.8                  | 0.6    | 0.7    | 0.5    | 0.6    | 1.5    | 0.7    |
| 62. Articles of apparel and clothing accessories, not knitted or crocheted   | 0.9                  | 0.8    | 0.8    | 0.6    | 0.5    | 0.6    | 0.5    |
| 55. Man-made staple fibres   | 1.0                  | 1.0    | 0.9    | 0.9    | 0.7    | 0.6    | 0.5    |
| 12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith | 1.1                  | 1.0    | 1.1    | 0.9    | 0.8    | 0.7    | 0.6    |

| Description   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|
| 64. Footwear, gaiters and the like; parts of such articles  | 1.0  | 1.0  | 1.0  | 0.8  | 0.7  | 0.6  | 0.6  |
| 13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware | 1.7  | 1.7  | 1.7  | 1.7  | 1.8  | 1.8  | 1.7  |
| 69. Ceramic products  | 0.7  | 0.6  | 0.6  | 0.7  | 0.7  | 0.7  | 0.8  |
| 70. Glass and glassware   | 0.8  | 0.8  | 0.7  | 0.7  | 0.8  | 0.8  | 0.7  |
| 14 - Natural or cultured pearls, precious or semi-precious stones, precious metals                                  | 2.1  | 2.4  | 2.8  | 2.6  | 2.9  | 2.8  | 3.4  |
| 15 - Base metals and articles of base metal   | 7.0  | 6.4  | 6.3  | 7.0  | 6.9  | 6.9  | 8.3  |
| 72. Iron and steel  | 3.0  | 2.1  | 2.5  | 3.2  | 2.8  | 2.7  | 3.9  |
| 73. Articles of iron or steel   | 2.2  | 2.6  | 2.0  | 2.0  | 2.2  | 2.2  | 2.3  |
| 76. Aluminium and articles thereof  | 0.7  | 0.7  | 0.7  | 0.8  | 0.8  | 0.9  | 1.0  |
| 83. Miscellaneous articles of base metal  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  |
| 16 - Machinery and mechanical appliances; electrical equipment; parts thereof                                       | 16.1 | 18.5 | 16.4 | 16.7 | 16.5 | 17.5 | 14.5 |
| 84. Nuclear reactors, boilers, machinery and mechanical appliances  | 8.1  | 10.1 | 7.8  | 8.2  | 8.2  | 9.2  | 7.9  |
| 85. Electrical machinery and equipment; sound and image recorders and reproducers                                   | 8.0  | 8.4  | 8.6  | 8.5  | 8.4  | 8.3  | 6.7  |
| 17 - Vehicles, aircraft, vessels and associated transport equipment   | 7.0  | 8.2  | 7.2  | 7.0  | 7.6  | 7.1  | 7.1  |
| 87. Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof                         | 6.9  | 7.9  | 7.2  | 6.8  | 7.5  | 6.8  | 7.1  |
| 18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus             | 1.8  | 1.9  | 1.7  | 1.6  | 1.9  | 1.7  | 1.2  |
| 90. Optical, photographic or precision, medical or surgical instruments and apparatus                               | 1.7  | 1.8  | 1.6  | 1.6  | 1.8  | 1.7  | 1.1  |
| 19 - Arms and ammunition; parts and accessories thereof   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| 20 - Miscellaneous manufactured articles  | 2.2  | 2.4  | 2.2  | 2.1  | 2.3  | 1.9  | 1.6  |
| 94. Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings                     | 1.1  | 1.3  | 1.1  | 1.1  | 1.2  | 0.9  | 0.8  |
| 96. Miscellaneous manufactured articles   | 0.8  | 0.7  | 0.7  | 0.6  | 0.7  | 0.7  | 0.6  |
| 21 - Works of art, collectors' pieces and antiques  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.4 Imports of consumer goods and reimports (f.o.b.) by HS section and main HS chapter, 2015-21**

(USD million and %)

| Description  | 2015                                  | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|--|---------------------------------------|--------|--------|--------|--------|--------|--------|
| Total imports (f.o.b., USD million)  | 17,102                                | 17,816 | 18,120 | 20,356 | 20,415 | 17,118 | 24,487 |
| Consumer goods, other (% of total imports)   | 78.5                                  | 79.0   | 78.2   | 80.3   | 79.8   | 78.2   | 80.3   |
| free zones (% of total imports)  | 21.5                                  | 21.0   | 21.8   | 19.7   | 20.2   | 21.8   | 19.7   |
|  | (USD million)                         |        |        |        |        |        |        |
| Imports of consumer goods and reimports  | 13,431                                | 14,079 | 14,178 | 16,340 | 16,293 | 13,381 | 19,661 |
|  | (% of national imports and reimports) |        |        |        |        |        |        |
| 1 - Live animals; animal products  | 3.3                                   | 3.4    | 3.5    | 3.6    | 3.6    | 4.4    | 4.1    |
| 02. Meat and edible meat offal   | 1.2                                   | 1.2    | 1.2    | 1.3    | 1.3    | 1.4    | 1.7    |
| 04. Dairy produce; birds' eggs; natural honey; edible products of animal origin  | 1.3                                   | 1.3    | 1.4    | 1.4    | 1.4    | 2.0    | 1.5    |
| 03. Fish and crustaceans, molluscs and other aquatic invertebrates   | 0.8                                   | 0.8    | 0.9    | 0.9    | 0.9    | 1.0    | 0.8    |
| 2 - Vegetable products   | 5.2                                   | 4.9    | 5.1    | 4.7    | 5.1    | 5.9    | 5.5    |
| 10. Cereals  | 2.6                                   | 2.4    | 2.6    | 2.4    | 2.5    | 2.8    | 3.0    |
| 12. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder   | 0.7                                   | 0.7    | 0.8    | 0.8    | 1.2    | 0.9    | 0.9    |
| 08. Edible fruit and nuts; peel of citrus fruit or melons  | 0.4                                   | 0.4    | 0.5    | 0.4    | 0.4    | 0.6    | 0.5    |
| 07. Edible vegetables and certain roots and tubers   | 0.5                                   | 0.6    | 0.5    | 0.4    | 0.4    | 0.9    | 0.5    |
| 09. Coffee, tea, maté and spices   | 0.6                                   | 0.4    | 0.4    | 0.3    | 0.3    | 0.4    | 0.3    |
| 3 - Animal or vegetable fats and oils  | 1.4                                   | 1.4    | 1.6    | 1.3    | 1.2    | 1.7    | 1.8    |
| 4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes  | 7.3                                   | 7.3    | 7.0    | 6.4    | 6.2    | 8.0    | 6.7    |
| 22. Beverages, spirits and vinegar   | 1.5                                   | 1.3    | 1.5    | 1.3    | 1.4    | 1.5    | 1.7    |
| 19. Preparations of cereals, flour, starch or milk   | 1.3                                   | 1.3    | 1.3    | 1.2    | 1.3    | 1.7    | 1.2    |
| 21. Miscellaneous edible preparations  | 1.2                                   | 1.2    | 1.3    | 1.2    | 1.3    | 1.5    | 1.2    |
| 5 - Mineral products   | 19.9                                  | 17.5   | 21.1   | 23.8   | 23.0   | 15.9   | 20.9   |
| 27. Mineral fuels; bituminous substances; mineral waxes  | 19.6                                  | 17.3   | 20.9   | 23.6   | 22.7   | 15.4   | 20.4   |
| 6 - Products of the chemical or allied industries  | 10.2                                  | 9.9    | 10.0   | 9.2    | 9.4    | 11.7   | 11.8   |
| 30. Pharmaceutical products  | 4.0                                   | 4.2    | 4.1    | 3.5    | 3.9    | 4.8    | 6.1    |
| 38. Miscellaneous chemical products  | 1.1                                   | 1.1    | 1.2    | 1.1    | 1.1    | 1.6    | 1.2    |
| 33. Essential oils; perfumery or cosmetic preparations   | 1.2                                   | 1.2    | 1.2    | 1.0    | 1.1    | 1.4    | 1.1    |
| 7 - Plastics and articles thereof  | 5.8                                   | 5.6    | 5.6    | 5.6    | 5.3    | 5.7    | 6.0    |
| 39. Plastics and articles thereof  | 4.6                                   | 4.4    | 4.4    | 4.5    | 4.3    | 4.6    | 4.9    |
| 40. Rubber and articles thereof  | 1.2                                   | 1.2    | 1.1    | 1.0    | 1.1    | 1.1    | 1.1    |
| 8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness  | 0.3                                   | 0.2    | 0.3    | 0.3    | 0.2    | 0.2    | 0.2    |
| 9 - Wood and articles of wood; wood charcoal   | 1.1                                   | 1.0    | 1.1    | 1.1    | 1.1    | 1.0    | 1.2    |
| 10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof   | 2.7                                   | 2.5    | 2.8    | 2.5    | 2.3    | 2.4    | 2.2    |
| 48. Paper and paperboard; articles of paper pulp, of paper or of paperboard  | 2.3                                   | 2.1    | 2.3    | 2.0    | 2.0    | 2.1    | 2.0    |
| 49. Printed books, newspapers, pictures; manuscripts   | 0.3                                   | 0.3    | 0.4    | 0.4    | 0.3    | 0.3    | 0.2    |
| 11 - Textiles and textile articles   | 2.5                                   | 2.5    | 2.7    | 2.3    | 2.3    | 3.4    | 2.3    |
| 63. Other made up textile articles; sets; worn clothing and worn textile articles; rags  | 0.5                                   | 0.5    | 0.6    | 0.4    | 0.4    | 1.6    | 0.6    |
| 62. Articles of apparel and clothing accessories, not knitted or crocheted   | 0.7                                   | 0.7    | 0.7    | 0.6    | 0.6    | 0.6    | 0.6    |
| 61. Articles of apparel and clothing accessories, knitted or crocheted   | 0.6                                   | 0.5    | 0.7    | 0.6    | 0.5    | 0.5    | 0.5    |
| 12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith | 0.9                                   | 0.9    | 1.0    | 0.9    | 0.8    | 0.7    | 0.6    |
| 13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware  | 2.1                                   | 2.1    | 2.1    | 2.0    | 2.2    | 2.2    | 2.1    |
| 69. Ceramic products   | 0.8                                   | 0.8    | 0.8    | 0.8    | 0.9    | 0.9    | 1.0    |
| 14 - Natural or cultured pearls, precious or semi-precious stones, precious metals   | 0.0                                   | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    |
| 15 - Base metals and articles of base metal  | 7.9                                   | 7.0    | 6.8    | 7.6    | 7.3    | 7.3    | 8.6    |
| 72. Iron and steel   | 3.7                                   | 2.5    | 3.1    | 3.9    | 3.4    | 3.4    | 4.8    |
| 73. Articles of iron or steel  | 2.5                                   | 2.8    | 2.0    | 2.0    | 2.1    | 2.0    | 2.1    |
| 76. Aluminium and articles thereof   | 0.7                                   | 0.7    | 0.7    | 0.7    | 0.7    | 0.9    | 0.8    |
| 16 - Machinery and mechanical appliances; electrical equipment; parts thereof  | 16.3                                  | 18.9   | 15.7   | 16.0   | 15.9   | 16.5   | 14.1   |
| 84. Nuclear reactors, boilers, machinery and mechanical appliances   | 8.9                                   | 11.4   | 8.3    | 8.8    | 8.6    | 9.6    | 8.3    |

| Description   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|
| 85. Electrical machinery and equipment; sound and image recorders and reproducers                       | 7.4  | 7.5  | 7.4  | 7.3  | 7.4  | 6.9  | 5.8  |
| 17 - Vehicles, aircraft, vessels and associated transport equipment                                     | 8.9  | 10.2 | 9.2  | 8.8  | 9.4  | 9.0  | 8.9  |
| 87. Vehicles other than railway or tramway rolling-stock  | 8.7  | 10.0 | 9.1  | 8.4  | 9.4  | 8.7  | 8.8  |
| 18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus | 1.6  | 1.7  | 1.6  | 1.5  | 1.7  | 1.6  | 1.2  |
| 90. Optical, photographic or precision, medical or surgical instruments and apparatus                   | 1.5  | 1.7  | 1.6  | 1.4  | 1.7  | 1.6  | 1.2  |
| 19 - Arms and ammunition; parts and accessories thereof   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| 20 - Miscellaneous manufactured articles  | 2.5  | 2.7  | 2.6  | 2.4  | 2.7  | 2.2  | 1.8  |
| 94. Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings         | 1.3  | 1.5  | 1.4  | 1.3  | 1.5  | 1.1  | 1.0  |
| 21 - Works of art, collectors' pieces and antiques  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.5 Free zone imports (f.o.b.) by HS section and main HS chapter, 2015-21**

(USD million and %)

| Description  | 2015                     | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|--------------------------|-------|-------|-------|-------|-------|-------|
| Free zone imports (f.o.b., USD million)  | 3,670                    | 3,736 | 3,941 | 4,016 | 4,122 | 3,737 | 4,826 |
|  | (% of free zone imports) |       |       |       |       |       |       |
| 1 - Live animals; animal products  | 0.1                      | 0.1   | 0.1   | 0.1   | 0.1   | 0.0   | 0.0   |
| 2 - Vegetable products   | 0.3                      | 0.4   | 1.6   | 0.8   | 0.6   | 0.7   | 0.5   |
| 13. Lac; gums, resins and other vegetable saps and extracts  | 0.2                      | 0.2   | 1.5   | 0.7   | 0.5   | 0.6   | 0.4   |
| 08. Edible fruit and nuts; peel of citrus fruit or melons  | 0.0                      | 0.1   | 0.1   | 0.0   | 0.0   | 0.0   | 0.1   |
| 07. Edible vegetables and certain roots and tubers   | 0.1                      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.0   |
| 3 - Animal or vegetable fats and oils  | 0.0                      | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   | 0.1   |
| 4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes  | 8.5                      | 8.7   | 8.3   | 9.4   | 10.6  | 11.9  | 10.4  |
| 24. Tobacco and manufactured tobacco substitutes   | 7.3                      | 7.2   | 6.9   | 8.0   | 9.1   | 10.8  | 8.8   |
| 22. Beverages, spirits and vinegar   | 0.7                      | 1.0   | 1.0   | 1.0   | 1.0   | 0.8   | 1.4   |
| 17. Sugars and sugar confectionery   | 0.1                      | 0.1   | 0.1   | 0.1   | 0.2   | 0.1   | 0.1   |
| 20. Preparations of vegetables, fruit, nuts or other parts of plants   | 0.1                      | 0.1   | 0.1   | 0.0   | 0.0   | 0.0   | 0.0   |
| 18. Cocoa and cocoa preparations   | 0.1                      | 0.1   | 0.1   | 0.1   | 0.1   | 0.0   | 0.0   |
| 21. Miscellaneous edible preparations  | 0.2                      | 0.2   | 0.1   | 0.1   | 0.1   | 0.1   | 0.0   |
| 5 - Mineral products   | 0.5                      | 0.4   | 0.4   | 0.4   | 0.4   | 0.3   | 0.4   |
| 27. Mineral fuels; bituminous substances; mineral waxes  | 0.4                      | 0.3   | 0.3   | 0.4   | 0.4   | 0.3   | 0.4   |
| 6 - Products of the chemical or allied industries  | 5.0                      | 5.5   | 5.6   | 5.5   | 5.9   | 4.5   | 4.4   |
| 33. Essential oils; perfumery or cosmetic preparations   | 1.5                      | 1.9   | 2.0   | 1.9   | 2.7   | 1.4   | 1.3   |
| 32. Tanning or dyeing extracts; dyes, pigments; paints and varnishes   | 0.8                      | 0.8   | 0.8   | 0.9   | 0.9   | 0.8   | 0.8   |
| 30. Pharmaceutical products  | 0.5                      | 0.5   | 0.4   | 0.5   | 0.5   | 0.7   | 0.6   |
| 38. Miscellaneous chemical products  | 0.4                      | 0.5   | 0.5   | 0.5   | 0.4   | 0.5   | 0.5   |
| 29. Organic chemicals  | 0.8                      | 0.7   | 0.6   | 0.6   | 0.4   | 0.4   | 0.5   |
| 7 - Plastics and articles thereof  | 17.4                     | 19.0  | 18.5  | 17.1  | 17.3  | 19.8  | 19.7  |
| 39. Plastics and articles thereof  | 16.8                     | 18.6  | 18.1  | 16.7  | 17.0  | 19.5  | 19.4  |
| 40. Rubber and articles thereof  | 0.6                      | 0.4   | 0.4   | 0.4   | 0.3   | 0.3   | 0.3   |
| 8 - Raw hides and skins, leather, furskins and articles thereof; saddlery and harness  | 3.3                      | 2.6   | 2.1   | 2.0   | 1.5   | 0.9   | 1.2   |
| 41. Raw hides and skins (other than furskins) and leather  | 2.9                      | 2.2   | 1.7   | 1.7   | 1.2   | 0.8   | 1.0   |
| 9 - Wood and articles of wood; wood charcoal   | 0.5                      | 0.6   | 0.3   | 0.3   | 0.2   | 0.2   | 0.2   |
| 44. Wood and articles of wood; wood charcoal   | 0.5                      | 0.6   | 0.2   | 0.3   | 0.2   | 0.2   | 0.2   |
| 10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof   | 4.4                      | 4.2   | 4.5   | 4.6   | 4.4   | 5.2   | 5.6   |
| 48. Paper and paperboard; articles of paper pulp, of paper or of paperboard  | 4.2                      | 4.0   | 4.3   | 4.4   | 4.3   | 5.0   | 5.4   |
| 49. Printed books, newspapers, pictures; manuscripts   | 0.2                      | 0.2   | 0.1   | 0.2   | 0.1   | 0.2   | 0.2   |
| 11 - Textiles and textile articles   | 25.1                     | 20.2  | 18.8  | 18.3  | 16.2  | 12.9  | 14.2  |
| 52. Cotton   | 12.4                     | 9.4   | 9.0   | 9.1   | 8.2   | 6.1   | 7.9   |
| 55. Man-made staple fibres   | 3.7                      | 4.0   | 3.7   | 3.8   | 2.7   | 1.9   | 1.6   |
| 63. Other made up textile articles; sets; worn clothing and worn textile articles; rags  | 1.9                      | 1.2   | 1.1   | 1.0   | 1.1   | 1.3   | 1.1   |
| 54. Man-made filaments   | 0.9                      | 0.9   | 1.0   | 1.0   | 1.3   | 1.1   | 0.8   |
| 56. Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof  | 0.6                      | 0.5   | 0.5   | 0.6   | 0.5   | 0.6   | 0.7   |
| 58. Special woven fabrics; tufted textile fabrics; lace; tapestries  | 1.1                      | 0.9   | 0.8   | 0.8   | 0.8   | 0.5   | 0.7   |
| 60. Knitted or crocheted fabrics   | 1.2                      | 0.9   | 0.9   | 0.6   | 0.6   | 0.5   | 0.5   |
| 12 - Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith | 1.7                      | 1.5   | 1.3   | 1.1   | 1.0   | 0.8   | 0.8   |
| 64. Footwear, gaiters and the like; parts of such articles   | 1.7                      | 1.5   | 1.3   | 1.1   | 1.0   | 0.7   | 0.8   |
| 13 - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware  | 0.3                      | 0.2   | 0.3   | 0.3   | 0.3   | 0.4   | 0.4   |
| 70. Glass and glassware  | 0.2                      | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   | 0.4   |
| 14 - Natural or cultured pearls, precious or semi-precious stones, precious metals   | 9.6                      | 11.2  | 12.4  | 12.7  | 13.8  | 12.7  | 16.8  |
| 71. Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin   | 9.6                      | 11.2  | 12.4  | 12.7  | 13.8  | 12.7  | 16.8  |
| 15 - Base metals and articles of base metal  | 4.0                      | 4.4   | 4.3   | 4.8   | 5.1   | 5.6   | 6.8   |
| 73. Articles of iron or steel  | 1.4                      | 1.9   | 2.0   | 2.1   | 2.5   | 3.0   | 3.2   |
| 76. Aluminium and articles thereof   | 0.8                      | 0.9   | 0.6   | 1.0   | 0.9   | 1.2   | 1.8   |
| 83. Miscellaneous articles of base metal   | 0.8                      | 0.8   | 0.8   | 0.8   | 0.8   | 0.7   | 0.7   |
| 72. Iron and steel   | 0.5                      | 0.4   | 0.5   | 0.5   | 0.5   | 0.3   | 0.5   |
| 16 - Machinery and mechanical appliances; electrical equipment; parts thereof  | 15.2                     | 17.0  | 18.7  | 19.3  | 18.9  | 21.0  | 16.5  |
| 85. Electrical machinery and equipment; sound and image recorders and reproducers  | 10.0                     | 11.9  | 12.9  | 13.4  | 12.2  | 13.0  | 10.5  |
| 17 - Vehicles, aircraft, vessels and associated transport equipment  | 0.4                      | 0.5   | 0.1   | 0.1   | 0.2   | 0.2   | 0.1   |



| Description   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|
| 18 - Optical, photographic, cinematographic, measuring, checking or precision instruments and apparatus | 2.6  | 2.5  | 1.9  | 2.3  | 2.5  | 2.1  | 1.2  |
| 90. Optical, photographic or precision, medical or surgical instruments and apparatus                   | 2.5  | 2.4  | 1.8  | 2.2  | 2.4  | 2.0  | 1.1  |
| 19 - Arms and ammunition; parts and accessories thereof   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| 20 - Miscellaneous manufactured articles  | 1.0  | 1.0  | 0.8  | 0.9  | 0.8  | 0.7  | 0.8  |
| 21 - Works of art, collectors' pieces and antiques  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.6 Exports of consumer goods and re-exports by trading partner, 2015-21**

(USD million and %)

| Description   | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|---|-------|-------|-------|-------|-------|-------|
|   | (USD million)                                   |       |       |       |       |       |       |
| Exports of consumer goods and re-exports              | 3,995   | 4,399 | 4,442 | 4,610 | 4,935 | 4,025 | 4,688 |
|   | (% of exports of consumer goods and re-exports) |       |       |       |       |       |       |
| America   | 61.8  | 55.4  | 58.8  | 56.0  | 48.9  | 48.2  | 44.1  |
| United States   | 15.6  | 12.7  | 14.9  | 16.1  | 17.6  | 19.1  | 20.5  |
| Other America   | 46.1  | 42.6  | 44.0  | 39.9  | 31.3  | 29.1  | 23.6  |
| Haiti   | 20.9  | 18.7  | 19.6  | 19.4  | 17.6  | 11.8  | 12.4  |
| Jamaica   | 1.2   | 1.2   | 1.2   | 1.3   | 1.3   | 1.6   | 2.3   |
| Panama  | 0.5   | 0.5   | 0.4   | 0.3   | 0.4   | 0.5   | 1.6   |
| Trinidad and Tobago                                   | 0.6   | 0.5   | 0.5   | 0.6   | 0.5   | 0.7   | 0.7   |
| Costa Rica  | 0.3   | 0.3   | 0.4   | 0.4   | 0.3   | 0.4   | 0.6   |
| Guyana  | 0.3   | 0.2   | 0.3   | 0.3   | 0.3   | 0.3   | 0.5   |
| Venezuela, Bolivarian Republic of                     | 1.1   | 0.1   | 0.5   | 0.5   | 0.2   | 0.5   | 0.5   |
| Curaçao   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.4   |
| Barbados  | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   |
| Cuba  | 1.2   | 1.6   | 1.0   | 0.8   | 0.9   | 0.5   | 0.3   |
| Saint Martin  | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   | 0.3   | 0.3   |
| Ecuador   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.3   |
| Guatemala   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   |
| Turks and Caicos Islands                              | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   | 0.2   | 0.3   |
| Canada  | 16.4  | 16.7  | 16.9  | 13.0  | 6.4   | 9.1   | 0.2   |
| Europe  | 11.8  | 20.2  | 14.9  | 13.7  | 26.6  | 40.6  | 33.4  |
| EU-27   | 6.4   | 8.0   | 6.9   | 8.3   | 8.8   | 9.8   | 11.6  |
| Netherlands   | 0.9   | 1.1   | 1.2   | 3.0   | 3.3   | 5.0   | 4.8   |
| Finland   | 0.0   | 0.0   | 0.1   | 0.1   | 0.9   | 0.3   | 1.2   |
| Belgium   | 1.0   | 1.2   | 1.3   | 0.5   | 0.6   | 0.7   | 1.2   |
| Italy   | 0.4   | 0.5   | 0.5   | 0.8   | 0.7   | 0.5   | 1.1   |
| Sweden  | 0.9   | 1.6   | 1.0   | 0.4   | 0.9   | 1.1   | 1.0   |
| EFTA  | 1.6   | 7.7   | 5.3   | 3.1   | 15.7  | 28.7  | 20.3  |
| Switzerland   | 1.4   | 7.6   | 5.3   | 3.0   | 15.6  | 28.7  | 20.3  |
| Other Europe  | 3.9   | 4.5   | 2.7   | 2.4   | 2.2   | 2.1   | 1.5   |
| United Kingdom  | 3.8   | 4.5   | 2.6   | 2.3   | 2.2   | 2.1   | 1.3   |
| Commonwealth of Independent States (CIS) <sup>a</sup> | 0.0   | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   | 0.1   |
| Russian Federation                                    | 0.0   | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   | 0.1   |
| Africa  | 0.1   | 0.4   | 0.4   | 0.6   | 0.1   | 0.0   | 0.2   |
| Senegal   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   |
| Cabo Verde  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   |
| Middle East   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Asia  | 16.2  | 15.7  | 15.4  | 18.1  | 14.6  | 10.9  | 22.0  |
| China   | 2.1   | 2.1   | 1.8   | 2.4   | 5.6   | 4.3   | 5.3   |
| Japan   | 0.1   | 0.0   | 0.1   | 0.0   | 0.0   | 0.0   | 0.1   |
| Other Asia  | 14.1  | 13.6  | 13.5  | 15.7  | 8.9   | 6.6   | 16.6  |
| India   | 13.8  | 13.2  | 12.8  | 14.8  | 8.4   | 4.7   | 15.7  |
| Malaysia  | 0.0   | 0.1   | 0.0   | 0.0   | 0.1   | 0.2   | 0.3   |
| Thailand  | 0.0   | 0.0   | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   |
| Korea, Republic of                                    | 0.1   | 0.2   | 0.4   | 0.4   | 0.1   | 1.3   | 0.2   |
| Viet Nam  | 0.0   | 0.0   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Other   | 10.0  | 8.2   | 10.4  | 11.4  | 9.6   | 0.0   | 0.0   |
| <i>Memorandum:</i>                                    |   |       |       |       |       |       |       |
| EU-28   | 10.2  | 12.5  | 9.5   | 10.6  | 10.9  | 11.9  | 12.9  |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.7 Merchandise exports from free zones by trading partner, 2015-21**

(USD million and %)

| Description   | 2015                            | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|---------------------------------|-------|-------|-------|-------|-------|-------|
|   | <b>(USD million)</b>            |       |       |       |       |       |       |
| Free zone exports                                     | 5,394                           | 5,386 | 5,709 | 6,035 | 6,249 | 5,828 | 7,143 |
|   | <b>(% of free zone exports)</b> |       |       |       |       |       |       |
| America   | 89.2                            | 88.4  | 88.3  | 89.2  | 90.0  | 88.1  | 88.7  |
| United States   | 74.6                            | 77.7  | 77.5  | 78.4  | 79.2  | 77.8  | 78.2  |
| Other America   | 14.5                            | 10.7  | 10.8  | 10.8  | 10.8  | 10.2  | 10.5  |
| Haiti   | 9.6                             | 6.0   | 5.8   | 5.9   | 5.6   | 4.8   | 5.3   |
| Nicaragua   | 0.3                             | 0.3   | 0.3   | 0.3   | 0.5   | 0.4   | 0.7   |
| Colombia  | 0.6                             | 0.6   | 0.6   | 0.6   | 0.6   | 0.7   | 0.7   |
| Honduras  | 0.4                             | 0.4   | 0.4   | 0.4   | 0.4   | 0.5   | 0.7   |
| Canada  | 0.9                             | 0.6   | 0.7   | 0.7   | 0.6   | 0.6   | 0.6   |
| Costa Rica  | 0.4                             | 0.3   | 0.4   | 0.2   | 0.2   | 0.3   | 0.3   |
| El Salvador   | 0.1                             | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   | 0.3   |
| Mexico  | 0.4                             | 0.4   | 0.2   | 0.5   | 0.6   | 0.6   | 0.2   |
| Guatemala   | 0.4                             | 0.2   | 0.3   | 0.2   | 0.2   | 0.3   | 0.2   |
| Brazil  | 0.1                             | 0.0   | 0.0   | 0.2   | 0.3   | 0.3   | 0.2   |
| Ecuador   | 0.1                             | 0.2   | 0.3   | 0.3   | 0.2   | 0.3   | 0.2   |
| Chile   | 0.1                             | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   |
| Jamaica   | 0.2                             | 0.1   | 0.1   | 0.2   | 0.2   | 0.1   | 0.2   |
| Panama  | 0.2                             | 0.5   | 0.6   | 0.6   | 0.3   | 0.2   | 0.2   |
| Europe  | 7.2                             | 8.0   | 6.7   | 6.7   | 6.8   | 7.7   | 7.0   |
| EU-27   | 6.7                             | 7.4   | 6.2   | 6.3   | 6.3   | 7.1   | 6.5   |
| Netherlands   | 2.9                             | 3.1   | 2.4   | 2.4   | 2.9   | 3.3   | 2.7   |
| Germany   | 1.4                             | 1.4   | 1.2   | 1.1   | 1.1   | 1.3   | 1.1   |
| Spain   | 0.5                             | 0.5   | 0.5   | 0.5   | 0.4   | 0.5   | 0.7   |
| Italy   | 0.3                             | 0.7   | 0.7   | 0.8   | 0.5   | 0.6   | 0.6   |
| Belgium   | 0.7                             | 1.1   | 0.8   | 0.6   | 0.4   | 0.6   | 0.6   |
| EFTA  | 0.3                             | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.1   |
| Switzerland   | 0.3                             | 0.1   | 0.2   | 0.2   | 0.2   | 0.2   | 0.1   |
| Other Europe  | 0.3                             | 0.4   | 0.3   | 0.3   | 0.3   | 0.4   | 0.4   |
| United Kingdom  | 0.3                             | 0.4   | 0.3   | 0.2   | 0.3   | 0.4   | 0.3   |
| Commonwealth of Independent States (CIS) <sup>a</sup> | 0.0                             | 0.0   | 0.0   | 0.0   | 0.1   | 0.2   | 0.1   |
| Russian Federation                                    | 0.0                             | 0.0   | 0.0   | 0.0   | 0.1   | 0.2   | 0.1   |
| Africa  | 0.0                             | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   | 0.0   |
| Middle East   | 0.3                             | 0.2   | 0.2   | 0.2   | 0.1   | 0.1   | 0.5   |
| United Arab Emirates                                  | 0.2                             | 0.2   | 0.2   | 0.1   | 0.1   | 0.1   | 0.4   |
| Asia  | 2.7                             | 2.7   | 4.1   | 3.2   | 2.6   | 3.9   | 3.7   |
| China   | 1.2                             | 1.0   | 1.9   | 1.3   | 0.8   | 1.1   | 1.2   |
| Japan   | 0.3                             | 0.3   | 0.2   | 0.2   | 0.3   | 0.8   | 0.6   |
| Other Asia  | 1.2                             | 1.4   | 2.0   | 1.7   | 1.5   | 2.0   | 1.8   |
| Singapore   | 0.2                             | 0.3   | 0.2   | 0.3   | 0.3   | 0.3   | 0.4   |
| Indonesia   | 0.0                             | 0.1   | 0.2   | 0.1   | 0.2   | 0.3   | 0.3   |
| Philippines   | 0.1                             | 0.1   | 0.1   | 0.3   | 0.2   | 0.5   | 0.3   |
| Korea, Republic of                                    | 0.3                             | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   | 0.2   |
| India   | 0.2                             | 0.2   | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   |
| Australia   | 0.1                             | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   |
| Other   | 0.6                             | 0.7   | 0.6   | 0.6   | 0.3   | 0.0   | 0.0   |
| <i>Memorandum:</i>                                    |                                 |       |       |       |       |       |       |
| EU-28   | 6.9                             | 7.8   | 6.5   | 6.5   | 6.6   | 7.5   | 6.9   |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations based on data from COMEX.

**Table A1.8 Total merchandise imports (f.o.b.) by trading partner, 2015-21**

(USD million and %)

| Description   | 2015           | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|---|----------------|--------|--------|--------|--------|--------|--------|
|   | (USD million)  |        |        |        |        |        |        |
| Imports (f.o.b.)                                      | 17,102         | 17,816 | 18,120 | 20,356 | 20,415 | 17,118 | 24,487 |
|   | (% of imports) |        |        |        |        |        |        |
| America   | 65.3           | 65.2   | 65.1   | 62.7   | 61.7   | 59.6   | 61.6   |
| United States   | 41.4           | 42.4   | 44.0   | 43.6   | 42.9   | 40.8   | 43.7   |
| Other America   | 23.9           | 22.8   | 21.0   | 19.0   | 18.8   | 18.8   | 17.9   |
| Mexico  | 4.7            | 5.7    | 4.7    | 3.7    | 4.1    | 4.2    | 3.6    |
| Brazil  | 3.3            | 4.4    | 3.4    | 3.7    | 3.5    | 2.9    | 3.2    |
| Colombia  | 2.0            | 1.9    | 2.1    | 2.0    | 2.0    | 2.2    | 2.2    |
| Argentina   | 0.7            | 0.8    | 0.6    | 0.6    | 0.9    | 0.7    | 1.5    |
| Canada  | 1.4            | 1.1    | 1.1    | 1.0    | 1.1    | 1.3    | 1.2    |
| Costa Rica  | 1.4            | 1.3    | 1.2    | 1.0    | 1.1    | 1.2    | 1.1    |
| Guatemala   | 1.0            | 0.9    | 1.0    | 0.8    | 0.8    | 0.9    | 0.8    |
| Dominican Republic                                    | 0.0            | 0.0    | 0.7    | 0.1    | 0.0    | 0.1    | 0.7    |
| Honduras  | 0.6            | 0.4    | 0.4    | 0.4    | 0.4    | 0.6    | 0.6    |
| Peru  | 0.5            | 0.4    | 0.4    | 0.4    | 0.4    | 0.4    | 0.5    |
| El Salvador   | 0.5            | 0.5    | 0.5    | 0.5    | 0.6    | 0.6    | 0.5    |
| Ecuador   | 0.4            | 0.4    | 0.4    | 0.4    | 0.4    | 0.6    | 0.5    |
| Trinidad and Tobago                                   | 1.8            | 1.7    | 2.3    | 1.6    | 1.5    | 1.3    | 0.4    |
| Panama  | 0.5            | 0.3    | 0.3    | 0.4    | 0.4    | 0.4    | 0.3    |
| Chile   | 0.3            | 0.4    | 0.4    | 0.4    | 0.3    | 0.4    | 0.3    |
| Europe  | 12.2           | 13.5   | 12.4   | 13.6   | 14.6   | 15.5   | 15.2   |
| EU-27   | 10.2           | 11.6   | 10.6   | 11.8   | 12.4   | 12.8   | 11.4   |
| Spain   | 3.1            | 3.4    | 3.3    | 3.5    | 3.4    | 3.3    | 3.0    |
| Italy   | 1.8            | 2.8    | 1.3    | 1.6    | 2.0    | 2.2    | 2.4    |
| Germany   | 1.9            | 1.7    | 1.7    | 1.9    | 1.7    | 2.1    | 1.8    |
| Netherlands   | 0.5            | 0.6    | 1.4    | 1.8    | 2.6    | 1.7    | 1.3    |
| France  | 1.0            | 1.0    | 1.1    | 0.8    | 0.9    | 0.9    | 0.9    |
| EFTA  | 0.5            | 0.6    | 0.6    | 0.6    | 0.6    | 0.7    | 0.6    |
| Switzerland   | 0.3            | 0.3    | 0.3    | 0.4    | 0.3    | 0.4    | 0.3    |
| Norway  | 0.2            | 0.2    | 0.2    | 0.2    | 0.2    | 0.3    | 0.3    |
| Other Europe  | 1.5            | 1.3    | 1.3    | 1.2    | 1.6    | 2.0    | 3.2    |
| Ukraine   | 0.0            | 0.1    | 0.0    | 0.0    | 0.0    | 0.5    | 1.2    |
| United Kingdom  | 1.0            | 1.0    | 0.8    | 0.7    | 1.0    | 0.9    | 1.0    |
| Türkiye   | 0.4            | 0.2    | 0.5    | 0.5    | 0.5    | 0.7    | 0.9    |
| Commonwealth of Independent States (CIS) <sup>a</sup> | 1.0            | 0.3    | 0.3    | 0.5    | 0.3    | 0.4    | 0.6    |
| Russian Federation                                    | 1.0            | 0.3    | 0.3    | 0.5    | 0.3    | 0.4    | 0.6    |
| Africa  | 0.2            | 0.2    | 1.3    | 2.3    | 1.2    | 0.5    | 0.5    |
| South Africa  | 0.0            | 0.0    | 0.1    | 0.0    | 0.1    | 0.1    | 0.1    |
| Egypt   | 0.0            | 0.0    | 0.0    | 0.0    | 0.0    | 0.1    | 0.1    |
| Middle East   | 0.2            | 0.3    | 0.3    | 0.3    | 0.2    | 0.3    | 0.3    |
| Saudi Arabia, Kingdom of                              | 0.0            | 0.0    | 0.0    | 0.1    | 0.1    | 0.1    | 0.2    |
| Israel  | 0.1            | 0.1    | 0.1    | 0.1    | 0.1    | 0.2    | 0.1    |
| Asia  | 19.8           | 19.9   | 20.5   | 20.6   | 21.9   | 23.7   | 21.8   |
| China   | 13.8           | 13.4   | 14.2   | 14.8   | 15.8   | 17.8   | 16.4   |
| Japan   | 1.8            | 2.3    | 1.9    | 1.9    | 1.9    | 1.6    | 1.3    |
| Other Asia  | 4.2            | 4.3    | 4.3    | 4.0    | 4.2    | 4.4    | 4.1    |
| India   | 1.0            | 1.0    | 1.1    | 1.1    | 1.1    | 1.3    | 1.3    |
| Korea, Republic of                                    | 1.5            | 1.6    | 1.5    | 1.2    | 1.2    | 1.0    | 1.2    |
| Viet Nam  | 0.4            | 0.4    | 0.4    | 0.3    | 0.3    | 0.3    | 0.3    |
| Thailand  | 0.5            | 0.5    | 0.4    | 0.4    | 0.4    | 0.5    | 0.3    |
| Indonesia   | 0.2            | 0.2    | 0.3    | 0.3    | 0.4    | 0.4    | 0.3    |
| Other   | 1.3            | 0.7    | 0.1    | 0.0    | 0.1    | 0.0    | 0.0    |
| <i>Memorandum:</i>                                    |                |        |        |        |        |        |        |
| EU-28   | 11.2           | 12.6   | 11.4   | 12.5   | 13.4   | 13.6   | 12.5   |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table A1.9 Imports of consumer goods and reimports (f.o.b.) by trading partner, 2015-21**

(USD million and %)

| Description   | 2015           | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|---|----------------|--------|--------|--------|--------|--------|--------|
|   | (USD million)  |        |        |        |        |        |        |
| Imports (f.o.b.)                                      | 13,431         | 14,079 | 14,178 | 16,340 | 16,293 | 13,381 | 19,661 |
|   | (% of imports) |        |        |        |        |        |        |
| America   | 61.4           | 60.8   | 60.3   | 58.4   | 58.4   | 56.4   | 59.3   |
| United States   | 34.4           | 34.8   | 35.8   | 36.5   | 36.7   | 34.3   | 38.8   |
| Other America   | 27.0           | 26.0   | 24.5   | 21.9   | 21.7   | 22.1   | 20.5   |
| Mexico  | 5.3            | 6.7    | 5.5    | 4.2    | 4.5    | 5.0    | 4.1    |
| Brazil  | 3.7            | 5.3    | 4.2    | 4.5    | 4.2    | 3.6    | 3.8    |
| Colombia  | 2.4            | 2.2    | 2.5    | 2.4    | 2.4    | 2.7    | 2.7    |
| Argentina   | 0.8            | 1.0    | 0.8    | 0.7    | 1.1    | 0.9    | 1.8    |
| Canada  | 1.3            | 1.1    | 1.2    | 1.2    | 1.4    | 1.6    | 1.4    |
| Costa Rica  | 1.5            | 1.4    | 1.4    | 1.3    | 1.3    | 1.5    | 1.3    |
| Guatemala   | 1.2            | 1.1    | 1.1    | 1.0    | 0.9    | 1.1    | 0.9    |
| Dominican Republic                                    | 0.0            | 0.0    | 0.9    | 0.0    | 0.0    | 0.1    | 0.8    |
| Peru  | 0.7            | 0.5    | 0.5    | 0.5    | 0.5    | 0.5    | 0.6    |
| El Salvador   | 0.5            | 0.6    | 0.6    | 0.6    | 0.6    | 0.7    | 0.5    |
| Honduras  | 0.5            | 0.3    | 0.3    | 0.3    | 0.3    | 0.5    | 0.5    |
| Trinidad and Tobago                                   | 2.3            | 2.1    | 3.0    | 2.0    | 1.9    | 1.7    | 0.5    |
| Europe  | 13.4           | 15.2   | 14.5   | 15.1   | 15.6   | 17.1   | 16.0   |
| EU-27   | 11.1           | 13.2   | 12.3   | 13.1   | 13.3   | 13.9   | 11.7   |
| Spain   | 3.8            | 4.2    | 4.1    | 4.3    | 4.1    | 4.0    | 3.6    |
| Germany   | 2.0            | 1.8    | 1.9    | 2.1    | 1.9    | 2.4    | 1.9    |
| Netherlands   | 0.6            | 0.6    | 1.7    | 2.0    | 3.0    | 2.0    | 1.5    |
| Italy   | 1.4            | 3.3    | 1.4    | 1.3    | 1.3    | 1.5    | 1.3    |
| France  | 1.1            | 1.1    | 1.1    | 0.9    | 0.9    | 0.9    | 0.9    |
| EFTA  | 0.6            | 0.7    | 0.7    | 0.7    | 0.7    | 0.9    | 0.7    |
| Switzerland   | 0.3            | 0.4    | 0.4    | 0.4    | 0.4    | 0.5    | 0.4    |
| Norway  | 0.3            | 0.3    | 0.3    | 0.3    | 0.3    | 0.4    | 0.3    |
| Other Europe  | 1.6            | 1.3    | 1.5    | 1.3    | 1.6    | 2.2    | 3.6    |
| Ukraine   | 0.1            | 0.1    | 0.0    | 0.0    | 0.0    | 0.7    | 1.6    |
| United Kingdom  | 1.1            | 0.9    | 0.9    | 0.7    | 0.9    | 0.8    | 1.0    |
| Türkiye   | 0.5            | 0.3    | 0.6    | 0.6    | 0.6    | 0.8    | 1.0    |
| Commonwealth of Independent States (CIS) <sup>a</sup> | 1.3            | 0.3    | 0.4    | 0.6    | 0.4    | 0.5    | 0.6    |
| Russian Federation                                    | 1.3            | 0.3    | 0.4    | 0.6    | 0.4    | 0.5    | 0.6    |
| Africa  | 0.2            | 0.2    | 1.6    | 2.8    | 1.4    | 0.5    | 0.6    |
| South Africa  | 0.0            | 0.0    | 0.1    | 0.1    | 0.1    | 0.1    | 0.2    |
| Egypt   | 0.0            | 0.0    | 0.0    | 0.1    | 0.1    | 0.1    | 0.1    |
| Ghana   | 0.0            | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.1    |
| Middle East   | 0.2            | 0.2    | 0.2    | 0.3    | 0.2    | 0.2    | 0.4    |
| Saudi Arabia, Kingdom of                              | 0.0            | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.2    |
| Israel  | 0.1            | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    |
| Asia  | 22.4           | 22.5   | 22.8   | 22.8   | 24.0   | 25.3   | 23.1   |
| China   | 15.7           | 15.1   | 15.9   | 16.4   | 17.3   | 19.0   | 17.6   |
| Japan   | 2.1            | 2.7    | 2.3    | 2.1    | 2.3    | 1.9    | 1.5    |
| Other Asia  | 4.6            | 4.8    | 4.7    | 4.3    | 4.4    | 4.4    | 4.0    |
| India   | 1.1            | 1.0    | 1.1    | 1.1    | 1.2    | 1.5    | 1.3    |
| Korea, Republic of                                    | 1.8            | 1.9    | 1.8    | 1.4    | 1.4    | 1.1    | 1.2    |
| Viet Nam  | 0.5            | 0.4    | 0.4    | 0.3    | 0.4    | 0.4    | 0.4    |
| Thailand  | 0.6            | 0.6    | 0.5    | 0.5    | 0.5    | 0.6    | 0.4    |
| Malaysia  | 0.2            | 0.2    | 0.2    | 0.1    | 0.2    | 0.2    | 0.2    |
| Other   | 1.1            | 0.7    | 0.1    | 0.0    | 0.0    | 0.0    | 0.0    |
| <i>Memorandum:</i>                                    |                |        |        |        |        |        |        |
| EU-28   | 12.2           | 14.2   | 13.2   | 13.8   | 14.2   | 14.7   | 12.7   |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table A1.10 Merchandise imports into free zones (f.o.b.) by trading partner, 2015-21**

(USD million and %)

| Description   | 2015                  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|---|-----------------------|-------|-------|-------|-------|-------|-------|
|   | <b>(USD million)</b>  |       |       |       |       |       |       |
| Free zone imports (f.o.b.)                            | 3,670                 | 3,736 | 3,941 | 4,016 | 4,122 | 3,737 | 4,826 |
|   | <b>(% of imports)</b> |       |       |       |       |       |       |
| America   | 79.5                  | 81.9  | 82.3  | 80.0  | 74.8  | 70.9  | 71.0  |
| United States   | 66.8                  | 71.2  | 73.8  | 72.6  | 67.6  | 64.2  | 63.8  |
| Other America   | 12.7                  | 10.7  | 8.5   | 7.4   | 7.2   | 6.7   | 7.2   |
| Mexico  | 2.3                   | 1.8   | 1.9   | 1.9   | 2.4   | 1.3   | 1.4   |
| Ecuador   | 0.9                   | 0.7   | 0.9   | 1.1   | 1.2   | 1.5   | 1.3   |
| Honduras  | 1.0                   | 0.9   | 1.0   | 0.9   | 0.9   | 0.9   | 1.2   |
| Brazil  | 1.5                   | 1.1   | 0.8   | 0.6   | 0.7   | 0.6   | 0.6   |
| Colombia  | 0.7                   | 0.8   | 0.6   | 0.6   | 0.4   | 0.4   | 0.5   |
| Nicaragua   | 0.5                   | 0.6   | 0.3   | 0.3   | 0.4   | 0.3   | 0.5   |
| Dominican Republic                                    | 0.0                   | 0.0   | 0.2   | 0.2   | 0.0   | 0.5   | 0.4   |
| Guatemala   | 0.2                   | 0.2   | 0.3   | 0.2   | 0.3   | 0.2   | 0.2   |
| Argentina   | 0.1                   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.2   |
| Costa Rica  | 1.0                   | 1.0   | 0.2   | 0.1   | 0.1   | 0.1   | 0.2   |
| Canada  | 2.0                   | 1.1   | 0.7   | 0.1   | 0.1   | 0.2   | 0.2   |
| El Salvador   | 0.5                   | 0.3   | 0.2   | 0.3   | 0.2   | 0.2   | 0.1   |
| Bolivia, Plurinational State of                       | 0.0                   | 0.1   | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   |
| Peru  | 0.1                   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Haiti   | 1.3                   | 1.3   | 0.9   | 0.3   | 0.1   | 0.1   | 0.1   |
| Chile   | 0.1                   | 0.1   | 0.1   | 0.1   | 0.1   | 0.0   | 0.1   |
| Venezuela, Bolivarian Republic of                     | 0.0                   | 0.1   | 0.1   | 0.1   | 0.0   | 0.0   | 0.1   |
| Europe  | 7.6                   | 7.0   | 5.1   | 7.4   | 10.6  | 10.1  | 11.7  |
| EU-27   | 6.7                   | 5.4   | 4.3   | 6.5   | 8.9   | 8.5   | 10.3  |
| Italy   | 3.1                   | 1.0   | 1.0   | 2.9   | 4.9   | 4.7   | 6.4   |
| Germany   | 1.4                   | 1.5   | 1.0   | 1.0   | 1.0   | 1.3   | 1.0   |
| France  | 0.6                   | 0.8   | 0.8   | 0.7   | 1.0   | 0.8   | 0.8   |
| Spain   | 0.3                   | 0.4   | 0.4   | 0.4   | 0.4   | 0.6   | 0.6   |
| Netherlands   | 0.4                   | 0.7   | 0.5   | 0.7   | 0.7   | 0.5   | 0.5   |
| EFTA  | 0.1                   | 0.2   | 0.2   | 0.2   | 0.2   | 0.1   | 0.1   |
| Switzerland   | 0.1                   | 0.2   | 0.2   | 0.2   | 0.2   | 0.1   | 0.1   |
| Other Europe  | 0.8                   | 1.5   | 0.6   | 0.7   | 1.6   | 1.4   | 1.3   |
| United Kingdom  | 0.8                   | 1.4   | 0.5   | 0.6   | 1.3   | 1.2   | 1.0   |
| Türkiye   | 0.0                   | 0.0   | 0.1   | 0.2   | 0.2   | 0.2   | 0.3   |
| Commonwealth of Independent States (CIS) <sup>a</sup> | 0.0                   | 0.0   | 0.0   | 0.1   | 0.1   | 0.2   | 0.3   |
| Russian Federation                                    | 0.0                   | 0.0   | 0.0   | 0.1   | 0.1   | 0.2   | 0.3   |
| Africa  | 0.1                   | 0.1   | 0.2   | 0.2   | 0.3   | 0.4   | 0.2   |
| Malawi  | 0.0                   | 0.0   | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| South Africa  | 0.0                   | 0.0   | 0.0   | 0.0   | 0.0   | 0.1   | 0.1   |
| Middle East   | 0.3                   | 0.3   | 0.3   | 0.3   | 0.3   | 0.4   | 0.2   |
| Israel  | 0.3                   | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   | 0.2   |
| Asia  | 10.5                  | 10.2  | 12.0  | 12.0  | 13.7  | 18.0  | 16.5  |
| China   | 6.9                   | 6.8   | 8.5   | 8.3   | 9.7   | 13.4  | 11.7  |
| Japan   | 0.9                   | 1.1   | 0.7   | 0.7   | 0.5   | 0.3   | 0.4   |
| Other Asia  | 2.6                   | 2.3   | 2.9   | 3.0   | 3.5   | 4.2   | 4.3   |
| India   | 0.7                   | 0.8   | 0.9   | 0.8   | 0.7   | 0.6   | 1.1   |
| Korea, Republic of                                    | 0.4                   | 0.2   | 0.3   | 0.4   | 0.6   | 0.6   | 1.0   |
| Indonesia   | 0.4                   | 0.4   | 0.6   | 0.8   | 1.0   | 1.1   | 0.8   |
| Philippines   | 0.0                   | 0.1   | 0.1   | 0.3   | 0.6   | 1.2   | 0.5   |
| Malaysia  | 0.5                   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   |
| Other   | 1.9                   | 0.4   | 0.0   | 0.0   | 0.3   | 0.0   | 0.0   |
| <i>Memorandum</i>                                     |                       |       |       |       |       |       |       |
| EU-28   | 7.5                   | 6.8   | 4.9   | 7.0   | 10.2  | 9.7   | 11.3  |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table A2.1 Trade measures notified to the WTO, 1 January 2015-31 August 2022**

|  | Type of measure notified  | Frequency              | WTO document (most recent if submitted regularly)          |
|--|---|------------------------|--|
| <b>Agreement on Agriculture</b>  |   |                        |  |
| Articles 10 and 18.2; ES:1   | Export subsidies  | On an annual basis     | G/AG/N/DOM/47, 21/1/2022                                   |
| Article 18.2; DS:1   | Domestic support  | On an annual basis     | G/AG/N/DOM/46, 23/7/2021                                   |
| Article 18.2; MA:2   | Market access - Volume of imports under tariff and other quotas                                     | On an annual basis     | G/AG/N/DOM/48, 16/2/2022                                   |
| <b>General Agreement on Trade in Services</b>  |   |                        |  |
| Article III:3  | Change in regulation affecting trade in scheduled sectors   | <i>Ad hoc</i>          | S/C/N/872, 3/2/2017  |
| Article III:4 and/or Article IV:2  | References of enquiry point   | <i>Ad hoc</i>          | S/ENQ/78/Rev.22, 10/2/2022                                 |
| Article V:7(a)   | Conclusion of, or accession to, an Economic Integration Agreement                                   | Once only              | S/C/N/1060, 28/6/2021<br>S/C/N/1017, 17/9/2020             |
| <b>Enabling Clause - Regional trade agreements</b>   |   |                        |  |
| Paragraph 4(a)   | Regional trade agreement  | <i>Ad hoc</i>          | WT/COMTD/N/49, 21/3/2016                                   |
| <b>GATT 1994</b>   |   |                        |  |
| Article XVII:4(a) and paragraph 1 of the Understanding on the Interpretation of Article XVII | State trading activities  | Every two years        | G/STR/N/19/DOM, 9/8/2022                                   |
| Article XXVIII:5   | Modification of schedules (reservation of the right to modify schedules during a three-year period) | <i>Ad hoc</i>          | G/MA/388, 26/11/2020<br>G/MA/339, 12/9/2017                |
| Article XXIV:7(a)  | Formation of a free-trade area  | <i>Ad hoc</i>          | WT/REG420/N/1, 5/5/2021                                    |
| <b>Agreement on Implementation of Article VI of the GATT (anti-dumping)</b>                  |   |                        |  |
| Article 16.4 - <i>Ad hoc</i> reports   | Anti-dumping actions (preliminary and final)  | <i>Ad hoc</i>          | G/ADP/N/367, 15/3/2022 - G/ADP/N/282, 23/2/2016            |
| Article 16.4 - Semi-annual reports   | Anti-dumping actions (taken within the preceding six months)  | On a semi-annual basis | G/ADP/N/370/DOM, 24/8/2022                                 |
| <b>Agreement on Implementation of Article VII of the GATT (customs valuation)</b>            |   |                        |  |
| Article 22.2   | Changes in laws and regulations   | <i>Ad hoc</i>          | G/VAL/N/1/DOM/2, 16/10/2019                                |
| Checklist of issues (G/VAL/5)  | Responses to the checklist of issues  | Once only              | G/VAL/N/2/DOM/1, 20/12/2019                                |
| <b>Agreement on Import Licensing Procedures</b>  |   |                        |  |
| Article 7.3  | Replies to the annual questionnaire on import licensing procedures                                  | On an annual basis     | G/LIC/N/3/DOM/8, 2/2/2016                                  |
| <b>Agreement on the Application of Sanitary and Phytosanitary Measures</b>                   |   |                        |  |
| Article 7, Annex B   | Sanitary/phytosanitary regulations  | <i>Ad hoc</i>          | G/SPS/N/DOM/72, 13/8/2019 - G/SPS/N/DOM/59/Add.1, 2/2/2015 |
| <b>Agreement on Trade Facilitation</b>   |   |                        |  |
| Articles 15 and 16   | Category designation  | Once only              | G/TFA/N/DOM/1, 16/2/2018                                   |
| Article 1.4  | Publication of all procedures for importation, exportation and transit, including fees imposed      | Once only              | G/TFA/N/DOM/3/Rev.1, 5/6/2020                              |
| Article 10.4.3   | Single window   | Once only              |  |
| Article 10.6.2   | Customs brokers   | Once only              |  |
| Article 12.2.2   | Contact point for the exchange of information   | Once only              |  |
| Article 22.3   | Contact points  | Once only              | G/TFA/N/DOM/2, 29/7/2019                                   |
| <b>Agreement on Technical Barriers to Trade</b>  |   |                        |  |
| Articles 2.10 and 5.7  | Technical regulations (urgent) and conformity assessment procedures (urgent)                        | <i>Ad hoc</i>          | G/TBT/N/DOM/232, 31/5/2021                                 |

|   | Type of measure notified   | Frequency              | WTO document (most recent if submitted regularly)  |
|---|--|------------------------|--|
| Article 2.9   | Technical regulations  | <i>Ad hoc</i>          | G/TBT/N/DOM/228, 3/4/2019<br>G/TBT/N/DOM/225, 9/10/2017<br>G/TBT/N/DOM/224, 3/10/2017<br>G/TBT/N/DOM/223, 11/1/2016<br>G/TBT/N/DOM/222, 23/3/2015<br>G/TBT/N/DOM/221, 23/3/2015    |
| Articles 2.9 and 5.6                                      | Technical regulations and conformity assessment procedures   | <i>Ad hoc</i>          | G/TBT/N/DOM/221/Rev.1, 27/5/2021<br>G/TBT/N/DOM/231, 3/9/2019<br>G/TBT/N/DOM/230, 3/9/2019<br>G/TBT/N/DOM/229, 3/4/2019<br>G/TBT/N/DOM/227, 9/3/2018<br>G/TBT/N/DOM/226, 21/2/2018 |
| <b>Agreement on Safeguards</b>                            |  |                        |  |
| Article 12.6  | Laws, regulations and administrative procedures relating to safeguard measures   | Once only              | G/SG/N/1/DOM/2/Suppl.2, 27/11/2015   |
| <b>Agreement on Subsidies and Countervailing Measures</b> |  |                        |  |
| Article 25.1; GATT 1994, Article XVI:1                    | Any subsidy as defined in Article 1.1 of the SCM Agreement that is specific within the meaning of Article 2 of the SCM Agreement, as well as any other subsidy that causes increased exports or decreased imports within the meaning of Article XVI:1 of the GATT 1994 | Every two years        | G/SCM/N/343/DOM, 12/7/2019   |
| Article 25.11 - Semi-annual reports                       | Countervailing duty actions (taken within the preceding six months)  | On a semi-annual basis | G/SCM/N/363/Add.1, 17/9/2021   |
| Article 27.4, Part VIII - Developing country Members      | Special and differential treatment for developing country Members  | <i>Ad hoc</i>          | G/SCM/N/284/DOM; G/SCM/N/290/DOM, 10/6/2016<br>G/SCM/N/299/DOM, 8/6/2016   |
| Article 32.6  | Laws/regulations and changes thereto   | <i>Ad hoc</i>          | G/SCM/N/1/DOM/2/Suppl.2, 27/11/2015  |

Source: WTO Secretariat.



**Table A3.1 Customs procedures**

|  |
|--|
| <b>Definitive customs procedures</b>   |
| <b>Definitive importation</b>  |
| Goods are brought into the customs territory for use or consumption.   |
| <b>Outright exportation</b>  |
| Domestic or imported goods leave the customs territory definitively for use or consumption abroad.   |
| <b>Temporary duty-relief arrangement</b>   |
| Allows foreign goods into the country, for a certain period of time, without payment of duties, taxes or other levies.   |
| <b>Temporary admission (importation) for inward processing (Articles 248-258)</b>  |
| Allows into the customs territory, with relief from the payment of import duties, goods from abroad or under other special customs procedures that are to be exported within a certain time frame, after having undergone processing, manufacture or repair.   |
| <b>Temporary exit (exportation) for outward processing (Articles 259-262)</b>  |
| Allows goods to be temporarily exported from the customs territory for processing, manufacturing or repair abroad, and then reimported. Duties are applied for the goods and services incorporated into the domestic or imported goods abroad, together with any exemptions established by law.  |
| <b>Temporary admission without transformation (procedure also known as "temporary admission without processing (temporary entry)", as indicated in Article 247(4) of Law No. 168-21 (Customs Law)) (Articles 263-270)<sup>a</sup></b>  |
| Allows certain goods for a specific purpose to enter the customs territory with total or partial relief from import duties, and to be subsequently reshipped, within the time frame authorized by the Directorate-General of Customs, without having undergone any change, except normal depreciation due to the use made of them.   |
| <b>Temporary admission (temporary entry) under a lease agreement with the option to buy or replace</b>   |
| Allows certain leased goods for a specific purpose to enter the customs territory with total or partial relief from import duties and to be subsequently reshipped.  |
| <b>Temporary exit (Articles 271-274)</b>   |
| Domestic and imported goods may temporarily leave the country (for a period of six months, extendable only once), without ceasing to qualify as such and without payment of import duties and taxes upon their return. If the deadline for the return of the goods expires, they may be considered to have been exported outright.   |
| <b>Warehousing procedure</b>   |
| Allows goods to enter certain warehouses, without payment of duties and taxes, for a specified period of time.   |
| <b>Duty repayment procedures</b>   |
| Allow for the total or partial repayment of customs taxes and duties actually paid upon the definitive importation of inputs, containers or packaging incorporated in products for export, provided that exportation takes place within 12 months of the importation of these goods, and subject to the requirements and procedures set out in the law and its implementing regulations or any special laws. |
| <b>Duty-free replacement procedure (Articles 276-279)</b>  |
| Allows for the importation, with total or partial relief from import duties and taxes, of goods equivalent to those which, being in free circulation on the domestic market, have been used to produce previously exported goods.  |
| <b>Drawback procedure</b>  |
| Procedure which, when goods are exported, provides for a repayment (total or partial) to be made in respect of the import duties and taxes charged on the goods, or on materials contained in them or consumed in their production.  |
| <b>Duty exemption procedures</b>   |
| <b>Free zone procedure</b>   |
| The procedure under which goods introduced into a part of the territory are regarded, insofar as import duties and taxes are concerned, as being outside the customs territory.  |

**Duty-free shop or commercial free zone (Articles 288 and 289)**

A duty-free shop is an establishment located in the main area of a port or airport, authorized by the Directorate-General of Customs to sell foreign and domestic goods free of customs duties. The entry of goods into a commercial free zone shop is exempt from the payment of customs duties and taxes.

- a Article 265 lists the types of goods that are eligible for temporary admission without transformation.
- b The warehousing procedure has various components: bonded warehousing, re-exportation and logistics, which are governed by their own specific legislation (Law No. 456-73 on bonded warehouses; Decree No. 106-96 establishing regulations on merchandise re-export warehouses; and Decree No. 262-15 on logistics centres and logistics operator companies).

Source: Articles 244-289 of Law No. 168-21.

Table A3.2 Summary analysis of the MFN tariff, 2021

| Product description                               | MFN             |             |               |                               | Bound tariff range <sup>a</sup><br>(%) |
|---|-----------------|-------------|---------------|-------------------------------|--|
|   | Number of lines | Average (%) | Range (%)     | Coefficient of variation (CV) |  |
| <b>Total</b>                                      | <b>7,242</b>    | <b>7.8</b>  | <b>0 - 99</b> | <b>1.3</b>                    | 0 - 99                                 |
| HS 01-24  | 1,314           | 16.0        | 0 - 99        | 0.9                           | 5 - 99                                 |
| HS 25-97  | 5,928           | 6.0         | 0 - 20        | 1.4                           | 0 - 40                                 |
| <b>By WTO category</b>                            |                 |             |               |                               |  |
| Agricultural products                             | 1,116           | 14.5        | 0 - 99        | 1.1                           | 5 - 99                                 |
| - Animals and animal products                     | 147             | 22.8        | 0 - 99        | 0.9                           | 30 - 99                                |
| - Dairy products                                  | 31              | 25.9        | 0 - 56        | 0.6                           | 40 - 56                                |
| - Fruit, vegetables and garden produce            | 337             | 18.3        | 0 - 99        | 0.7                           | 20 - 99                                |
| - Coffee and tea                                  | 28              | 17.8        | 0 - 20        | 0.2                           | 40 - 40                                |
| - Cereals and cereal preparations                 | 122             | 12.9        | 0 - 99        | 1.4                           | 5 - 99                                 |
| - Oilseeds, fats and oils and their products      | 105             | 4.4         | 0 - 40        | 2.0                           | 10 - 40                                |
| - Sugar and confectionery                         | 32              | 24.2        | 0 - 85        | 1.1                           | 30 - 85                                |
| - Beverages, alcohol and tobacco                  | 94              | 17.6        | 8 - 20        | 0.2                           | 30 - 40                                |
| - Cotton  | 5               | 0.0         | 0 - 0         | ..                            | 35 - 35                                |
| - Other agricultural products n.e.s.              | 215             | 4.0         | 0 - 20        | 1.9                           | 10 - 40                                |
| Non-agricultural products (including petroleum)   | 6,126           | 6.6         | 0 - 20        | 1.3                           | 0 - 40                                 |
| - Non-agricultural products (excluding petroleum) | 6,104           | 6.6         | 0 - 20        | 1.3                           | 0 - 40                                 |
| - - Fish and fish products                        | 282             | 17.4        | 0 - 20        | 0.4                           | 30 - 40                                |
| - - Mineral products and metals                   | 1,103           | 6.3         | 0 - 20        | 1.3                           | 10 - 40                                |
| - - Chemicals and photographic products           | 1,276           | 3.0         | 0 - 20        | 2.1                           | 0 - 40                                 |
| - - Wood, wood pulp, paper and furniture          | 385             | 6.5         | 0 - 20        | 1.3                           | 10 - 40                                |
| - - Textiles                                      | 659             | 4.8         | 0 - 20        | 1.7                           | 15 - 40                                |
| - - Clothing                                      | 238             | 19.8        | 3 - 20        | 0.1                           | 40 - 40                                |
| - - Leather, rubber, footwear and travel articles | 210             | 10.1        | 0 - 20        | 0.9                           | 30 - 40                                |
| - - Non-electrical machinery                      | 695             | 1.6         | 0 - 20        | 3.0                           | 0 - 40                                 |
| - - Electrical machinery                          | 373             | 6.1         | 0 - 20        | 1.3                           | 0 - 35                                 |
| - - Transport equipment                           | 301             | 9.5         | 0 - 20        | 0.8                           | 30 - 40                                |
| - - Non-agricultural products n.e.s.              | 582             | 10.5        | 0 - 20        | 0.9                           | 0 - 40                                 |
| - Petroleum                                       | 22              | 6.6         | 0 - 14        | 1.0                           | 40 - 40                                |
| <b>By HS section</b>                              |                 |             |               |                               |  |
| 01. Live animals; animal products                 | 438             | 18.6        | 0 - 99        | 0.8                           | 20 - 99                                |
| 02. Vegetable products                            | 450             | 13.6        | 0 - 99        | 1.2                           | 5 - 99                                 |
| 03. Fats and oils                                 | 67              | 6.6         | 0 - 40        | 1.5                           | 10 - 40                                |
| 04. Prepared foodstuffs, etc.                     | 359             | 17.5        | 0 - 85        | 0.6                           | 10 - 85                                |
| 05. Mineral products                              | 184             | 2.3         | 0 - 20        | 2.1                           | 20 - 40                                |
| 06. Products of the chemical or allied industries | 1,182           | 2.3         | 0 - 20        | 2.6                           | 0 - 40                                 |
| 07. Plastics and rubber                           | 289             | 7.6         | 0 - 20        | 1.0                           | 30 - 40                                |
| 08. Raw hides and skins, and leather              | 93              | 9.2         | 0 - 20        | 1.1                           | 40 - 40                                |
| 09. Wood and articles of wood                     | 154             | 4.8         | 0 - 20        | 1.6                           | 40 - 40                                |
| 10. Pulp of wood, paper, etc.                     | 197             | 5.9         | 0 - 20        | 1.4                           | 10 - 40                                |
| 11. Textiles and textile articles                 | 878             | 8.3         | 0 - 20        | 1.1                           | 30 - 40                                |
| 12. Footwear and headgear                         | 69              | 16.7        | 0 - 20        | 0.4                           | 40 - 40                                |
| 13. Articles of stone                             | 190             | 9.5         | 0 - 20        | 0.9                           | 17.5 - 40                              |
| 14. Precious stones, etc.                         | 62              | 18.1        | 8 - 20        | 0.2                           | 40 - 40                                |
| 15. Base metals and articles of base metal        | 680             | 5.9         | 0 - 20        | 1.4                           | 20 - 40                                |
| 16. Machinery and mechanical appliances           | 1,088           | 3.4         | 0 - 20        | 2.0                           | 0 - 40                                 |

| Product description  | MFN             |             |           |                               | Bound tariff range <sup>a</sup><br>(%) |
|--|-----------------|-------------|-----------|-------------------------------|--|
|  | Number of lines | Average (%) | Range (%) | Coefficient of variation (CV) |  |
| 17. Vehicles, aircraft, vessels and associated transport equipment | 315             | 9.3         | 0 - 20    | 0.8                           | 30 - 40                                |
| 18. Precision instruments  | 328             | 6.1         | 0 - 20    | 1.4                           | 0 - 40                                 |
| 19. Arms and ammunition  | 28              | 20.0        | 20 - 20   | 0.0                           | 40 - 40                                |
| 20. Miscellaneous manufactured articles                            | 184             | 16.8        | 0 - 20    | 0.4                           | 35 - 40                                |
| 21. Works of art, etc.   | 7               | 20.0        | 20 - 20   | 0.0                           | 40 - 40                                |

.. Not available.

a The bindings are given in HS 2002 and the applied tariffs in HS 2017; consequently, there may be differences in the number of lines included in the analysis.

Source: WTO Secretariat estimates based on data provided by the authorities.

Table A3.3 Tariff lines where the applied MFN rate exceeds the bound rate, 2021

| HS code             |                           | Subline | Description MFN tariff  | Description bound tariff   | Tariff <sup>a</sup> |           |
|---------------------|---------------------------|---------|---|--|---------------------|-----------|
| MFN                 | Bound                     |         |   |  | MFN (%)             | Bound (%) |
| <b>Full line</b>    |                           |         |   |  |                     |           |
| 0207.13.00          | 0207.13.00                |         | Cuts and offal, fresh or chilled  | Cuts and offal, fresh or chilled   | 99                  | 40        |
| 8470.10.00          | 8470.10.00                |         | Electronic calculators capable of operation without an external source of electric power and pocket-size data recording, reproducing and displaying machines with calculating functions | Electronic calculators capable of operation without an external source of electric power and pocket-size data recording, reproducing and displaying machines with calculating functions  | 14                  | 0         |
| 8470.21.00          | 8470.21.00                |         | Other electronic calculating machines: Incorporating a printing device  | Other electronic calculating machines: Incorporating a printing device   | 3                   | 0         |
| 8470.29.00          | 8470.29.00                |         | Other electronic calculating machines   | Other electronic calculating machines  | 3                   | 0         |
| 8470.30.00          | 8470.30.00                |         | Other calculating machines  | Other calculating machines   | 3                   | 0         |
| 8470.50.00          | 8470.50.00                |         | Cash registers  | Cash registers   | 3                   | 0         |
| 8470.90.10          | 8470.90.10                |         | Postage-franking machines   | Postage-franking machines  | 3                   | 0         |
| 8470.90.20          | 8470.90.20                |         | Ticket-issuing machines   | Ticket-issuing machines  | 3                   | 0         |
| 8470.90.90          | 8470.90.90                |         | Other machines  | Other machines   | 3                   | 0         |
| 8472.90.20          | 8472.90.20                |         | Automatic banknote dispensers   | Automatic banknote dispensers (automatic teller machines)  | 3                   | 0         |
| 8473.21.00          | 8473.21.00                |         | Of the electronic calculating machines of subheading 8470.10, 8470.21 or 8470.29  | Of the electronic calculating machines of subheading 8470.10, 8470.21 or 8470.29   | 3                   | 0         |
| 8517.11.00          | 8517.11.00                |         | Line telephone sets with cordless handsets  | Line telephone sets with cordless handsets   | 8                   | 0         |
| 8470.90.30          | 8470.90.90 and 8470.40.00 |         | Accounting machines   | Other (HS 84709090), Accounting machines (HS 84704000)   | 3                   | 0         |
| 9001.10.00          | 90011000                  |         | Optical fibres, optical fibre bundles and cables  | Optical fibres, optical fibre bundles and cables   | 3                   | 0         |
| 9026.20.91          | 90262091                  |         | Pressure gauges for measuring pneumatic tyre pressure   | Pressure gauges for measuring pneumatic tyre pressure  | 3                   | 0         |
| <b>Part of line</b> |                           |         |   |  |                     |           |
| 3825.30.00          | 3825.30.00                | 01      | Clinical waste  | Clinical waste<br>- Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical, surgical, dental or veterinary purposes | 20                  | 15        |
|                     | 3825.30.00                | 02      |   | - Surgical gloves  | 20                  | 40        |
|                     | 3825.30.00                | 03      |   | - Syringes, needles, catheters, cannulae and the like  | 20                  | 40        |
|                     | 3825.30.00                | 04      |   | - Other  | 20                  | 30        |
| 8518.29.00          | 8518.29.00                | 01      | Other   | Other<br>- Loudspeakers, without housing, having a frequency range of 300 Hz to 3.4 KHz with a diameter of not exceeding 50 mm, for telecommunication use  | 14                  | 0         |
|                     | 8518.29.00                | 02      |   | - Other  | 14                  | 35        |
| 8518.30.00          | 8518.30.00                |         | Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers   | Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers  |                     |           |
|                     | 8518.30.00                | 01      |   | - Line telephone handsets  | 14                  | 0         |
|                     | 8518.30.00                | 02      |   | - Other  | 14                  | 35        |
| 8529.10.10          | 8529.10.10                |         | Outdoor aerials for television and radio-broadcast receivers  | Outdoor aerials for television and radio-broadcast receivers   |                     |           |
|                     | 8529.10.10                | 01      |   | - Aerials or antennae of a kind used with apparatus for radio-telephony and radio-telegraphy   | 20                  | 0         |
|                     | 8529.10.10                | 02      |   | - Other  | 20                  | 35        |

| HS code    |            | Subline | Description MFN tariff  | Description bound tariff   | Tariff <sup>a</sup> |           |
|------------|------------|---------|---|--|---------------------|-----------|
| MFN        | Bound      |         |   |  | MFN (%)             | Bound (%) |
| 8529.10.20 | 8529.10.20 |         | Parabolic antennae for direct reception via satellite   | Parabolic antennae for direct reception via satellite  |                     |           |
|            | 8529.10.20 | 01      |   | - Aerials or antennae of a kind used with apparatus for radio-telephony and radio-telegraphy   | 20                  | 0         |
|            | 8529.10.20 | 02      |   | - Other  | 20                  | 35        |
| 8529.10.99 | 8529.10.99 |         | Other   | Other  |                     |           |
|            | 8529.10.99 | 01      |   | - Aerials or antennae of a kind used with apparatus for radio-telephony and radio-telegraphy   | 3                   | 0         |
|            | 8529.10.99 | 02      |   | - Other  | 3                   | 35        |
| 8529.90.90 | 8529.90.90 |         | Other   | Other  |                     |           |
|            | 8529.90.90 | 01      |   | - Parts of: transmission apparatus other than apparatus for radio-broadcasting or television, transmission apparatus incorporating reception apparatus, digital still image video cameras, portable receivers for alerting or paging | 14                  | 0         |
|            | 8529.90.90 | 02      |   | - Other  | 14                  | 35        |
| 8536.69.10 | 8536.69.10 |         | Plugs   | Plugs  |                     |           |
|            | 8536.69.10 | 01      |   | - Plugs for co-axial cables and printed circuits   | 14                  | 0         |
|            | 8536.69.10 | 02      |   | - Other  | 14                  | 35        |
| 8536.69.20 | 8536.69.20 |         | Sockets   | Sockets  |                     |           |
|            | 8536.69.20 | 01      |   | - For co-axial cables and printed circuits   | 14                  | 0         |
|            | 8536.69.20 | 02      |   | - Other  | 14                  | 35        |
| 8536.90.10 | 8536.90.10 |         | Junction boxes  | Junction boxes   |                     |           |
|            | 8536.90.10 | 01      |   | - Connections and contact elements for wire and cables   | 14                  | 0         |
|            | 8536.90.10 | 02      |   | - Other  | 14                  | 35        |
| 8536.90.90 | 8536.90.90 |         | Other apparatus   | Other apparatus  |                     |           |
|            | 8536.90.90 | 01      |   | - Connections and contact elements for wire and cables   | 14                  | 0         |
|            | 8536.90.90 | 02      |   | - Other  | 14                  | 35        |
| 8544.49.10 | 8544.49.10 |         | Insulated with plastic  | Insulated with plastic   |                     |           |
|            | 8544.49.10 | 01      |   | - Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications   | 14                  | 0         |
|            | 8544.49.10 | 02      |   | - Other  | 14                  | 35        |
| 8544.49.20 | 8544.49.90 |         | Other insulated conductors, except those insulated with plastic, for a voltage not exceeding 80 V | Other  |                     |           |
|            | 8544.49.90 | 01      |   | - Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications   | 14                  | 0         |
|            | 8544.49.90 | 02      |   | - Other  | 14                  | 35        |
| 8544.49.30 | 8544.49.90 |         | Insulated with rubber, for a voltage exceeding 80 V but not exceeding 1,000 V                     | Other  |                     |           |
|            | 8544.49.90 | 01      |   | - Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications   | 14                  | 0         |
|            | 8544.49.90 | 02      |   | - Other  | 14                  | 35        |
| 8544.49.40 | 8544.49.90 |         | Insulated with plastic, for a voltage exceeding 80 V but not exceeding 1,000 V                    | Other  |                     |           |
|            | 8544.49.90 | 01      |   | - Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications   | 14                  | 0         |
|            | 8544.49.90 | 02      |   | - Other  | 14                  | 35        |
| 8544.49.90 | 8544.49.90 |         | Other   | Other  |                     |           |

| HS code |            |         | Description MFN tariff | Description bound tariff   | Tariff <sup>a</sup> |           |
|---------|------------|---------|------------------------|--|---------------------|-----------|
| MFN     | Bound      | Subline |                        |  | MFN (%)             | Bound (%) |
|         | 8544.49.90 | 01      |                        | - Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications | 14                  | 0         |
|         | 8544.49.90 | 02      |                        | - Other  | 14                  | 35        |

a MFN tariff in HS 2017 nomenclature; bound tariff in HS 2002 nomenclature.

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table A3.4 MFN tariff quotas and import volume, 2021**

| Description<br>(HS code) | Applied MFN tariff 2021 |                      | Quota volume<br>2021 (tonnes) | In-quota import<br>volume, 2021<br>(tonnes) | Quota usage<br>2021 (%) |
|--------------------------|-------------------------|----------------------|-------------------------------|---|-------------------------|
|                          | In-quota (%)            | Out-of-<br>quota (%) |                               |   |                         |
| <b>Chicken meat</b>      |                         |                      | <b>11,500</b>                 | <b>14,503</b>                               | <b>126</b>              |
| 0207.11.00               | 25                      | 99                   |                               |   |                         |
| 0207.12.00               | 25                      | 99                   |                               |   |                         |
| 0207.13.00               | 25                      | 99                   |                               |   |                         |
| 0207.14.10               | 25                      | 99                   |                               |   |                         |
| 0207.14.91               | 25                      | 99                   |                               |   |                         |
| 0207.14.92               | 25                      | 99                   |                               |   |                         |
| <b>Milk in powder</b>    |                         |                      | <b>32,000</b>                 | <b>1,773</b>                                | <b>6</b>                |
| 0402.10.10               | 20                      | 56                   |                               |   |                         |
| 0402.10.90               | 20                      | 56                   |                               |   |                         |
| 0402.21.10               | 20                      | 56                   |                               |   |                         |
| 0402.21.90               | 20                      | 56                   |                               |   |                         |
| 0402.29.10               | 20                      | 56                   |                               |   |                         |
| 0402.29.90               | 20                      | 56                   |                               |   |                         |
| <b>Onions</b>            |                         |                      | <b>3,750</b>                  | <b>13,897</b>                               | <b>371</b>              |
| 0703.10.00               | 25                      | 97                   |                               |   |                         |
| <b>Garlic</b>            |                         |                      | <b>4,500</b>                  | <b>9,889</b>                                | <b>220</b>              |
| 0703.20.00               | 25                      | 99                   |                               |   |                         |
| <b>Beans</b>             |                         |                      | <b>18,000</b>                 | <b>1,557</b>                                | <b>9</b>                |
| 0713.31.00               | 25                      | 89                   |                               |   |                         |
| 0713.32.00               | 25                      | 89                   |                               |   |                         |
| 0713.33.00               | 25                      | 89                   |                               |   |                         |
| 0713.34.00               | 25                      | 89                   |                               |   |                         |
| 0713.35.00               | 25                      | 89                   |                               |   |                         |
| <b>Maize (corn)</b>      |                         |                      | <b>1,091,000</b>              | <b>1,363,109</b>                            | <b>125</b>              |
| 1005.10.00               | 0                       | 0                    |                               |   |                         |
| 1005.90.00               | 0                       | 0                    |                               |   |                         |
| <b>Rice</b>              |                         |                      | <b>17,810</b>                 | <b>16,006</b>                               | <b>90</b>               |
| 1006.10.00               | 14                      | 99                   |                               |   |                         |
| 1006.20.00               | 20                      | 99                   |                               |   |                         |
| 1006.30.00               | 20                      | 99                   |                               |   |                         |
| 1006.40.00               | 20                      | 99                   |                               |   |                         |
| <b>Sugar</b>             |                         |                      | <b>30,000</b>                 | <b>50</b>                                   | <b>0</b>                |
| 1701.12.00               | 20                      | 85                   |                               |   |                         |
| 1701.13.00               | 14                      | 85                   |                               |   |                         |
| 1701.14.00               | 14                      | 85                   |                               |   |                         |
| 1701.91.00               | 20                      | 85                   |                               |   |                         |
| 1701.99.00               | 20                      | 85                   |                               |   |                         |

Source: WTO Secretariat calculations based on data provided by the authorities.



Table A3.5 Preferential tariff quotas and import volume, 2021-22

| Description<br>(HS code)                     | Applied preferential tariff<br>(%) |                      |                      | Quota volume<br>(tonnes) |               | In-quota<br>import<br>volume,<br>2021 | Quota usage<br>2021 (%) |
|--|------------------------------------|----------------------|----------------------|--------------------------|---------------|---------------------------------------|-------------------------|
|  | In-quota<br>2021-22                | Out-of-quota<br>2021 | Out-of-quota<br>2022 | 2021                     | 2022          |                                       |                         |
| <b>CAFTA-DR Costa Rica</b>                   |                                    |                      |                      |                          |               |                                       |                         |
| <b>Chicken breasts</b>                       |                                    |                      |                      | <b>2,070</b>             | <b>2,070</b>  | <b>0</b>                              | <b>0</b>                |
| 0207.13.00                                   | 12.5                               | 47,52                | 35,64                |                          |               |                                       |                         |
| 0207.14.91                                   | 12.5                               | 47,52                | 35,64                |                          |               |                                       |                         |
| <b>Milk in powder</b>                        |                                    |                      |                      | <b>2,200</b>             | <b>2,200</b>  | <b>1,668</b>                          | <b>76</b>               |
| 0402.10.10                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| 0402.10.90                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| 0402.21.10                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| 0402.21.90                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| 0402.29.10                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| 0402.29.90                                   | 0                                  | 26.88                | 20.16                |                          |               |                                       |                         |
| <b>CAFTA-DR Nicaragua</b>                    |                                    |                      |                      |                          |               |                                       |                         |
| <b>Chicken breasts</b>                       |                                    |                      |                      | <b>443</b>               | <b>443</b>    | <b>0</b>                              | <b>0</b>                |
| 0207.13.00                                   | 10                                 | 47.52                | 35.64                |                          |               |                                       |                         |
| 0207.14.91                                   | 10                                 | 47.52                | 35.64                |                          |               |                                       |                         |
| <b>Onions</b>                                |                                    |                      |                      | <b>375</b>               | <b>375</b>    | <b>0</b>                              | <b>0</b>                |
| 0703.10.00                                   | 7.5                                | 46.56                | 34.92                |                          |               |                                       |                         |
| <b>Beans</b>                                 |                                    |                      |                      | <b>1,800</b>             | <b>1,800</b>  | <b>82</b>                             | <b>5</b>                |
| 0713.31.00                                   | 0                                  | 42.72                | 32.04                |                          |               |                                       |                         |
| 0713.32.00                                   | 0                                  | 42.72                | 32.04                |                          |               |                                       |                         |
| 0713.33.00                                   | 0                                  | 42.72                | 32.04                |                          |               |                                       |                         |
| <b>CAFTA-DR US</b>                           |                                    |                      |                      |                          |               |                                       |                         |
| <b>Chicken thighs</b>                        |                                    |                      |                      | <b>1,300</b>             | <b>1,350</b>  | <b>1,244</b>                          | <b>96</b>               |
| 0207.14.92                                   | 0                                  | 47,52                | 35,64                |                          |               |                                       |                         |
| <b>Milk in powder</b>                        |                                    |                      |                      | <b>7,020</b>             | <b>7,290</b>  | <b>6,789</b>                          | <b>97</b>               |
| 0402.10.10                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| 0402.10.90                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| 0402.21.10                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| 0402.21.90                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| 0402.29.10                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| 0402.29.90                                   | 0                                  | 22.4                 | 16.8                 |                          |               |                                       |                         |
| <b>Yogurt</b>                                |                                    |                      |                      | <b>260</b>               | <b>270</b>    | <b>109</b>                            | <b>42</b>               |
| 0403.10.00                                   | 0                                  | 8.0                  | 6.0                  |                          |               |                                       |                         |
| <b>Mozzarella cheese</b>                     |                                    |                      |                      | <b>325</b>               | <b>338</b>    | <b>235</b>                            | <b>72</b>               |
| 0406.10.10                                   | 0                                  | 9.6                  | 7.2                  |                          |               |                                       |                         |
| <b>Husked (brown) rice</b>                   |                                    |                      |                      | <b>4,240</b>             | <b>4,380</b>  | <b>0</b>                              | <b>0</b>                |
| 1006.20.00                                   | 0                                  | 47,52                | 35,64                |                          |               |                                       |                         |
| <b>Semi-milled or<br/>wholly milled rice</b> |                                    |                      |                      | <b>16,960</b>            | <b>17,520</b> | <b>16,960</b>                         | <b>100</b>              |
| 1006.30.00                                   | 0                                  | 47,52                | 35,64                |                          |               |                                       |                         |
| <b>EPA – European Union</b>                  |                                    |                      |                      |                          |               |                                       |                         |
| <b>Milk in powder</b>                        |                                    |                      |                      | <b>22,400</b>            | <b>22,400</b> | <b>555</b>                            | <b>2.48</b>             |
| 0402.10                                      | 11 and 5                           | 6                    | 0                    |                          |               |                                       |                         |
| 0402.21                                      | 11 and 5                           | 6                    | 0                    | 22,400                   | 22,400        |                                       |                         |
| 0402.29                                      | 11 and 5                           | 6                    | 0                    | 22,400                   | 22,400        |                                       |                         |

Source: WTO Secretariat calculations based on data provided by the authorities.

**Table A3.6 Legislation on animal and plant health and food safety, 2022**

| <b>Animal health</b>   |   |
|------------------------|---|
| Law No. 4030-55        | Law on Animal Health (declares the sanitary protection of livestock to be a matter of public interest)  |
| Law No. 62-74          | Law regulating the export of bee's honey and wax, imports and equipment   |
| Decree No. 6775-50     | Decree issuing measures to prevent the introduction of foot-and-mouth disease and rinderpest into the country   |
| Decree No. 521-06      | Regulations governing the registration of veterinary establishments and medicines   |
| Law No. 259-71         | Law regulating the production, quality and marketing of animal feed   |
| Decree No. 329-11      | Regulations governing the sanitary inspection of meat and meat products for export  |
| Decree No. 52-08       | Regulations for the general implementation of basic rules concerning good agricultural practices (GAP) and good animal husbandry practices (GAHP)                                   |
| Decree No. 354-10      | Residues of veterinary drugs and similar products in food of animal origin  |
| Decree No. 51-08       | Establishes the National Livestock Committee  |
| Resolution No. 29-13   | Establishes the Executive Commission for Avian Influenza Surveillance and Newcastle Disease Control   |
| Resolution No. 82-13   | Establishes the National Livestock Traceability System of the Dominican Republic (SINAT-DO)   |
| Decree No. 174-08      | Strengthening of the prevention, control and eradication of exotic diseases in domestic animals   |
| Resolution No. 4-08    | Cancels registrations for the marketing and use in animals of certain chemical substances   |
| Resolution No. 6-12    | Cancel registrations for the marketing and use in animals of certain chemical substances  |
| Decree No. 354-10      | Maximum residue limits for veterinary drugs in foods of animal origin   |
| Resolution No. 19-09   | Animal health protection in the Dominican Republic  |
| Resolution No. 2019-30 | All poultry production units operating in the Dominican Republic must be registered and certified by the Directorate-General of Livestock   |
| Resolution No. 2019-31 | Protocol on temporary vaccination against avian influenza H5N2 and additional health measures   |
| Resolution No. 2018-61 | Policy to enhance animal and plant health   |
| Resolution No. 2018-16 | Prohibits the movement of birds, table eggs, fertile eggs and bedding material  |
| Resolution No. 2017-18 | Establishes the Official Commission for the Control of Avian Influenza  |
| <b>Plant health</b>    |   |
| Law No. 4990-58        | Law on Plant Health (regulates the importation of plants, fruit and seeds)  |
| Law No. 311-68         | Law on the Registration of Pesticides   |
| Decree No. 322-88      | Implementing regulations for Law No. 311  |
| Regulation No. 322-88  | Ensures that private phytosanitary treatment application services operate effectively in ports and airports   |
| Decree No. 217-91      | Decree on the prohibition, importation, preparation, formulation, marketing and use of agricultural chemicals   |
| Decree No. 52-08       | Regulations for the general implementation of basic rules concerning good agricultural practices (GAP) and good animal husbandry practices (GAHP)                                   |
| Law No. 64-00          | General Law on the Environment and Natural Resources  |
| Resolution No. 06-08   | Establishes a close season for the cultivation of aubergines (eggplants), melons, watermelons, cucumbers, okra, all types of chilli peppers, winter squash, cotton and other plants |
| Resolution No. 39-08   | Prohibits the movement of planting materials for yautia plants  |
| Resolution No. 47-08   | Establishes a technical committee for the management of citrus greening disease (Huanglongbing)   |
| Resolution No. 50-09   | Prohibits the marketing and use of certain pesticides   |
| Resolution No. 26-09   | Adopts the Manual of Quarantine Procedures for Plants and Plant Products and By-products  |
| Regulation No. 244-10  | Maximum residue limits for pesticides in fruit, vegetables and related products   |
| Resolution No. 5-11    | Eliminates the restricted use of the agrochemical paraquat  |
| Resolution No. 38-11   | Establishes a close season for the cultivation of aubergines (eggplants), melons, watermelons, cucumbers and other plants proven to host whitefly and/or viruses                    |
| Resolution No. 41-11   | Establishes the Pest Risk Analysis Committee of the Department of Plant Health  |
| Resolution No. 61-11   | Prohibits the marketing of certain pesticides   |
| Resolution No. 8-12    | Removes paraquat from the list of products that cannot be imported, manufactured, marketed or used in the Dominican Republic  |
| Resolution No. 31-13   | Emergency phytosanitary plan to help control the increased population of Caribbean fruit fly  |
| Resolution No. 45-13   | Establishes the Phytosanitary Diagnostic Unit for National Samples  |
| Decree No. 238-13      | Regulations for the phytosanitary certification of citrus propagation material  |
| Resolution No. 83-13   | Prohibits the importation of cocoa plants, fruit, seeds, etc.   |
| Resolution No. 71-13   | Pest prevention and control, protection of plant resources  |
| Resolution No. 202-14  | Plant health protection in the Dominican Republic   |
| Resolution No. 2020-17 | Establishes the Quarantine Treatment Division, attached to the Plant Quarantine Sub-Directorate at the Department of Plant Health   |
| Resolution No. 2019-70 | Establishes phytosanitary control mechanisms for regulated items in international transit that are entering or circulating in national territory                                    |

| <b>Plant health</b>    |   |
|------------------------|---|
| Resolution No. 2019-69 | Implements the Biosafety Protocol for preventing the entry into the country of banana wilt, which is caused by the fungus <i>Fusarium oxysporum</i> f. sp. <i>cubense</i> tropical race 4 (Foc TR4) |
| Resolution No. 2019-98 | Declares of national interest the establishment of areas of low pest prevalence and pest-free areas for Caribbean fruit fly   |
| Resolution No. 2019-43 | On increased inspection to prevent the entry of banana wilt   |
| Resolution No. 2019-39 | On the classification of agricultural products  |
| Resolution No. 2019-41 | Amends Article 3 of Resolution RES-MA-2019-039  |
| Resolution No. 2019-35 | Establishes management practices for Caribbean fruit fly ( <i>Anastrepha obliqua</i> and <i>Anastrepha</i> spp.)  |
| Resolution No. 2019-28 | Prohibits new registrations, and the manufacture, importation and fractionation, of the active substances carbofuran, carbosulfan and dimethoate and their formulated products                      |
| Resolution No. 2019-27 | Establishes mandatory regionalization requirements applicable to the sowing of any type or variety of chilli pepper   |
| Resolution No. 2019-17 | On baggage screening for passengers from countries with active African swine fever outbreaks  |
| Resolution No. 2019-16 | Regulates the movement of birds and bird products and by-products   |
| Resolution No. 2019-13 | Establishes measures governing imports from the hides and skins sector  |
| Resolution No. 2018-89 | Establishes programmes, certification and control measures for avocado, citrus, cocoa, mango and coffee seeds   |
| Resolution No. 2018-84 | Establishes general provisions concerning hygiene practices applicable to unprocessed foods   |
| Resolution No. 2018-68 | Support programme for irrigated farming   |
| Resolution No. 2018-67 | Creation of a safety and risk management team (EGERSER)   |
| Resolution No. 2018-61 | Policy to enhance animal and plant health   |
| Resolution No. 2018-5  | Establishes dates for the planting and growing of all types of chilli pepper  |
| Resolution No. 2017-24 | Merging of the MOSCAMED-RD and MOSCAFRUT-RD programmes  |
| <b>Food safety</b>     |   |
| Law No. 42-01          | General Law on Health (regulates the production, marketing and importation of foodstuffs)   |
| Decree No. 528-01      | Regulations on food and beverage risk control   |
| Decree No. 52-08       | Establishes regulations for the general implementation of basic rules concerning good agricultural practices (GAP) and good animal husbandry practices (GAHP)                                       |
| Resolution No. 10-08   | Adopts the Regulatory Technical Guide for the Application of Good Agricultural Practices and Good Manufacturing Practices in Production   |
| Decree No. 329-11      | Regulates the sanitary inspection of meat and meat products   |
| Decree No. 599-10      | Draft Regulation on the sanitary management of international waste  |
| Resolution No. 04-15   | National Programme for the Monitoring and Surveillance of Pesticide Residues in Food (MOVIREA)  |
| Resolution No. 2018-1  | Sets out guidelines for the inspection of establishments that process farmed fishery products   |

Source: Information provided by the authorities.