



CHEMONICS INTERNATIONAL INC.

Dominican Republic: Trade Agreements and Protocols

Legal and Institutional Reform IQC

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TABLE OF CONTENTS

Executive Summary	i
Acronyms	ii
OVERVIEW OF COMMITMENTS TO THE SIGNED PROTOCOLS AND AGREEMENTS AND SHORT-TERM PLAN OF ACTION	iii
WORLD TRADE AGREEMENT	1
Overview of WTO Agreement with the Dominican Republic	1
A. Trade in Goods	1
B. Agriculture	2
C. Textiles and Clothing	6
D. Tariff Reductions	9
Safeguards	10
E. Customs Valuations	11
F. Obstacles to Trade	12
G. Licensing Prior to Import	15
H. Sanitary and Phytosanitary Measures	17
I. Rules of Origin	18
J. Trade in Services (GATS)	20
Investments Related to Trade in Goods	28
K. Trade-Related Intellectual Property Rights, including Trade in Counterfeit Goods	29
L. Antidumping Measures	32
M. Subsidies and Countervailing Measures	33
CARIBBEAN BASIN INITIATIVE (CBI) U.S. TEXTILE PARITY BILLS	1
A. Overview of the CBI Textile Parity Bills	1
B. Product Eligibility	1
C. Country Eligibility Criteria	1
D. Textile Parity Bill Terms and Conditions proposed by the U.S. Senate and House of Representatives, and the White House	3
POSSIBLE FREE TRADE AGREEMENT WITH THE AMERICAS	1
FREE TRADE AGREEMENT WITH THE CARIBBEAN COMMUNITY (CARICOM)	1
A. Objectives	2
B. Commitments	3
FREE TRADE AGREEMENT WITH THE CENTRAL AMERICAN COMMON MARKET (CACM)	1
A. Products <i>Excluded</i> from Free Trade between the Dominican Republic and Costa Rica, El Salvador, Guatemala	1
B. Products Subject to Preferential Tariff Treatment between the Dominican Republic and Costa Rica, El Salvador, and Guatemala	3
C. The Agreement between the Dominican Republic and the Central American Common Market (CACM)	3
IMPLICIT AND EXPLICIT REFORMS	1
A. Tariff Reform	2
B. Customs Modernization	2
C. Tax Reform	3

D. Market Competition Code	4
E. Modernization of the Public Sector	5
F. Budget Reform	5
G. Modernization of Physical Infrastructure and Services	5
H. Financial and Monetary Code	5
I. Capital Market Law	6
J. Broadening Labor Reform	6
K. Pension Reform	6
L. Commitment to Grant National Treatment to Certain Sectors of Services in the GATS	7

Executive Summary

This report analyzes key trade agreements signed by the Dominican Republic and identifies actions for compliance with agreements and protocols reviewed: the World Trade Organization/Uruguay Round, the Caribbean Basin Initiative (CBI) and Textile Parity bills, the Caribbean Community (CARICOM) Free Trade Agreement, and the Central America (CACM) Free Trade Agreement. The report also examines the impact and issues that would arise if the Dominican Republic were a signatory to the Free Trade Agreement of the Americas.

To increase the Dominican Republic's competitiveness in the global economy, the Economic and Development Foundation Inc. (Fundación Economía y Desarrollo Inc.) has reviewed each agreement and recommended actions and next steps to ensure the Dominican Republic's compliance. The authors have analyzed the country's commitments and have indicated the status of progress. Many agreements do not name the Dominican public or private sector institution entrusted with compliance with terms or conditions. In these cases, the authors of the report have assigned an institution and levels of priority for action. Prior to beginning the proposed plan of action, the designated institutions should discuss these responsibilities to determine if they can successfully carry them out.

The authors have likewise noted implicit reforms that are required to achieve the terms of the agreements, or that are complementary and necessary to ensure the country can maintain a competitive position within the global marketplace. The agreements do not always specify the reforms, which may involve structural reforms, market reforms, and institutional reforms.

The Economic and Development Foundation Inc. prepared this report under subcontract to Chemonics International Inc., which was hired by USAID/Dominican Republic under Task Order No. OUT-PCE-I-801-97-00039-00 within the Legal and Institutional Reform (LIR) Indefinite Quantity Contract (IQC). This LIR IQC seeks to design and implement economic policy reforms that alleviate poverty and improve the competitive position of the Dominican Republic, thus promoting sustainable economic growth. This analysis forms part of the activities conducted to improve overall Dominican competitiveness and is meant to serve as a user-friendly road map for action.

ACRONYMS

BCRD	Central Bank of the Dominican Republic
CACM	Central American Common Market
CARICOM	Caribbean Community
CBI	Caribbean Basin Initiative
CEDOPEX	Dominican Center for Export Promotion
CN	National Congress
CONES	National Council for Higher Education
DIGENOR	General Standards Office
DGA	General Customs Office
DG Migración	General Immigration Office
FTAA	Free Trade Agreement of the Americas
ISO	International Standards Organization
ITBIS	Tax on Transfer of Industrialized Goods
LDC	Less Developed Country
MDC	More Developed Country
NAFTA	North American Free Trade Agreement
OCS	Organization of Caribbean States
OPC	Office for Promotion of Competition
PE	Executive Power
PTL	Preferential Tariff Levels
SEA	State Secretariat on Agriculture
SEIyC	State Secretariat on Industry and Commerce
SERE	State Secretariat on Foreign Affairs
SESPAS	State Secretariat on Public Health and Social Welfare
S.E. de Trabajo	State Secretariate on Labor
TSO	Textile Supervisory Body
WTO	World Trade Organization

OVERVIEW

Commitments to the Signed Agreements and Protocols
and Short-term Plan of Action

Dominican Republic's Commitments to the Signed Agreements and Protocols

Agreements	Level of Priority		Next Steps
	High	Medium	
WTO Agreement Agriculture Textiles and Articles of Clothing Tariff Reductions Customs Valuation Technical Obstacles to Trade Import Licenses Intellectual Property Trade in Services	v		Identify and eliminate non-tariff barriers Make product integration public to all parties Tariff reform, elimination of non-tariff barriers, and elimination of the 5 percent exchange commission Adopt GATT Valuation Code, eliminate use of listings for valuation and adoption Proceed with notifications to all parties Eliminate licensing Pass law to protect intellectual property Review legislation, pass laws, make information public to all parties
Rules of Origin Subsidies and Countervailing Measures Safeguards Investment-related Measures		v	Pass legislation and notify all parties Inform all parties of steps taken Not applicable at this time Conclude notification of all parties
Caribbean Basin Initiative U.S. Textile Parity Bills	v		Reconcile three bills introduced by the U.S. Senate, the U.S. House of Representatives, and the White House respectively; U.S. president signs into law
Possible Free Trade Agreement of the Americas	v		Immediate compliance with WTO and GATT
Free Trade Agreement with the Caribbean Community (CARICOM)		v	The Dominican Republic must negotiate lists and other conditions with member countries
Free Trade Agreement with the Central American Common Market (CACM)		v	Approval by Dominican National Congress

**Short-term Plan of Action: Five Immediate Next Steps to Compliance
with Trade Agreements and Protocols**

For Execution Within the Short-term, or a Period of Six to Eight Months		
Elimination of all non-tariff barriers to import	Explicit reforms	<i>Urgent</i> , should have been eliminated in 1995
Adoption of the GATT Customs Valuation System		<i>Urgent</i> , should have been complied with by January 2000; no steps taken toward compliance
Dominican Congressional approval of a new law to regulate intellectual property rights		
Dominican Congressional approval of a tariff reform	Implicit Reforms	Will raise competitiveness
Dominican Congressional approval of a tax reform		Will compensate for reduction in tariff revenues and allow government to invest in social sectors: education and health

WORLD TRADE AGREEMENT

WORLD TRADE AGREEMENT

Trade in Goods

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

World Trade Organization

Overview of World Trade Organization (WTO) Agreement with the Dominican Republic

Date of signature. December 15, 1993, Uruguay Round of WTO Multilateral Trade Negotiations, Geneva, Switzerland.

The WTO Uruguay Rounds binds the Dominican Republic to the rules of the:

- 1947 GATT
- 1993 General Agreement on Trade in Services (GATS)
- 1993 Agreement on Trade-Related Intellectual Property Rights (TRIPS)
- 1994 GATT

The WTO will administer all agreements.

A. Dominican Republic's Agreement with the WTO on Trade in Goods

The trade in goods agreement establishes the following:

- Rules for trade in agricultural products
- Rules for trade in textiles and clothing
- Tariff reductions
- Safeguards
- Customs valuation
- Inspection rules prior to shipment
- Rules to overcome technical obstacles to trade
- Procedures for import licenses
- Rules for sanitary and phytosanitary measures
- Rules of origin
- Measures for trade-related investments
- Enforcement of antidumping measures
- Rules for subsidies
- Rules for countervailing measures

WORLD TRADE AGREEMENT

Agriculture

B. Dominican Republic's Agreement with the WTO on Agriculture

Priority. High.

Dates of enforcement. 1995, however:

- 2005 for enforcing the Agreement on Sanitary and Phytosanitary Measures.
- A special calendar was established for developing and less advanced countries.

Responsible institutions:

- SEA (State Secretariat of Agriculture)
- DGA (General Customs Office)
- The Executive
- The National Congress
- SESPAS (Department of Public Health and Social Welfare)

Only one institution should be in charge, which, in the immediate future, should be the Secretariat of Foreign Affairs (SERE). Subsequently, a new government agency should be created for the sole purpose of administering all trade agreements. This entity should be attached to the Technical Secretariat of the Presidency and should coordinate the work of government institutions responsible for compliance. All responsibilities assigned to SERE in this report could then be transferred to the new institution.

Commitments. In the WTO Agreement on Agriculture, the Dominican Republic has a commitment to:

- Convert non-tariff barriers to tariffs
- Eliminate non-tariff restrictions to agriculture and livestock imports
- Eliminate import bans
- Eliminate minimum import prices
- Eliminate discretionary import licenses
- Eliminate restrictive measures on agricultural and livestock products enforced by government institutions
- Eliminate measures affecting imports of agricultural and livestock products

Internal aid to the agricultural and livestock sector:

- Internal aid to the agricultural and livestock sector may not exceed 10 percent of the total value of domestic agricultural production.
- No internal aid may be granted to agricultural producers for specific products that is in excess of 10 percent of production value, calculated at the point closest to the first point of sale.

Areas excluded from internal aid conditions in the WTO agricultural commitment:

- Dominican government services in research, disease control, food security, and infrastructure
- Structural adjustment assistance
- Direct payments to producers
- Direct payments to environmental and regional assistance program
- Direct payments to limit production and certain official measures promoting agricultural and rural development in developing countries
- Forms of aid that represent a small percentage of the value of total agricultural and livestock production and certain other products

Reductions in subsidies:

- Over a six-year period, the Dominican Republic shall reduce progressively the value of subsidies to exports to less than 36 percent of the value prevailing from 1986 to 1990.
- The country will reduce subsidized exports 21 percent from 1986 to 1990.
- No additional subsidies may be granted to agricultural and livestock exports once the agreement on agriculture goes into effect.

Immediate next steps required:

- The Dominican Republic must eliminate all non-tariff barriers to trade in agricultural and livestock goods, including import licenses, permits, and other similar measures. Enforcement began in 1995.
- The country must continue adjusting sanitary and phytosanitary measures to conform to GATT stipulations. Enforcement begins 2005.

Status:

- The Dominican Republic has consolidated its tariff on agricultural and livestock products at 40 percent, except for goods subject to a tariff-quota system (technical rectification) ranging from 74 to 162 percent. Rectification covers the following products that will be subject to safeguards: rice, beans, chicken, sugar, garlic, onions, corn, whole milk.
- In 1998, the Dominican Executive issued Decree No. 114-98 eliminating existing decrees and resolutions establishing non-tariff barriers. The commitment implies eliminating quantitative restrictions on agricultural imports, including bans, minimum import prices, and discretionary import licenses. *The obstacle here is that government agencies still enforce restrictions at their discretion, or the decree was unable to eliminate automatically restrictive laws in effect.*
- Government institutions are reviewing non-tariff barriers to present new bills to the National Congress.
- Sanitary and phytosanitary measures are being adapted to WTO agricultural provisions in accordance with the Annex to the Agreement on Agriculture.

WTO Agreement on Agriculture with the Dominican Republic

	Enforcement Date	Responsible Institution	Status
<p>Article 3. Concessions and Commitments</p> <p>Bans aid to national producers producing in excess of levels specified in Part IV of the list</p> <p>Bans subsidies on exports in excess of levels specified in Part IV of the list</p>	1995	SEA	In progress
<p>Article 4. Market Access</p> <p>Consolidates and reduces tariffs. Dominican tariff consolidated at 40 percent</p> <p>No quantitative restrictions on imports can be adopted or re-established, except for items safeguarded in Article 5</p>		SEA/DGA SEA/DGA/Congress/ PE	In progress Identifying barriers
<p>Article 5. Safeguards</p> <p>Safeguards conditioned on volume and price of imports</p> <p>Duties may be imposed and maintained until the end of the year of imposition. Duties may not exceed one third of the tariff in effect.</p> <p>Activation will be according to a scale based on market access opportunities, which are defined as a percentage of imports consumed domestically during the previous three years</p> <p>Transparent procedures will enforce safeguards through publicizing all measures</p>		SEA/DGA	Pending
<p>Article 14. Sanitary and Phytosanitary Measures</p> <p>Countries have until 2005 to adjust laws to agreement.</p>		SEA/DGA/SESPAS	In process

WORLD TRADE AGREEMENT

Textiles and Clothing

C. Dominican Republic's Agreement with the WTO on Textiles and Clothing

Priority. High.

Enforcement dates. The WTO agreement establishes that the Multifiber Agreement (MFA) will be dismantled, and Dominican product integration¹ into GATT will occur in stages over 10 years as follows:

- July 1, 1995. Each country integrates into GATT a list of products (tops, spun goods, piece-goods, ready-made garments and articles of clothing) whose volume imported in 1990 was not less than 16 percent of the total.
- July 1, 1998. Products whose volume of imports in 1990 was not less than 17 percent are integrated.
- July 1, 2002. Products whose volume of imports in 1990 was not less than 18 percent are integrated.
- July 1, 2005. The remaining products will be integrated. Forty-nine percent of imports (based on 1990 totals) may not be integrated into GATT until the last day of the agreement.

Responsible institution. Ministry of Foreign Affairs

Commitments:

- Any restriction beyond those to be eliminated together with the Multifiber Agreement, and which is not justified by a GATT provision, must be made consistent with GATT provisions by 1995, or must be eliminated gradually by 2005.
- The country must adhere to the transition safeguard mechanism protecting textiles and clothing products not integrated into GATT at any stage.
- As part of integration into GATT, the country must adopt trade policy measures to improve access to markets, guarantee enforcement of fair and equitable trade policies, and avoid discrimination against imports.

Status of compliance. The country has complied with the agreement on the integration of textile products, on schedule and in accordance with the corresponding notifications. A list of Dominican products to receive special treatment has not been presented.

Immediate next steps required. Continue publicizing dates of product integration as established in the agreement.

¹ Integration is the adoption of general GATT standards for trade in these articles. Once integrated, the articles may be subject to quota treatment.

WTO Agreement on Textiles and Clothing with the Dominican Republic

	Enforcement Date	Responsible Institution	Status	
Ongoing autonomous industrial readjustment, increased market competition	1995	OPC	In progress	
On the day prior to the WTO agreement going into effect, notify the Textiles Supervisory Body (TSO) of quantitative restrictions in bilateral agreements upheld in the Multifiber Agreement Articles 4, 7, and 8. Include limits, growth coefficients, and provisions for flexibility. Through 1996.		SERE		
Integrate into GATT those products, which, in 1990, did not constitute less than 16 percent of 1990's total import volume of: Tops and yarns Cloth Ready-made garments Articles of clothing		Completed		
Integrate into GATT those products that, in 1990, constituted no less than 17 percent of 1990's total volume of imports in: Tops and yarns Cloth Ready-made garments Articles of clothing	June 1, 1998	SERE	Completed	
Integrate into GATT those products that, in 1990, constituted no less than 18 percent of 1990's total volume of imports in: Tops and yarns Cloth Ready-made garments Articles of clothing	June 1, 2002			
Integrate into GATT the remainder of products in tops and yarns, cloth, ready-made garments, and articles of clothing	June 1, 2005			
At least 12 months before the enforcement date, notify the programs of integration into the TSO. The TSO shall advise all members. Negotiate administrative provisions for enforcement and advise the TSO.	1995			In progress
Members upholding restrictions on textiles and clothing outside the Multifiber Agreement shall notify the TSO or assist the TSO in notifying members of restrictions within another WTO entity. All preceding restrictions, except when justified, shall be made consistent with GATT. Members must notify the TSO.				Pending
	1995/1996	Pending		

	Enforcement Date	Responsible Institution	Status	
All preceding restrictions shall be eliminated gradually according to a schedule to be submitted to the TSO no later than six months after the agreement goes into effect.	1995	SERE	Pending	
Within 60 days of the enforcement date for new restrictions or changes to restrictions, members shall advise the TSO of any new restrictions or changes therein, which already have been made known to another WTO entity.		SERE/DGA	In progress	
Members shall ban and investigate evasive practices within their territory and adopt legal or administrative provisions against them.				
Members must notify the TSO if they will enforce the provisions within 60 days after the agreement goes into effect.				
Members must advise the TSO of limitations to measures agreed upon within 60 days of the date of conclusion of the agreement. The TSO will decide if limitations cited are justified.				Pending
Members must respect GATT standards and rules on better access to textile and clothing markets, which guarantees enforcement of fair and equitable trade policies.				In progress

WORLD TRADE AGREEMENT

Tariff Reductions

D. Dominican Republic's Agreement with the WTO on Tariff Reductions

Priority. High.

Enforcement date. Five tariff reductions were established for enforcement on the first January of the years following the Tariff Reductions Agreement's enforcement date.

Responsible institutions:

- General Customs Office (DGA)
- The Executive
- The National Congress
- Institutions upholding barriers through administrative resolutions

Commitments:

- Consolidate tariffs and duties on imports for agricultural and livestock products and non-agricultural products.
- Convert non-tariff trade barriers into tariffs and eventually reduce these tariffs.

Immediate next steps required:

- Reform and reduce tariffs to increase country's competitiveness and efficiency.
- Eliminate non-tariff barriers.
- Eliminate the recent 5 percent exchange commission, which acts as an additional tariff.

Note: The country is in compliance and maintains a maximum tariff of 35 percent.

Status:

The country agreed to establish a 40 percent consolidated tariff and presented a list of agricultural and livestock products subject to safeguard or technical rectification, which is a higher tariff under a tariff-quota system for rice, beans, chicken, sugar, garlic, onions, corn, and whole milk.

The country has committed to eliminating non-tariff barriers in agricultural goods, however, the Executive Decree No. 114-98 has only been partially enforced.

WTO Agreement with the Dominican Republic on Safeguards

	Enforcement Date	Responsible Institution
<p>Article 2. Conditions</p> <p>Safeguards are enforced only when the quantity or condition of the import threatens serious harm to national production. They shall remain in effect for four years, or a maximum of eight years.</p> <p>Provisional safeguards, in the form of a tariff, will last 200 days if threat of harm is justified.</p> <p>One-year safeguards shall be eliminated progressively. If the period exceeds three years, the situation shall be examined to determine if the safeguard should be revoked, or if the rate of liberalization should be accelerated.</p> <p>After the agreement goes into effect, a safeguard may not be applied to an import if it has already been subjected to one, unless a period of time equal to the safeguard's duration has elapsed, provided that the period is at least two years.</p>	1995	DGA/SERE
<p>Article 5. Measures Already in Force under Article 19</p> <p>When the WTO agreement goes into effect, members shall terminate all measures adopted in the 1947 GATT Article 19. Measures should be terminated, at the latest, eight years after their enforcement date, or five years after the WTO agreement goes into effect.</p>		DGA/SERE/SEA
<p>Article 7. Notifications and Consultations</p> <p>Members must notify the Safeguards Committee when an investigation begins. They must confirm serious harm exists and their decision to apply a safeguard measure.</p> <p>Members must notify the Safeguard Committee of laws, rules, and administrative procedures on safeguard measures and any modifications.</p>		DGA/SERE

WORLD TRADE AGREEMENT

Customs Valuation

E. Dominican Republic's Agreement with the WTO on Customs Valuation

Priority. High.

Enforcement date: 1995.

Responsible institution: General Customs Office (DGA)

Commitments:

- Tariffs will be imposed according to the value of the transaction as it appears on the invoice.
- The country will follow GATT's Customs Valuation Code provisions when the declared value does not correspond to the transaction value.
- The country will follow the code's provisions when an economic link exists between the importer and the provider, e.g., distributors and exclusive representatives.

Immediate next steps required:

- The General Customs Office should eliminate its discretionary valuation system for imports, which is based on a list of values inconsistent with prices on importers' invoices.
- Adopt the GATT Valuation Code.

Status:

The General Customs Office is taking steps to adopt the GATT Valuation Code, however, it still uses the discretionary valuation system for imports.

WORLD TRADE AGREEMENT

Obstacles to Trade

F. The Dominican Republic's Agreement with the WTO on Obstacles to Trade

Priority. High.

Date of enforcement: 1995.

Responsible institutions:

- General Customs Office
- DIGENOR
- SERE

Commitments:

- Imported products receive national and non-discriminatory treatment.
- International standards on normalization and standardization must be enforced prior to the development of standards under way between the WTO and the International Standards Organization (ISO).
- The country should participate, as its resources allow, in preparing technical standards.
- The country should publicize regulations enforcing technical standards even in cases where no international standard is in effect.
- Provide information services to respond to inquiries on technical standards in effect and those to be established.
- After the agreement goes into effect, publicize the standards set, and subsequently, any expansions or modifications.
- Comply with the Code of Good Conduct in the Elaboration, Adoption and Application of Standards included in Annex III of this Agreement.

Immediate next steps required:

- Publicize standards and regulations.
- Eliminate discriminatory practices against imported products, including the General Customs Office value added tax (ITBIS), and the discretionary valuation system.

Status. The Dominican Republic has not published technical rules and procedures or work programs on standardization and conformity evaluation. Provisions inconsistent with the country's commitment to national treatment of imports still exist. The ITBIS is applied to some imported goods although they may be exempt from the tax if they are produced locally. This practice transforms the ITBIS from a value added tax into a tariff.

WTO Agreement with the Dominican Republic on Obstacles to Trade

	Enforcement Date	Responsible Institution	Status
<p>Government Institutions are Bound by the Agreement to:</p> <p>Treat imported products as favorably as national products.</p>	1995	DGA/OPC	Pending
Refrain from creating obstacles to trade through adoption or enforcement of technical rules.			
<p>Use international rules as basis for technical rules.</p> <p>Justify any technical rule that is a trade obstacle.</p> <p>Make national technical rules consistent with international rules.</p> <p>Publicize technical rules and notify members about them.</p> <p>Publicize local government's technical rules and notify members.</p>		OPC/SERE	
Comply with the Code of Good Conduct in elaborating, adopting, or enforcing standards (Annex III).			
<p>Elaborate, adopt, and enforce procedures to evaluate conformity of member providers of products originating from other territories, so that they enjoy access under conditions as favorable as those for national providers or for providers from other member countries.</p> <p>Publish or communicate to the applicant the normal time needed to process the conformity evaluation procedure. All necessary information should be requested in a precise and complete manner and the applicant's documentation should be examined promptly to expedite the process. The applicant should be kept informed of its status.</p> <p>Request only the information necessary to evaluate conformity and respect the confidentiality of information on products originating from territories of other members.</p>		SERE/Others	
<p>Participate fully in elaborating conformity evaluation standards jointly with international institutions governing standardization, orientations and recommendations.</p> <p>Announce the introduction of a conformity evaluation procedure if a procedure is not in agreement with international standards or are non-existent. Notify members of products affected and give details.</p>			
Allow a reasonable amount of time for members to adapt to the conformity evaluation procedures.			
Ensure that local governments comply with the conformity evaluation procedures.			

	Enforcement Date	Responsible Institution	Status
Publish promptly adopted conformity evaluation procedures, and make information available to interested parties.	1995	SERE/Others	Pending
Provide information to members on request regarding:			
Documents on technical rules or future ones			
Adopted or projected standards			
Existing or projected conformity evaluation standards			
Quality of member participation in international or regional standardization activities			
Member participation in conformity evaluation systems			
Bilateral and multilateral agreements within the scope of the agreement			
Locations of information and information services			
Ensure that one or two services respond to member requests for documents and information.			
Inform the Committee about measures for enforcement of this agreement. Notify it of any subsequent modifications to measures.			

WORLD TRADE AGREEMENT

Licensing Prior to Import

G. The Dominican Republic's Agreement with the WTO on Licensing Prior to Import

Priority. High.

Enforcement date. Import licensing formalities on agricultural, livestock and agroindustrial products should have been eliminated before July 1, 1995.

Responsible institutions:

- Secretariat of State on Agriculture
- Secretariat of State on Public Health and Social Welfare
- INESPRES
- General Customs Office
- The Presidency

Commitments:

- Timely publication of import licensing practices and their modifications to increase transparency and predictability of the authorization process.
- Ensure that licenses are not technical obstacles to trade.
- The license application process should be completed within 60 days.
- Eliminate non-tariff import barriers, such as licenses, permits, and import quotas.

Immediate next steps required:

- Publicize import permit requirements in effect for agricultural and livestock products and non-agricultural products.
- Eliminate import licenses still in effect.

Status:

Despite issuance of Executive Decree 114-98, some restrictions remain in effect under different laws. Some import licenses are granted automatically and are not obstacles to trade.

WTO Agreement with the Dominican Republic on Import License Procedures

	Enforcement Date	Responsible Institution	Status
<p>Article 1. General Provisions</p> <p>Administrative procedures for import licensing must conform with GATT and must not create obstacles to trade.</p> <p>Procedures must be simple and should be publicized with detailed information.</p>	1995	DGA/SERE	In progress
<p>Article 2. Procedure for Automatic Import Licenses</p> <p>Licensing procedures shall not restrict imports requiring licenses.</p>			
<p>Article 3. Procedures for Non-Automatic Import Licenses</p> <p>Licensing procedures shall not restrict imports requiring licenses.</p> <p>Members must be informed about the bases for granting licenses. Information must be publicized if licensing serves a purpose for reasons other than quantitative restrictions.</p>			
<p>Article 5. Notifications</p> <p>Members must notify others of new procedures or modifications for obtaining an import license within 60 days.</p>			
<p>Article 8. Final Provisions</p> <p>Each member country shall inform the Committee of modifications to its laws and rules related to this agreement.</p>			

WORLD TRADE AGREEMENT

Sanitary and Phytosanitary Measures

H. The Dominican Republic's Agreement with the WTO on Sanitary and Phytosanitary Measures

Priority. High.

Enforcement date. 1997.

Responsible institutions:

- Secretariat of State on Agriculture
- Secretariat of State on Health and Public Social Welfare
- General Customs Office
- Related agencies

Commitments:

- Transparency in all measures affecting international trade directly or indirectly
- Publication of rules
- Provision of timely information services
- Prior notification of regulations affecting trade
- Compliance with provisions in Annex C of the original agreement
- Compliance with procedures for control, inspection and approval
- Non-discriminatory enforcement of measures
- National measures will be based on international standards, instructions or recommendations that do not affect measures providing a higher level of trade protection

Immediate next steps required:

- Publicize information on rules, regulations, measures, procedures, and standards.
- Adapt national legislation to the WTO agreement on sanitary and phytosanitary measures

Status:

Since 1997, the country has adjusted national legislation to the WTO agreement and intends to adopt its requirements.

WORLD TRADE AGREEMENT

Rules of Origin

I. The Dominican Republic's Agreement with the WTO on Rules of Origin

Priority. High.

Enforcement date. Within an estimated three-year transition period after 1995.

Responsible institutions:

- General Customs Office
- DIGENOR, General Standards Office

Commitments:

- Harmonize preferential and non-preferential rules of origin to avoid creating trade obstacles.
- Transparency in actions taken
- Rules of origin based on proper criteria
- Rules of origin enforced in accordance with accepted norms

Immediate next steps required:

- Have the General Standards Office complete the process of establishing the rules of origin in accordance with GATT provisions

Status. The General Standards Office is establishing rules of origin in accordance with GATT provisions. Current Dominican rules of origin are established in the Customs System Law 3489 of 1953, and are based on internationally recognized criteria.

WTO Agreement with the Dominican Republic on Rules of Origin

	Enforcement Date	Responsible Institution	Status
<p>Part II, Articles 2 and 3 Rules During and After Period of Transition</p> <p>1. Members administer rules of origin in a consistent, uniform, impartial, and reasonable fashion.</p> <p>2. Members publish laws, rules, legal decisions, and administrative provisions of enforcement in accordance with GATT Article 10.</p> <p>3. Judgments on origin should be issued promptly within 150 days following request.</p> <p>4. Changes in rules of origin are not retroactive.</p> <p>5. Rules of origin should be established in a manner equal to determinations made on rules of origin of Dominican products without discriminating against any member.</p>	1995	SERE/DGA	Pending
<p>Part II, Article 5 Information and Procedures for Modification and Establishment of New Rules of Origin</p> <p>1. Members will advise the WTO Secretariat of the rules of origin within 60 days after the agreement goes into effect; they will also notify the WTO of legal decisions and administrative provisions on rules of origin in effect.</p> <p>The WTO Secretariat will distribute the information among members.</p> <p>2. Countries shall publish a notice regarding modifications to rules of origin or the introduction of new ones within 60 days before the rules go into effect.</p>	1995	DGA/SERE DGA/SERE/SEA	Pending

WORLD TRADE AGREEMENT

Trade in Services (GATS)

J. The Dominican Republic's Agreement with the WTO on Trade in Services (GATS)

Priority. High.

Enforcement dates:

- From 1996 to 1997, the country should have conducted multilateral negotiations on public sector contracts.
- Publication in the Official Gazette of laws and provisions governing service activities and administrative resolutions was delayed in 1998, and nothing appeared in the 1999 issue.
- In 2000, the country must participate in the millennium round of negotiation to achieve a progressively higher level of liberalization.
- In 2000, the issue of the environment will be introduced into the negotiation, which will possibly lead to an agreement.
- Until 2005, eight professions are exempt from receiving national treatment (legal services, auditors and accountants, dentists, physical therapists, medical doctors, paramedics and nurses, architects and engineers).

The agreement does not include government services, non-commercial services, or services provided in competition with other providers.

Main responsible institutions:

- Central Bank of the Dominican Republic (BCRD)
- National Council of Higher Education (CONES)
- Secretariat of State on Industry and Commerce (SEIyC)
- Secretariat of State on Foreign Affairs (SERE)
- Office for Promotion and Competition (OPC)
- Secretariat of Labor

Commitments in the following service categories:

- Most-favored-nation treatment (MFN)
- Transparency
- National regulations
- Monopolies and exclusive service providers
- Payments
- Transfers

- Balance-of-payments protection
- Future negotiations
- General commitments

Immediate next steps required:

- Update publications on laws and provisions governing trade in service activities.
- Modernize and reform legislation on service activities that are incompatible with the commitment to grant most-favored-nation treatment to service providers of members countries. Certain activities limit foreign investment in the services sector.

Commitment to most-favored-nation treatment:

- Eliminate national provisions that establish different treatment for service providers on the basis of country of origin, except for the list of exemptions of the eight professions listed above.

Status. Dominican legislation does not contradict GATS provisions to grant most-favored-nation treatment to all member countries.

Commitments to transparency measures:

- Once agreement goes into effect, the country will publicize rules for enforcement of GATS measures.
- The country will inform the Council on Trade in Services annually of any new Dominican laws, regulations, or administrative rules substantially affecting trade in services. This will avoid creating a disadvantageous situation for foreign countries operating in the country because of lack of knowledge of laws and regulations in effect.
- If an agreement is signed, trade liberalization will be widespread and will eliminate discriminatory measures.

Status. The Dominican Republic lags behind considerably in publicizing trade service provisions in the Official Gazette, and the same is true for disseminating administrative resolutions. No service exists in the country to distribute information on all measures affecting trade in services. The 1998 Official Gazette was very much delayed in reporting on measures, and nothing has been published in 1999.

Commitments to measures on national regulations:

- Establishment of tribunals or legal, arbitration, or administrative procedures for reviewing administrative decisions affecting trade in services.

- The country must notify the Council for Trade in Services of measures in granting licenses, and international standards and criteria adopted.
- Titles should not be enforced in a manner that discriminates against countries, or that may become a disguised restriction to trade in services.

Status. The Dominican Republic partially complies with its commitment to create tribunals or legal procedures for reviewing administrative decisions affecting trade in services. An Inter-American Development Bank advisor, hired by the Dominican government, said that the Dominican administrative litigation courts function as the equivalent of these tribunals. The country has notified the WTO about Dominican requirements for granting licenses to the different professions.

Next steps required. Some service sectors require modifications to national legislation that will grant national treatment to foreign providers.

Commitments to measures on monopolies and exclusive service providers:

- Ensure that foreign service providers with a monopoly in their territory, do not act as monopolies in the Dominican market, from the time the agreement goes into effect.
- Service provider trade practices should not limit competition.

Commitments to measures on payments, transfers and balance-of-payment protection:

- From the time the agreement goes into effect, the country will ensure freedom in international payments and transfers
- Foreign capital is permissible in the purchase of local companies' stock.
- If the country has serious balance-of-payment difficulties, it will be subject to GATS measures, which are similar to IMF provisions.

Status. The Dominican Republic is timely in complying with commitments on international payments and transfers. Law No. 16-95 on Foreign Investment allows foreign investors the freedom to repatriate the total amount of their invested capital without prior authorization. Likewise, there is no nationality requirement for investments.

Commitments to future negotiations:

- To hold multilateral negotiations on public contracts for services, which should have been held during 1996 and 1997.
- To develop lists of commitments on access to markets, i.e., terms, limitations and conditions; reservations about national treatment; obligations to commitments; and dates of enforcement.

- To modify or withdraw any commitment on the above list in the manner established in 1998 by the Council for Trade in Services.
- To hold voluntary negotiations to liberalize telecommunications services.
- To participate in negotiations of the Negotiating Group on the Movement of Individuals to achieve greater freedom for affected individuals.
- To participate in the Negotiating Group on Maritime Transport Services.
- To establish a working group to examine the relationship between trade in services and the environment, and the relationship between intergovernmental agreements on the environment and the GATS.
- To participate in the millennium round of negotiations in 2000 to achieve a progressively higher level of liberalization.

Status:

- The Dominican Republic is on schedule with the agreement on telecommunications and financial services. The country presented to the WTO a proposal on financial services that takes into account Dominican bank law, saying that this law should be modified when the Financial and Monetary Code is enacted.
- The proposal to the WTO on maritime transport is under discussion.
- The country has not made a proposal on the movement of individuals as it involves Dominican-Haitian relations. Government representatives say the country is not obligated to present such a proposal, thus it is not non-compliant.
- The country has advanced considerably in market access and foreign investment issues. Law 16-95 was approved in 1995 to grant foreign investors the same rights and obligations as those given to national investors, except for cases governed by special laws. The law eliminated discrepancies between the GATS commitments and the Dominican Law on Foreign Investment that was in effect at the time GATS was signed.

Other commitments:

- The country shall adopt provisions to ensure public safety and maintain ethical practices and public order.
- The country shall adhere to principles for solving differences under the 1947 GATT Articles 22 and 23, in accordance with the WTO's modifications.
- Government contracting of services to the public sector is exempt from GATS obligations.

Horizontal commitments:

- Non-discriminatory treatment of foreign investment with respect to access to markets.
- Foreign staff is limited to 20 percent in sectors on the list of specific commitments made by the Dominican Republic. This 20 percent limit is more restrictive than the Dominican Labor Code as the code does not address cases where non-Dominican staff perform managerial or technical tasks because qualified Dominicans are unavailable.

The Dominican Republic's list of specific commitment included about 20 service activities. In each section, the government established national treatment and/or market access for each of the four categories. For example, the country committed to granting free access to tourism, advertising, administrative public opinion, consulting services, services related to agriculture, mining, and manufacturing.

- The Dominican Republic will engage in trade services according to four GATT provisions:
 - Providers not residing in the Dominican Republic can provide services on Dominican territory, a practice called cross-border supply.
 - Dominican residents can purchase services in the territory of another member country, referred to as consumption abroad.
 - Foreign service providers can set up, operate, or expand their subsidiaries or branches in the country, referred to as commercial presence.
 - Foreign individuals can enter and remain temporarily on Dominican territory to supply a service.

General Commitments	Enforcement Date	Responsible Institutions	Status
<p>Monopolies and Exclusive Service Providers</p> <p>10. The country must ensure that service providers who hold a monopoly over their territory do not act as monopolies in the Dominican market.</p>	1995	OPC	In process
<p>Monopolies and Exclusive Service Providers</p> <p>11. The country must implement safeguard measures agreed on in multilateral negotiations.</p>	1998	SERE	
<p>Payments, transfers and balance-of-payment protection</p> <p>12. The country has the freedom to settle international payments and transfers.</p> <p>13. The country may enforce restrictions to trade in services in cases of serious balance-of-payment difficulties.</p>	1995	BCRD	In progress
<p>Future Negotiations</p> <p>14. The country must start round of negotiations to achieve progressively higher levels of liberalization.</p>	2000	SERE	In preparation
<p>15. The country must hold multilateral talks around public sector services contracts.</p>	1995-1997		Not negotiated yet
<p>16. The country must start talks to prepare multilateral rules to avoid subsidies that cause obstacles to trade in services.</p>	1995		Not applicable
<p>17. The country must modify or withdraw any commitment on the list in the manner established by the Council on Trade in Services.</p>			Not necessary
<p>18. The country must establish a Working Group to examine the relationship between trade in services and the environment as well as the relationship between intergovernmental agreements, the environment, and GATS.</p> <p>19. The country must participate in the Negotiation Group talks regarding the Movement of Individuals</p>	2000		In preparation
<p>20. The country must participate in talks on the maritime transport services in the Maritime Transport Services Negotiation Group.</p>	1995		In progress
<p>Specific Commitments</p> <p>21. Services enjoying free market access (maintaining a commercial presence with national treatment) include:</p> <p>Tourism Advertising services Managerial and public opinion consulting Agricultural, mining, and manufacturing services</p>	1995		BCRD/Others

General Commitments	Enforcement Date	Responsible Institutions	Status
<p>Specific Commitments</p> <p>22. Under certain circumstances, national treatment and/or market access shall be granted to other services on the List in each of the four categories used by the WTO to define market access.</p>	1995	BCRD/Others	In progress
<p>23. Foreign staff of service companies on the List shall be limited to 20 percent</p>		Ministry of Labor	

**WTO Agreement with the Dominican Republic
on Measures on Investments Related to Trade in Goods (MITG)**

	Enforcement Date	Responsible Institution	Status
<p>1. No contracting party shall apply any MITG that is incompatible with the 1994 GATT Articles 3 and 11.</p> <p>2. All 1994 GATT exceptions shall be enforced according to the provisions of this agreement</p> <p>5. Members shall notify the Council for Trade in Goods of all MITG in force, and those MITG that do not conform to agreement provisions.</p>	1995	SERE/Others	In progress
<p>Within six months after the agreement goes into effect, members will publicize the main characteristics of MITG and its general and specific applications.</p>	1995/1996		
<p>Elimination of publicized MITG</p> <p>During the transition period, no member may modify the MITG to increase its incompatibility with the agreement's provisions</p> <p>6. Members must comply with obligations regarding transparency and publication of information in accordance with the 1994 GATT Article 10, the 1979 Understanding on Notifications, and with the Ministerial Decision on Notification Procedures.</p> <p>7. Members must notify the WTO Secretariat of publications on MITG, including MITG enforced by governments or regional and local authorities.</p> <p>8. Members must respond to other members' requests for information about this agreement and allow sufficient opportunity for consultation. Members are not obligated to reveal information whose disclosure might constitute an obstacle to compliance with the laws, runs contrary to the public interest, or might harm commercial interests of public or private companies.</p>	1995		

WORLD TRADE AGREEMENT

Trade-Related Intellectual Property Rights (TRIPS)

K. The Dominican Republic's Agreement on Aspects of Trade-Related Intellectual Property Rights, including Trade in Counterfeit Goods (TRIPS)

Priority. High.

TRIPS provisions govern:

- Patents
- Trademarks
- Copyright or related rights
- Industrial models and designs
- Integrated circuit layouts
- Geographical indications
- Protection of undisclosed information

Enforcement date. January 1, 2000.

Responsible institutions:

- Secretariat of State on Industry and Commerce (SEIyC)
- National Office for Intellectual Property Rights
- Executive Power (PE)
- National Congress
- General Customs Office

Commitments:

- Dominican legislation must be made consistent with the multilateral framework of standards and rules no later than the year 2000.
- The country shall continue to comply with the 1961 Rome Convention, the 1967 Paris Convention, the 1971 Bern Convention, and the 1989 Washington Agreement on Intellectual Property of Integrated Circuits.
- Take steps to prevent abuse of intellectual property rights.
- Stem practices that limit trade or interferes with the international transfer of technology
- Exchange information and cooperate with customs authorities on trade in counterfeit trademark goods and pirated good that infringe on copyrights.
- Sanction violators for infringement on intellectual property rights.
- Promote competition in the market of patented products. The country may allow the exclusion of a patent for certain inventions.

- Establish national legislation on expiration of patent rights.
- Establish a mandatory license system.

Immediate next steps required:

- The Dominican Republic had until January 1, 2000 to adjust its legislation to WTO provisions.
- Passage of the bill in the National Congress is imperative to enable compliance.
- Establish an Intellectual Property Office to create an institutional framework for enforcing provisions.

Status. Coverage and scope of Dominican laws are limited in their ability to protect intellectual property rights. The bill in the National Congress, which complies with TRIPS, was not expected to pass by January 1, 2000.

WTO Agreement with the Dominican Republic on Intellectual Property Rights

Intellectual Property	Enforcement Date	Responsible Institution	Status
<p>General</p> <p>1. The Dominican Republic will grant national and most-favored-nation treatment to all WTO member countries</p>	1995	SEIyC/ONPI/ Others	In progress
2. The country shall comply with the agreement on Trade-Related Intellectual Property Rights (TRIPS)			In process
3. National legislation shall be made compatible with TRIPS multilateral standards and rules, and shall enforce TRIPS provisions.	2000	ONPI	Under negotiation
4. The country shall comply with the substantive provisions of the 1961 Rome Convention, the 1967 Paris Convention, the 1971 Bern Convention, and the 1989 Washington Agreement on Intellectual Property regarding Integrated Circuits.	1995	SEIyC/ONPI/ Others	In progress
5. The country must enforce measures to prevent abuse of intellectual property rights and practices that create trade obstacles or harm international transfer of technology			
6. The country must exchange information and cooperate with customs authorities on trade in counterfeit trademarks and pirated goods that infringe upon copyrights.		DGA	In process
<p>Patents</p> <p>7. Certain inventions may be excluded from patentability.</p> <p>8. The country may establish national legislation on patent rights expiration, which may mitigate the effect of the monopoly allowed the patent owner in developing the patented product.</p> <p>9. The law must be included in the mandatory license system</p>	2000	PE/CN/ONPI	Under negotiation
<p>Others</p> <p>10. The country shall protect industrial property, non-disclosed information, industrial or commercial secrets, and prevent unfair competition</p> <p>11. In accordance with TRIPS, Dominican national legislation shall protect:</p> <p>Copyrights and related rights</p> <p>Integrated circuit layouts</p> <p>New or original industrial designs and models</p>			

WORLD TRADE AGREEMENT

Antidumping Measures

L. The Dominican Republic's Agreement with the WTO on Antidumping Measures

Priority. Medium.

Date of enforcement. Ratified in 1994, GATT Article 6.

Responsible institutions:

- Secretariat of Foreign Affairs
- Secretariat of State on Industry and Commerce

Commitments:

- Enforce antidumping measures against imports whose selling price is:
 - Less than normal value, meaning the value of the imported product is less than the exporting country's domestic market price; and
 - When these imports harm national production.

Immediate next steps required. Design institutional mechanisms to enforce antidumping measures.

Status. The Dominican Congress ratified the 1994 GATT agreement, though the country had no national antidumping legislation. This legislation automatically became law regulating the country's antidumping issues. If Congress were to approve a national antidumping law, it must be identical to the 1994 agreement.

The Antidumping Agreement establishes:

- Measures to prevent dumping and criteria to determine if the import harms local industry
- Roles of special groups to resolve differences and assist in antidumping litigation
- Procedures to investigate charges of dumping
 - A provision suspends cases where the margin of dumping is "de minimis" (less than two percent of the product's export price), or the volume of such imports is "insignificant" (import value is less than three percent of total imported value).
- Special treatment for developing countries
 - The developing country may request exceptions to the agreement's obligation.
 - Developed countries should consider the developing country's interests before attempting to enforce antidumping measures, and seek construction solutions.

WORLD TRADE AGREEMENT

Subsidies and Countervailing Measures

M. The Dominican Republic's Agreement with the WTO on Subsidies and Countervailing Measures

Priority. Medium.

Date of enforcement: The country must publicize subsidy programs before they go into effect.

Responsible institutions:

- General Customs Office
- Dominican Center for Export Promotion (CEDOPEX)
- Central Bank

Commitments:

- Limit granting of subsidies, defined as prohibited, appealable, and non-appealable.
- Grant subsidies in accordance with the agreement's conditions.
- Publicize subsidies adopted and subsidy programs in effect.
- Promote exports in accordance with the agreement's guidelines.
- Conduct investigations required by the agreement before imposing countervailing duties.
- Adhere to criteria established for calculating subsidies and determining harm to national production.
- Conclude investigation on possible harm to national production within one year of its starting date.
- Suspend countervailing duties within five years from their date of establishment, unless a threat of harm persists in a sector.

Immediate next steps required:

- Publicize subsidies adopted and subsidy programs in effect.

Status. The country has no programs to subsidize exports. Congress has approved an export promotion law that conforms to GATT provisions. Subsidy programs or countervailing measures should reflect commitments to the agreement.

WTO Agreement with the Dominican Republic on Subsidies and Countervailing Measures

	Enforcement Date	Responsible Institution
<p>Part II. Subsidies Prohibited Article 3. Bans</p> <p>Subsidies on exports that gives national products preference over imports are prohibited.</p>	1995	DGA/CEDOPEX/SERE
<p>Part III. Appealable Subsidies Article 5. Effects on Trade</p> <p>No subsidies shall be granted if they harm production of another Dominican member, or diminishes GATT members' advantages, or seriously affects another member's interests.</p> <p>Does not apply to agricultural and livestock products.</p>		
<p>Part IV. Non-Appealable Subsidies Article 8. Identification of Non-Appealable Subsidies</p> <p>Defines and establishes non-appealable subsidies.</p>	1995/1999	
<p>Part V. Countervailing Measures Article 10. Application of GATT Article 6</p> <p>Countervailing measures shall be applied in accordance with GATT Article 6. Duties may be applied after an investigation is held according to provisions in the WTO Agreement on Agriculture.</p> <p>Article 19. Establishment and Perception of Countervailing Duties</p> <p>Article 20. Retroactivity</p> <p>Countervailing duties can only be applied to products declared for consumption after the measure's enforcement date.</p> <p>Article 21. Duration and Review of Countervailing Duties and Commitments</p> <p>Countervailing duties shall remain in force for the time and the extent necessary to compensate for the harm caused by the subsidy. If this time is extended, authorities shall re-examine relevant cases and justifications. All countervailing duties shall be suspended within five years of their date of imposition, except when authorities re-examine the case.</p> <p>Article 23. Judicial Review</p> <p>If national legislation contains provisions or countervailing measures, these should be re-examined through judicial arbitration, administrative tribunals or procedures, according to Article 21.</p>	1995	DGA/SERE/SEA
		DGA/SERE
		DGA/SERE (Pending)

	Enforcement Date	Responsible Institution
<p>Part VII. Notification and Surveillance Article 25. Notifications</p> <p>Members must publicize subsidies before June of each year. Contents of the notifications must be specific so that members may evaluate their effects.</p>	1995	DGA/SERE
<p>Part IX. Transitory Provisions Article 28. Current Programs</p> <p>Members must notify the Committee of programs in effect before 1995 that are incompatible with this agreement.</p> <p>Members may not expand or extend these programs upon conclusion.</p> <p>Article 32. Other Final Provisions</p> <p>Members may not adopt measures against other members' subsidies</p> <p>Members may not formulate reservations on agreement provisions.</p> <p>Provisions apply to investigations and reviews of measures in effect in 1995 or afterward.</p> <p>Laws, rules, and administrative procedures shall conform with agreement provisions on the date they go into effect.</p>		DGA/SERE/SEA

CARIBBEAN BASIN INITIATIVE

U.S. Textile Parity Bills

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

The Caribbean Basin Initiative and Textile Parity Bills

Priority. High

Enforcement dates. Caribbean Basin Initiative (CBI), 1984; and CBI II, 1986; 1994 NAFTA

Responsible institutions:

- Dominican Center for Export Promotion (CEDOPEX)
- National Free Zone Council

A. Overview of the Caribbean Basin Initiative and Textile Parity Bills

The 1983 Caribbean Basin Initiative eliminated U.S. tariff barriers to Caribbean exports: textiles, ready-made garments, oil, tuna, footwear, leather products, watches, and sugar.

The 1986 Caribbean Basin Initiative II partially eliminated tariffs still in force and expanded textile quotas for import to the United States under the Special Program of Guaranteed Access for garments assembled with fabric woven and cut in the United States.

Tax-free treatment is granted unilaterally to imports of eligible goods originating from beneficiary countries. The trade benefits are permanent.

B. Product Eligibility

Goods that comply with rules of origin receive preferential treatment. Goods exempt from free-zone treatment are:

- Textiles and articles of clothing subject to textile agreements
- Footwear
- Handbags
- Luggage
- Flat goods (men's wallets, coin purses, eyeglass cases, key holders)
- Work gloves
- Clothing not eligible for free-zone treatment under the GSP program
- Canned tuna
- Oil and by-products

C. Country Eligibility Criteria

- Communist countries are ineligible for benefits under this law.
- Beneficiary countries that expropriate or nationalize property of an American citizen may lose benefits if they do not resolve the situation should it arise.

- Countries must comply with arbitration from appointed or permanent arbiters who have resolved a situation in favor of an American citizen or corporation.
- The country must not grant preferential treatment to products of a developed country other than the United States if this treatment harms U.S. trade.
- In protecting intellectual property rights and reproduction rights of public broadcasting material, countries may not intercept unauthorized satellite signals originating from the United States to rebroadcast them elsewhere. *No Caribbean Basin country is in compliance with NAFTA standards.*
- The country must be a signatory to an agreement, convention, protocol, or other accord on the extradition of U.S. citizens. (Only Costa Rica does not comply.)
- The country must comply with internationally recognized labor rights:
 - Freedom of association
 - Collective organization and bargaining
 - Ban on forced labor
 - Minimum age for minors allowed to work
 - Acceptable working conditions

Status. The Dominican Republic is one of the main textile exporters to the United States. In 1994, NAFTA granted Mexico broader trade preferences over other CBI countries, impacting negatively not only the Dominican Republic's exports, but on others's textile and ready-made garment exports.

The U.S. White House, Senate, and Congress submitted three bills to extend similar trade preferences to CBI countries, granting them parity with NAFTA. President Leonel Fernández traveled to the United States with a group of entrepreneurs to gather support for Textile Parity.

- The U.S. Senate approved President Bill Clinton's bill with one amendment that includes a provision revoking trade benefits from a country approving child labor abuse. The U.S. House of Representative must approve this bill, and President Clinton must sign it into law.

D. Textile Parity Bill Terms and Conditions proposed by the U.S. Senate and House of Representatives, and the White House

The U.S. Senate's Parity Bill

Time frame. October 1999 to September 2005

Senate Parity Bill. U.S.-Caribbean Trade Enhancement Bill:

- Proposes CBI tariff preferences equal to those for NAFTA as follows:
 - CBI countries will assemble clothes from fabric woven and cut in the United States. Product assembly may include a final processing of the garment using stonewashing, enzymes, acid, furnace, dyeing, or other processing.
 - Clothing assembled in CBI countries are exempt from taxes and quotas (807-A).
 - Clothes cut and assembled in the CBI region from yarn, thread, and cloth from the United States will be exempt from import taxes or quotas.
 - Trade preferences are extended for handicrafts, custom-woven clothing and suitcases made of textiles.
 - Up to 25 percent of clothing components and accessories not originating from the United States may be used.

U.S. Senate Textile Parity Bill Requirements

Compliance with:

NAFTA rules of origin

NAFTA safeguards

Certificate of origin requirement

Caribbean Basin Initiative standards

Customs control to prevent transshipment of goods

Protection of intellectual property rights

Rules for compliance with Senate Parity bill:

- Commitment to GATT rules and certificates of origin and safeguard measures
- Strengthening of customs to avoid transshipment
- Adherence to CBI criteria for country eligibility
- Compliance with legislation on the protection of intellectual property rights
- The Dominican Republic must adapt its legislation to GATT/TRIPS provisions on customs valuation and control of goods, *which the National Congress has not examined yet.*

Status. The Dominican Republic must wait for the Senate's approved textile parity bill to be reconciled with a similar initiative sanctioned by the House of Representatives, and enacted by President Clinton.

The House of Representatives' Parity Bill

Time frame. The House introduced this bill in March 1999, which, if approved, would remain in effect for five years.

House of Representatives' Parity Bill:

- Bill HR984 establishes preferential trade measures to CBI countries' products.
- CBI countries will assemble clothes from fabric woven and cut in the United States. Product assembly may include a final processing of the garment using stonewashing, enzymes, acid, furnace, dyeing, or other processing.
- Clothes cut and assembled in the CBI region from yarn, thread, and cloth from the United States will be exempt from import taxes or quotas.
- Non-textile products are subject to tariffs.
- Clothes cut and assembled in the region from knitted fabric made in CBI countries receive preferential trade measures
- Preferential tariff levels (PTL) are for certain clothes that do not comply with the established rules of origin.

Rules for compliance with the House of Representatives' Parity Bill:

- Protect foreign investment
- Guarantee market access for U.S. and WTO country products
- Comply with international labor laws

Status. The Dominican Republic is taking steps to comply with GATT requirements. Its current legislation is in compliance with international labor law.

U.S. House of Representatives' Textile Parity Bill Requirements

Compliance with:

NAFTA rules of origin

NAFTA safeguards

Certificate of origin requirement

Caribbean Basin Initiative requirements

Customs control to prevent transshipment of goods

Protection of intellectual property rights

Quotas

Enforcement of measures against transshipments and entities that engage in the practice

Uruguay Round standards and rules

Guarantees and protection for investments

President Clinton's Parity Bill: United States Caribbean Trade Enhancement Act

Duration. Three years.

The White House's Parity Bill:

- The president may reduce the tariff on non-textile products excluded from CBI benefits.
- The president may decide on country eligibility for benefits, including partial liberalization of tariffs on non-textile products, including:

- CBI countries will assemble clothes from fabric woven and cut in the United States. Product assembly may include a final processing of the garment using stonewashing, enzymes, acid, furnace, dyeing, or other processing.
- Clothes cut and assembled in the CBI region from yarn, thread, and cloth from the United States will be exempt from import taxes or quotas.
- Trade preferences are extended for handicrafts, custom-woven clothing and suitcases made of textiles.
- In addition to provisions in the Senate and House bills, beneficiary countries must:
- Comply with GATT provisions
- Adopt and enforce environmental protection laws, anti-drug certification criteria
- Ratify and implement Inter-American Convention Against Corruption
- Enforce competitive and transparent procedures in public-sector procurement
- Enforce such procedures among countries signing the agreement (except in the case of CACM and CARICOM) for imports from the United States and WTO countries.

The White House's Parity Bill Requirements

Compliance with:

NAFTA rules of origin

NAFTA safeguards

Certificate of origin requirements

Caribbean Basin Initiative standards

Customs control to prevent transshipment of goods

Quotas

Enforcement of measures against transshipments and entities that engage in the practice

Uruguay Round standards and rules

Guarantees and protection for investments

U.S. access to WTO member markets

International labor rights and ban on child labor

Adoption and enforcement of environmental protection laws

Anti-drug certification criteria

Ratification and implementation of Inter-American Convention Against Corruption

Enforcement of competitive and transparent procedures for public sector procurement

Adoption of GATT customs valuation rules

Treatment of U.S. and other WTO member imports that is equal to treatment granted to countries in other agreements beyond those in the Central American Common Market and CARICOM

The President may suspend textile parity benefits if the Dominican Republic does not comply with eligibility criteria.

- Make domestic laws compatible with international standards on anti-drug measures, corruption, protection of the environment
- Expedite compliance with Uruguay Round on customs valuation and intellectual property.

POSSIBLE FREE TRADE AGREEMENT WITH THE AMERICAS

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

Possible Free Trade Agreement of the Americas

Overview

A Free Trade Agreement of the Americas will place greater demands on the Dominican Republic's trade policy than the WTO agreement. Five short-term steps to compliance should be carried out in a period of six to eight months:

Explicit reforms outlined in the agreement:

- Elimination of all non-tariff barriers to imports, including agricultural goods
 - *Urgent. They should have been eliminated in 1995.*
- Adoption of GATT's Customs Valuation System
 - *Urgent. Compliance date was January 2000.*
- A new law on intellectual property rights
 - *Urgent. Compliance date was January 2000.*
- **The Dominican Republic has taken no firm steps toward compliance with the customs valuation system or intellectual property rights.**

Implicit reforms, not specified in the agreement, will allow the government to obtain the resources needed to invest in social benefits, health, and education, thus achieving economic growth and development. Requirements:

- Dominican congressional approval of:
 - Tariff reform
 - Tax reform

General Commitments the Dominican Republic may have to comply with under a Possible Free Trade Agreement of the Americas (FTAA)

General Commitments
Trade in Goods
<p>1.* Grant national treatment to goods imported from a member country.</p> <p>2. Eliminate tariff rates on goods originating from members during a transition period of five to ten equal annual stages.</p> <p>3. Eliminate tariffs on sensitive goods, such as agricultural or livestock items, during a transition period of up to 15 years.</p> <p>4. Comply with rules of origin.</p> <p>5. Comply with customs administrations provisions:</p> <p>Standard rules</p> <p>Certificate of origin</p> <p>Accounting and inventory requirements</p> <p>Verification of origin, etc.</p> <p>6.* Eliminate non-tariff barriers to imports and exports:</p> <p>Bans</p> <p>Quotas, etc.</p> <p>7. Eliminate tariff regimes. No new systems for tariff exemptions or tariff refunds may be established.</p> <p>8. No export taxes may be imposed, except on goods for internal consumption. Export tariffs may only be established in the face of serious shortages of food and basic consumer goods.</p> <p>9. Establish principles and rules for labeling country of origin.</p>
Agriculture
<p>10. Eliminate non-tariff barriers to imports on agricultural products. Substitute them with a tariff-quota system to facilitate transition of products sensitive to competition from imports. A 15-year maximum period of protection will be granted.</p> <p>11. Establish support policies for the agricultural and livestock sector that are consistent with WTO requirements and do not present obstacles to trade.</p> <p>12. Establish a private mechanism to settle transborder trade disputes on agricultural and livestock products.</p>
Technical Barriers to Trade in Goods
<p>13. Adopt and implement sanitary and phytosanitary measures based on scientific principles, risk evaluation, and international and harmonized standards.</p>

General Commitments
Technical Barriers to Trade in Goods
14. Sanitary and phytosanitary measures may not be used as disguised restrictions to trade.
Governmental Measures
15. Standardization measures cannot be used as obstacles to trade. They must be made compatible within the free trade area.
16. Notify members of adoption of standardization measures and any changes that may affect trade between members.
17. Establish restrictions to trade in services in accordance with the IMF when serious balance-of-payment difficulties exist.
18. Comply with rules and procedures on global, bilateral or multilateral emergency or safeguard measures.
19. Gradually liberalize the public sector procurement market.
Trade in Services
20.*Grant national and most-favored-nation treatment to services of member countries.
21. Comply with licensing procedures and professional certification. Procedures should not be burdensome and should not constitute barriers to trade. Mechanisms will be contemplated for mutual recognition of licenses and certifications.
22. Eliminate nationality and residence requirements for granting licenses and certifications to professional service providers in national territory, for a period after the agreement goes into effect.
23. Gradual opening of the financial services market, including the insurance sector.
24. Services would be liberalized gradually during a period up to 10 years for the dismantling of barriers.
Competition
25. Resolution of antidumping matters and countervailing quotas by independent arbitration tribunals
26. Implement legal reforms to establish effective means for arbitration tribunals' review.
27. Establish procedures for future reforms to antidumping legislation and countervailing quotas for review by arbitration tribunals, in accordance with NAFTA
28. Create a safeguard to resolve situations where enforcement of internal legislation affects the arbitration process.
29. Adopt measures against non-competitive private or public trade practices, and cooperate in the enforcement of laws that promote competition.
Future Negotiations
30. Within a certain period after the agreement goes into effect, present country's reservations toward legal provisions or measures in effect that do not comply with agreement.
31. Provide a list of non-discriminatory provisions in effect that limit the number of service provider or service provider operations in a sector. Consultations may be requested to negotiate or liberalize them.

General Commitments
Investment, Services, and Related Matters
<p>32. Tax matters shall be governed by agreements regarding double taxation.</p> <p>33.* Foreign investors receive national treatment.</p> <p>34.* Eliminate barriers to investment, grant basic guarantees to foreign investors, and establish dispute resolution mechanisms for Dominican investors and member country investors.</p> <p>35.* Allow foreign investors to freely convert currency into foreign currency at the prevailing market rate of exchange for their sales profits, loan payments, or other investment-related transactions.</p> <p>36. Expropriation or nationalization of investments is prohibited, except in the case of public interest.</p> <p>37. The country cannot reduce its environmental standards to attract foreign investment.</p> <p>38.* Investment provisions will not apply to public sector procurement nor to subsidies.</p> <p>39. Business persons will be freely granted temporary entry into the country. <i>The establishment of a common market with free movement of individuals is not expected.</i></p>
Intellectual Property
<p>40. Intellectual property rights are protected based on WTO commitments.</p>
Administrative and Institutional Provisions
<p>41. Traders and investors will have access to laws, regulations, and other measures affecting traders and investors. Officials will administer these with impartiality and in conformity with legal principles.</p>
Environment
<p>42. Comply with environmental provisions in the agreement.</p>

The Dominican government is in compliance with commitments starred with an asterisk (), or is in the process of carrying them out.

**FREE TRADE AGREEMENT WITH THE CARIBBEAN COMMUNITY
(CARICOM)**

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

The Dominican Republic's Free Trade Agreement with the Caribbean Community (CARICOM)

Priority. Medium

Date Plan of Action signed. August 22, 1998. *Enforcement date.* Ninety days after signing the Plan of Action, however, negotiations reached no conclusion on the points of the plan, such as:

- Negative lists
- Negotiation on the Attachment to the Rules of Origin
- Definition of the treatment of goods and services produced in free zones
- Exchange of information on the treatment that telecommunications services receive within the Free Trade Area
- Definition of the annex on government procurement
- Definition of terms for each party to guarantee market access and national treatment to service providers
- Negotiation of the annex on temporary entry of business persons
- Negotiation on the attachment on trade in services related to professional services
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- Negotiations on procedures for temporary entry of businesspersons.
- Negotiations on trade in services related to professional services.
- Final negotiations on the Annex on Reciprocal Protection and Promotion of Investments, including Attachments.
- Treatment of commercial agent to facilitate market access in the free trade area.
- Terms of references used in Certificates of Origin.

Enforcement date. January 1, 1999, after domestic legal procedures have been concluded, and all members have notified one another through diplomatic channels.

Status. Members are still negotiating the first protocol — the negative lists. The Dominican government is holding conversations to determine a date for meeting commitments. The country is not considered non-compliant with agreement terms.

Responsible institution. Ministry of Foreign Affairs. A unit is to be created for the administration of this agreement.

CARICOM member states:

- Barbados A More Developed Country, or MDC
- Guyana MDC
- Jamaica MDC
- Surinam MDC
- Trinidad and Tobago MDC
- Antigua and Barbuda A Less Developed Country, or LDC
- Belize LDC
- Dominica LDC
- Grenada LDC
- Montserrat LDC
- St. Kitts and Nevis LDC
- St. Lucia LDC
- St. Vincent and the Grenadines LDC

A. Objectives

The Free Trade Agreement with CARICOM creates a free trade area for goods and services, investment, and economic cooperation. It aims to:

- Strengthen trade and economic relations among parties in accordance with the WTO's Marrakesh agreement
- Establish free access to markets
- Eliminate non-tariff barriers to trade
- Establish a system for rules of origin
- Establish customs cooperation and consistency in technical, sanitary, and phytosanitary procedures
- Liberalize trade in services
- Liberalize movement of capital
- Promote and establish joint investment
- Discourage anti-competitive practices

B. Commitments

The Dominican Republic is committed to structural reforms in tariff policy, customs administration, and taxation policy.

B1. Structural Reforms

Tariff policy:

- National market access to goods produced in territories of CARICOM member countries that comply with the rules of origin
- Goods exempted from this treatment will be specified in the negative lists (Attachments II and III)
- The MFN tariff rate will be gradually reduced for goods on the negative list of Attachment II
- The MFN tariff rate will be applied to the goods on Attachment III
- (The period of reduction of the MFN tariff rate for goods on the negative list of Attachment II is not established, nor is it established for goods on Attachment III. *This list is still being prepared.*)
- Dominican exports to CARICOM MDCs will receive the same treatment as the MDCs.
- LDCs will apply the MFN tariff on Dominican goods entering their markets.
- *LDCs have the option not to grant this treatment to the Dominican Republic until the year 2005. This will be revised in 2004.*
- Six months after the tariff policy goes into effect, the Dominican Republic shall present the list of non-discriminatory quantitative restrictions.
- Every two years after entry into effect, liberalization of non-discriminatory quantitative restrictions will be negotiated.

Customs administration agreement seeks to:

- Strengthen customs cooperation and mutual assistance
- Simplify and communicate to users the formalities of:
 - International transit of goods
 - Required documentation
 - Mode of transport

- Hours of operation of customs
- Information on authorized ports and airports
- Requirements for Certificate of Origin, which replaces the consular invoice
- Allow countries to conduct Verification of Origin of imported goods, and:
 - Implement automated controls of length of stay
 - Control selected or randomized criteria for import review and tolls
 - Physically check goods and shipments direct from plant
- The country shall submit through the respective Ministries of Foreign Affairs, the approved list of entities authorized to issue Certificates of Origin

Taxation policy:

- Avoid double taxation among signatory countries.

Immediate next steps required. Negotiations on the negative lists must be concluded and other aspects clarified so that the Protocol will complement the agreement.

B2. Institutional Reforms

As soon as it goes into effect, the Free Trade Agreement with CARICOM stipulates adoption of explicit requirements on:

- Market competition
- Intellectual property
- Administration and supervision of the agreement

Competition:

- Adopt specific measures to promote competition
- Grant national treatment to imported goods and services from CARICOM members
- Provide foreign companies with a favorable climate similar to what national services enjoy
- Eliminate incentives for anti-competitive trade practices and adopt preventive measures
- Enforce the following agreements:
 - WTO Agreement on Technical Obstacles to Trade
 - 1994 provisions of General Agreement on Trades in Services (GATS)
 - WTO Agreement on Safeguards in certain cases, not to exceed one year
 - WTO Agreement on Subsidies and Countervailing measures
 - GATT Article 6

Status. The Dominican Republic is committed to promoting competition in public-sector procurement by:

- Implementing non-discriminatory practices toward CARICOM members
- Granting similar treatment in standardization measures to domestic and foreign products

Intellectual property. The country is committed to adopting the Agreement on Intellectual Property Rights, taking into account TRIPS rights and obligations. Until the agreement is adopted, such rights are governed by:

- TRIPS provisions
- Paris Convention
- Bern Convention
- Rome Convention

Administration and supervision of the Agreement:

- The country will create a Joint Council, composed of Dominican and CARICOM representatives to:
 - Supervise implementation and administration of the agreement
 - Solve controversies
 - Delegate responsibilities to committees
 - Meet once a year
 - Evaluate the achievements of the Agreement three years after going into effect, and recommend measures to achieve goals that haven't been met
- Eight committees will supervise execution of the Agreement in:
 - Goods and services
 - Technical obstacles to trade
 - Sanitary and phytosanitary measures
 - Rules of origin and customs cooperation
 - Trade in services
 - Investments
 - Intellectual property rights
 - Anti-competitive trade practices
- Information centers will be created to provide:
 - Information and documentation on all measures of standardization
 - Standards or procedures of conformity that have been adopted or proposed in Dominican territory

- The country shall publicize:
 - All agreement enforcement measures
 - New laws
 - Administrative regulations or guidelines
 - Modifications in rules that affect trade in services
- The country will create:
 - Program of Economic Cooperation to provide incentives for joint production of goods and services
 - Program of Customs Cooperation
 - CARICOM/Dominican Republic Trade Forum to analyze trade and investment opportunities, as may be suggested by the Joint Council
 - Trade promotion programs
- The country will adapt:
 - International Bureau of Weights and Measures' metrological standards
 - International Organization of Legal Metrology's standards
 - International Organization of Standardization on labeling, packing, and crating
 - Inventory management systems for enterprises, which are compatible with member countries' systems
 - National mandatory observation system
- The country will adopt:
 - Dispute settlement mechanisms
 - Sanctions for infringement on provisions in Attachment 1 of Annex 1 on Rules of Origin
 - Mechanisms for implementation of conformity evaluations

Capital and labor markets:

Capital market and investment. Law No. 16-95 on Foreign Investment grants the same treatment to all investors, regardless of nationality, and allows investors to remit abroad the total amount of invested capital, without prior authorization.

The Dominican Republic will enforce the Agreement on Reciprocal Protection and Promotion of Investments.

- CARICOM member country investors receive the same treatment as national investors, except for investments originating from:
 - Customs conglomerates
 - Free trade areas
 - Monetary unions
- CARICOM members may act in the same manner as Dominican citizens as agents, representatives, commissioners, distributors, or in other capacities inside the Dominican Republic in freely promoting or conducting imports, sales, or other exchange of goods originating from CARICOM.
- Firms have unlimited freedom to transfer profits from the settlement of investments and payments for loans or investment-related payments.
- Expropriation or nationalization of investments is banned, except in cases of public interest.

Labor market. Businesspersons are freely granted temporary entry into the country.

Goods and services markets. The agreement with CARICOM grants the Dominican Republic the right to establish, adopt, maintain, or enforce:

- Sanitary or phytosanitary measures to protect health and life of human beings, plants and animals in Dominican territory, in accordance with the WTO
- Restrictions on trade in services where serious difficulties exist with balance-of-payments, in accordance with IMF articles

Environment. To preserve and protect the environment, the country will apply the provisions, guidelines, or recommendations of:

- United Nations Environmental Programme
- United Nations conventions
- Basle Convention
- Other relevant international agreements on environmental protection

Free Trade Agreement between the Dominican Republic and the Caribbean Community (CARICOM)

	Enforcement Date	Responsible Institution	Status
Tariff Policy	Upon going into effect	PE/CN	Pending ratification of agreement
1. Eliminate customs tariffs, with exceptions		DGA	In negotiation
2. Gradual reduction in MFN tariff rate on goods included in negative list of Attachment II	Six months after agreement goes into effect	SERE	Pending ratification of agreement
3. Enforcement of MFN tariff rate on goods on negative list of Attachment II			
4. Present list of non-discriminatory quantitative restrictions	Every two years		
5. Negotiate liberalization or withdrawal of quantitative non-discriminatory restrictions every two years among parties			
Customs Administration	Upon going into effect	PE/CN	In negotiation
1. Eliminate consular fees and duties on customs formalities		DGA	
2. Enforce requirements for certification and declaration of origin	30 days after going into effect	SERE	Pending ratification of agreement
3. Establish a system of customs cooperation and mutual assistance			
4. Simplify procedures for international transit and information to users on ports and customs operations	Upon going into effect	DGA	
5. Process approved list of entities authorized to issue Certificates of Origin through the respective Ministries of Foreign Affairs		SEF/DGA	
6. Implement customs authorities' automated controls of length of stay, selective or random criteria for review, tolls, physical verification of goods, and direct shipment of plants			
Tax Policy			
Adopt agreements to prevent and avoid double taxation			
Capital Market Policies		BCRD	In progress
1. Grant treatment of investments in accordance with international law, and equal treatment to nationals			
2. Make investment-related transfers freely			
3. No expropriation or nationalization of foreign investments, except under certain conditions			

	Enforcement Date	Responsible Institution	Status
Labor Market Policies Establish measures to facilitate temporary entry of business persons	Upon going into effect	Migración	Pending ratification of agreement
Policies on Market of Goods Establish WTO sanitary and phytosanitary measures		SEA/SESPAS /DGA	Pending
Policies to Promote Competition 1. Grant national treatment to imported goods and services		DGA	Pending ratification of agreement
2. Enforce WTO and the 1994 GATT Article 6 on subsidies and countervailing measures			In process
3. Enforce WTO and the GATT Article 19 safeguards			In process
4. Enforce WTO and international treaties' agreement on technical obstacles to trade		DGA/Others	
5. Establish transparent procedures for granting licenses and certificates in accordance with TRIPS			
6. No discrimination among parties in private sector procurement		SEF/Others	Pending ratification of agreement
7. Evaluate risk to determine level of protection required by sectors in accordance with international standards		Various agencies OPC	
8. Establish mechanisms to promote competition			In process
Intellectual Property Enforce GATT obligations on intellectual property (TRIPS)			In process
Administration and Supervision of the Agreement 1. Create a Joint Council composed of representatives of both parties to supervise implementation and administration of the agreement, settle disputes, delegate responsibilities to the Committees		Member countries	Pending ratification of agreement

	Enforcement Date	Responsible Institution	Status
<p>2. Create eight Committees to supervise executive of the agreement, each within its area of expertise:</p> <p>Committee on Goods and Services</p> <p>Committee on Technical Obstacles to Trade</p> <p>Committee on Sanitary and Phytosanitary Measures</p> <p>Committee on Rules of Origin and Customs Cooperation</p> <p>Committee on Trade in Services</p> <p>Committee on Investments</p> <p>Committee on Intellectual Property Rights</p> <p>Committee on Anti-competitive Trade Measures</p>	Upon going into effect	Member countries	Pending ratification of the agreement
3. Create information centers to provide information and documentation on standards, or conformity evaluation procedures adopted or proposed in Dominican territory		SERE	
4. Inform other countries of new laws, regulations, administrative rules, or changes that affect trade in services between parties			
5. Adapt metrological standards according to the International Bureau of Weights and Measures, the International Organization of Legal Metrology, and the International Organization on Standardization		SElyC	
6. Adopt mechanisms to settle disputes	One year after agreement goes into effect	SERE	
7. Evaluation of the agreement by the Council on achievement of objectives. The Council shall make recommendations for achievement of objectives	2000	Joint Council	
Others			
1. Enforce the UN Charter, the Basle Convention, and other laws and international agreements on control and management of toxic substances and dangerous waste	Upon going into effect	Office for the Protection of the Environment	Pending
2. Enforce UN guidelines, international agreements, and Dominican legislation on environmental protection			

FREE TRADE AGREEMENT WITH CENTRAL AMERICA (CACM)

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

The Dominican Republic's Free Trade Agreement with Central America (CACM)

Priority. Medium.

Date signed. April 16, 1998

Responsible institution. Ministry of Foreign Affairs. A unit will be created for the administration of this agreement.

Immediate next steps required. The National Congress should ratify this agreement immediately. Once the Dominican Republic ratifies the agreement, it will go into effect in El Salvador and Costa Rica.

Overview:

- Covers trade in goods, services and investments
- Establishes reciprocal tariff treatment for all goods, with the exception of a limited list of products that will be integrated progressively into the Agreement.

Commitments:

- Structural reforms in tariff policy, customs administration, and taxation policy
- Elimination of customs tariff on imports from signatory countries, with certain exceptions for specific countries and products
- Elimination of non-tariff barriers for products originating from signatory countries
- Exceptions made must be consistent with WTO and GATT provisions

A. Products *Excluded* from Free Trade between the Dominican Republic and Costa Rica, El Salvador, Guatemala

- Meat
- Fresh, refrigerated or frozen edible poultry offal (item No. 01.05)
- Milk and cream, concentrated or with added sugar or sweeteners
- Onions
- Shallots
- Leeks
- Wild vegetables

- Fresh or frozen alliacious products
- Dried, shelled, peeled, or split pod vegetables
- Coffee, toasted or decaffeinated
- Coffee husk and hull
- Coffee substitutes containing any portion of coffee
- Rice
- Wheat flour
- Maslin flour
- Cane or beet sugar, or chemically pure saccharose, in a solid state
- Malt beet
- Non-denaturalized ethylic alcohol with alcohol content of not less than 80 percent per volume
- Brandies, liquor, and other spirits
- Leaf tobacco or non-processed tobacco
- Tobacco waste
- Cigars (including cuttings)
- Cigarillos and cigarettes from tobacco or tobacco substitutes
- Other manufactured tobaccos and tobacco substitutes
- Homogenized or reconstituted tobacco
- Tobacco extracts and juices
- Petroleum or bituminous mineral oil, except crude oils
- Preparations not mentioned or included elsewhere with petroleum or bituminous mineral oil content higher than or equal to 70 percent in weight, and whose base elements are these oils
- Vaseline
- Paraffin
- Microcrystalline petroleum wax
- "Slack wax"
- Ozocerite
- Lignite wax
- Peat wax
- Mineral waxes and similar products obtained from synthesis and other procedures, including coloring
- Petroleum coke
- Petroleum tar or residues from petroleum bituminous mineral oil
- Bituminous mixtures based on asphalt or natural tars, on petroleum tar, on mineral pitch or mineral pitch tar
- Cotton fabrics
- Clothing, articles, and accessories

B. Products Subject to Preferential Tariff Treatment between the Dominican Republic and Costa Rica, El Salvador, and Guatemala

A 15 percent tariff, which will not be reduced further, will be applied to the following products in trade between the Dominican Republic and Costa Rica, El Salvador, and Guatemala:

- Refined oils
- Oleic, margarine, and other products under items 1507 to 1515, and 1516 to 1518

Preferential treatment was established between the Dominican Republic and Costa Rica as an opportunity for reciprocal export:

- Chicken breasts
- Milk and cream

C. The Agreement between the Dominican Republic and the Central American Common Market (CACM)

C1. Customs Administration

GATT imposes the following conditions for compliance:

- Classification of goods
- Country of origin markings
- Adoption of rules of origin
- Simplified entry and exit for goods coming from and going to signatory countries
- Elimination of customs duties and consular fees
- Minimum requirements for clearance of goods from customs and from international transit of goods and services

To improve customs cooperation and mutual assistance, GATT proposes commitments to:

- Make customs procedures consistent
- Computerize procedures
- Train personnel in customs procedures

C2. Taxation Policy

- No dual taxation on investments made in signatory countries
- Maintain current legislation on tax refunds and WTO-approved export subsidies and support

C3. Institutional Reform

With regard to market institutions and operations, the CACM agreement requires reforms in:

- Competition
- Intellectual property
- Institutional aspects of administration of the agreement

C4. Competition

- Signatory countries receive national treatment for their imported goods.
- Anti-competitive business practices that create obstacles to trade are eliminated.
- Agreements on Subsidies and Countervailing Measures, on Antidumping Measures, and on Safeguard Measures are ratified in accordance with GATT and the WTO.

C5. Intellectual Property

Agreement on Trade-Related Intellectual Property Rights (TRIPS) rights and obligations are ratified under the CACM agreement.

C6. Administration and Supervision of the CACM Agreement

Institutional requirements for adequate operations include:

- Creation of 10 committees entrusted with the supervision and administration of the agreement in corresponding sectors or areas
- A Joint Council for Administration and a Secretariat to regulate operation of the committees
- Creation of information centers to facilitate trade
- Publication and supply of information
- Elaboration of standards and measures by the committees

The CACM agreement ratifies international conventions such as:

- The United Nations Charter
- The Basle Convention
- International agreements on toxic substances and protection of the environment

C7. Capital Markets, the Labor Market, and Production Factors

Capital markets and investment:

- Domestic legislation on investments shall include:
 - Freedom of transfers and remittances
 - Measures to promote foreign investment
- Foreign investments may not be expropriated or nationalized, except when they threaten national security, among other exceptions

Status. The investment climate in the Dominican Republic has improved considerably owing to current legislation on foreign investment which gives equal treatment to national and foreign investors and allows remittance, without authorization, of the amount of capital invested and dividends declared during each fiscal year.

The labor market:

- Temporary entry of businesspersons will be facilitated through the adoption of immigration measures to simplify and liberalize movements of individuals to and from signatory countries

C8. Goods and Services Market

To facilitate market operations for goods and services, the CACM agreement establishes:

- Adoption of international sanitary and phytosanitary measures
- Restrictions to trade in services consistent with the IMF on balance-of-payment difficulties
- Conformity with international requirements on national registration and compliance

Commitments. The Dominican Republic is committed to complying with GATT sanitary and phytosanitary measures.

Status. The goods and services market plan of action includes:

- A list of products excluded from free trade
- A definition for rules of origin
- Treatment of goods and services produced under free-zone regimes and other special tax and customs regimes
- A Protocol to the Free Trade Agreement between Central America and the Dominican Republic, signed by:

- Guatemala
- El Salvador (the Salvadoran Congress has ratified this Protocol)
- Costa Rica (the Costa Rican Congress has ratified this Protocol)
- Dominican Republic

Quotas apply to imports of:

- Garlic
- Onions
- Meat
- Milk
- Beef
- Chicken
- Shrimp

Once the Dominican Republic ratifies the agreement, it will go into effect in El Salvador and Costa Rica.

Nicaragua has not yet signed the Miami Protocol though a draft agreement of adhesion exists.

Obstacle to Honduras's Signature:

Honduras has not yet signed the Miami Protocol. Signature depends on the issue on tobacco, which, along with cigarettes, are on a list of products not subject to free trade treatment. The Dominican company E. León Jiménez has a territorial franchise of Phillip Morris, the largest tobacco company in the world, and controls 90 percent of the Dominican market. The company is faced with competition for the Dominican market from the British American Tobacco company's position in Honduras.

E. León Jiménez argued that because firewood is used to process tobacco in Honduras (as in the Dominican Republic), which is less costly but harmful to the environment, Honduran cigarette and tobacco imports would result in an "ecological dumping" on the domestic economy.

The truth is that E. León Jiménez is trying to avoid potential competition in the Dominican market from the entry of British American Tobacco (BAT), the second largest tobacco company in the world. Unlike Phillip Morris, which has a territorial franchise in Honduras that prevents E. León Jiménez from exporting to the Honduran market, BAT does not have a territorial franchise in the Dominican Republic.

If cigarettes are included in the Free Trade Agreement with Central America, E. León Jiménez's monopoly on the Dominican market would have to compete with Honduran imports of its main international competitor, British American Tobacco.

Free Trade Agreement between the Dominican Republic and the Central American Common Market (CACM)

	Enforcement Date	Responsible Institution	Status
Tariff Policy 1. Eliminate customs tariffs	Upon going into effect	PE/CN	Pending ratification of agreement
2. Enforce customs valuation in effect until the GATT valuation system is adopted		DGA	In process
3. Eliminate non-tariff barriers to products from member countries.		PE/CN	Pending
Customs Administration 1. Eliminate consular fees and duties on customs formalities			
2. Adopt SA as basis for classification of goods		DGA	Pending ratification of agreement
3. Enforce requirements for certification and declaration of origin of exports			
4. Establish a system of customs cooperation and mutual assistance in making customs procedures consistent with agreement, computerizing customs, and training staff			
5. Simplify procedures for international transit and for informing users of ports and customs operations			
Tax Policy 1. Enforce national law on tax refunds in effect		SEF/DGA	
2. Enforce WTO agreements on support, internal aid, and export subsidies		SEG/DGA	In process
3. Adopt agreements to avoid double taxation in investments	BCRD/SEF	Pending ratification of agreement	
Capital Market Policies 1. Grant treatment on investments in accordance with international law, and equal treatment to nationals 2. Grant freedom to make investment-related transfers 3. No expropriation or nationalization of foreign investments, except under certain conditions	BCRD	In progress	
Labor Market Policies 1. Establish measure to facilitate temporary entry of business persons and other immigration measures.	DG Migración	Pending ratification of agreement	

	Enforcement Date	Responsible Institution	Status
Policies on Market of Goods 1. Establishment of sanitary and phytosanitary measures, even when they are stricter than GATT's	Upon going into effect	SEA/SESPAS /DGA	Pending ratification of agreement
Policies to Promote Competition 1. Grant national treatment to imported goods and services		DGA/BCRD /DGA	
2. Enforce WTO agreement on subsidies and countervailing measures		DGA	In process
3. Enforce safeguard measures of GATT Article 19 and the WTO			
4. Grant freedom to decide whether to establish an office of representation or other kind of business		BCRD	Pending ratification of agreement
5. No discrimination among parties in public sector procurement		SEF/Others	
6. Evaluate risk in accordance with international standards to determine required level of protection for sectors		Various agencies	
7. Establish mechanisms to promote competition		OPC	In process
Intellectual Property 1. Enforce GATT obligations on intellectual property (TRIPS)		National Office on Intellectual Property	
Administration and Supervision of the Agreement 1. Notify parties of new laws or changes in laws on trade in goods		SEIyC	Pending ratification of agreement
2. Implement system of electronic transmission of information for customs management: Export and import requirements Statistics Customs classification and valuation Rules of origin Goods subject to non-tariff measures Customs regimes and procedures		DGA	Pending
3. Establish clear and strict procedures to adopt safeguards			
4. Publish all investment-related laws, decrees, and administrative regulations		BCRD/SEIyC	Pending ratification by Congress

	Enforcement Date	Responsible Institution	Status
5. Adopt information policies on investments, provided the information is not confidential, and develop documentation on investment opportunities	Upon going into effect	BCRD/OPI	In progress
6. Publish information and notify the Committee on Services of the measures related to trade in services. Inform all parties of new laws affecting trade, changes in laws, and rules in effect.		SEIyC	Pending
7. List non-discriminatory quantitative restrictions, which may be revised every two years		DGA	
8. List measures that do not conform with international standards			
9. Provide information on immigration of individuals		DG Migración	
10. Establish an information center to facilitate communication among parties and provide information on public sector procurement. Publish an annual report with statistics on adjudicated contracts		SEIyC/STP	Pending ratification by Congress
11. Elaborate standardization measures according to international standards		DGA/ DIGENOR	In progress
12. Make labeling, bottling, and packaging standards consistent			Pending
13. Publicize standardization measures and metrology before they go into effect			
14. Establish an information center on standardization, metrological standards, or conformity evaluation procedures			
15. Establish provisions to settle disputes		SEIyC	Pending ratification by Congress
16. Designate a representative to the Joint Board of Directors			
17. Create a Secretariat composed of national sections and designate a National Section of the Secretariat			
18. Establish an information center to facilitate communication among parties regarding this agreement			
19. Publicize laws, rules, procedures, and administrative resolutions regarding this agreement			
Others		Office for the Protection of the Environment	Pending
1. Enforce the United Nations Charter, the Basle Convention, and international agreements and laws on control and management of toxic substances and dangerous waster			
2. Enforce UN guidelines, international agreements and national legislation to protect the environment			

IMPLICIT AND EXPLICIT REFORMS

DOMINICAN REPUBLIC: TRADE AGREEMENTS AND PROTOCOL

Implicit and Explicit Reforms

Implicit Reforms to Increase Competitiveness

Implicit Reforms	Status	Priority	Action Needed
1. Tariff reform	Pending	High	Congress must rewrite and approve
2. Elimination of non-tariff barriers			Congressional approval
3. Customs reform law (administration and valuation)			
4. Modernization and expansion of airport and port facilities	In process		Ongoing
5. Tax reform	Pending		Congress must rewrite and approve
6. Modernization of tax administration	In process		Broadening of administrative process
7. Financial and monetary code	Pending		Congressional approval
8. Capital markets law			
9. Insurance law reform			Prepare proposal for reform
10. Approval of market competition code			Congressional approval
11. Budget reform			Prepare proposal for reform
12. Modernization of physical and services infrastructure	In process		Ongoing
13. Pension reform	Pending		Congress must rewrite and approve
14. Approve general electricity law		Medium	Congressional approval
15. Broaden labor law	Prepare proposal for more far-reaching laws		
16. Modernization of the public sector	In process	Ongoing	
17. Revise tourism law	Pending	Start revision process	
18. Revise civil aeronautics law			
19. Abolish law of protection and development of merchant marine		Congressional approval	
20. Revise rules of commission for public performances		Start revision process	

Implicit reforms are not stated in the agreements, but must be carried out to increase competitiveness and allow rapid insertion into global markets. Such reforms will strengthen the Dominican negotiating position in trade agreements with:

- Broader tariff reform
- Modernization of customs by:
 - Eliminating non-tariff barriers
 - Updating goods valuation
 - Expediting customs clearance
- Broader tax reform
- Modernization of tax administration
- Approval of Market Competition Code to:
 - Promote competition
 - Eliminate monopolistic practices

A. Tariff Reform

Central America	Dominican Republic
Maximum tariff is 20 percent	Maximum tariff is 35 percent
Some countries have reduced tariff to 15 percent	Seven different rates, plus a 5 percent exchange commission

- Stop postponing steps toward tariff reform
- Reform current tariff structure or serious distortions to trade will be avoided only by establishing a complex set of rules of origin, which will harm competitiveness
- Increase competitiveness of exportable goods by lowering tariff and establishing a more uniform tariff structure
- Start the process of trade liberalization:
 - Lower tariff and consolidate them into a single rate over a three- to five-year period
- Eliminate non-tariff barriers on agricultural goods in effect. *This is a trade obstacle.*

B. Customs Modernization

- Adopt GATT Customs Valuation System to determine value of imported goods

- Eliminate discretionary nature of current process based on price lists
- Expedite Dominican Republic's customs clearance process
- Make process more flexible with measures such as self-valuation by importer of imported goods, based on transaction price
- Physically inspect only 10 percent
- Guarantee shipping of goods with 24 hours after receiving the customs import declaration
- Check declaration using computerized information in the General Customs Office computer system

Time Required to Clear Customs	
Dominican Republic takes 2 days.	Singapore takes 15 minutes for goods not requiring inspection, and 48 minutes for those that do.
	Indonesia takes 15 minutes for goods not requiring inspection, and 48 minutes for those that do.
	Mexico takes 3 hours.
	Peru takes 3 hours.

C. Tax Reform

- Base tax reform on principles of neutrality and equity, which guarantee stable tax collection by the State
- Tax reform must increase taxes from 14 percent to 20 percent
- Tax reform will compensate for reduction in tariff revenues, which now represent 27 percent of tax income
- Tariff reform must go hand-in-hand with tax reform to compensate for or offset reduction in revenues
- Increased tax revenues allows government investment in health, education, and infrastructure, which will enhance the strategy for economic growth and global competitiveness

Rate of Tax on Transfer of Industrialized Goods (ITBIS)	
Central America	10 to 15 percent
Latin America	14.9 percent
Dominican Republic	8 percent

- Reform must consider the rate increase of the “Impuesto a la Transferencia de Bienes Industrializados,” the Tax on Transfer of Industrialized Goods, or ITBIS, and the expansion of the tax base:
 - Tax base expansion will reduce exemptions and eliminate discrimination in tax payments on national and imported products
- To compensate for revenues lost from reduced tariffs:
 - Increase the selective excise tax, particularly on cigarettes and alcoholic beverages
 - Reduce personal income tax to eliminate distortions in savings and income distribution
 - Create new tax form with high collection potential
 - Impose minimum tax on net corporate revenues or property tax, etc.
 - Improve public collection performance and tax administration to reduce tax evasion

D. Market Competition Code

- Regulates Dominican market operations
- Promotes competition in goods and services
- Reduces prices of goods
- Increases consumers’ income and purchasing power
- Promotes efficiency in allocation of resources
- Promotes effective production and commercialization
- Protects free competition
- Bans anti-competitive behavior and obstacles to economic freedom, such as monopolies

E. Modernization of Public Sector

- Takes greater advantage of globalization
- Strengthens negotiating teams in reaching favorable agreements
 - Teams should represent public institutions involved in trade policy and the private sector
- Requires creation of committees, information centers, councils, and secretariats to increase administrative capacity
 - Trained personnel guarantee successful operation

F. Budget Reform

- Modernize budget system to implement reforms needed for administration and supervision of trade agreements
- Will enable collected resources to be channeled to society's most profitable areas.

G. Modernization of Physical Infrastructure and Services

- Expand public investment in highways, country roads, irrigation systems, airports, etc.
- Modernize seaports and ports to increase efficiency
- Evaluate privatization or concessions to private companies for modernizing and expanding ports controlled by the Dominican Port Authority
- Make the maritime transport system more competitive
- Enact a general electricity law to promote a stable and predictable energy supply
 - Dominican industries' competitiveness is reduced by scarce, inefficient, and costly electricity
 - Despite being oil-producing countries, Trinidad and Tobago subsidize domestic electricity production, which creates greater competition for the Dominican Republic

H. Financial and Monetary Code

- Promotes homogeneity among financial institutions
- Offers higher degree of autonomy to the Central Bank, which:
 - Will have more freedom to achieve price stability
 - Can maintain macroeconomic stability of recent years

I. Capital Market Law

- Modernize legal guidelines to develop, regulate, and supervise a capital market
- Reduce uncertainty in capital market participants
- Increase advantages in international financial markets
- Increased investment and savings

J. Broadening Labor Reform

- Eliminates rigidities in Labor Code
- Reduces hiring and firing costs to companies
- Increases employment and investment
- Helps local companies operate more efficiently
- Eliminates discrimination against non-Dominican workers for managerial and other jobs
- Establishes regulations for temporary entry of individuals
- Adapts labor law to WTO in licensing
- Eliminate discrimination against service providers based on their country of origin

K. Pension Reform

- Eliminates pay-as-you-go pension system and substitutes it with an individual capitalization pension system similar to those in Chile and other Latin American countries
- Will increase internal savings, thus benefiting both workers and the economy
- Modifies recent Social Security Reform bill partially approved by the Dominican Senate:
 - Includes reforms in the pension system, health insurance, and workplace risks policy
 - Substitutes pay-as-you-go system for a mixed regime administered by the public and private sectors
- The partially approved Senate reform bill:
 - Reduces worker pensions
 - Limits their freedom in choosing a pension plan
 - Enhances unemployment
 - Reduces positive effects reform bill will have on the economy as a whole
- **Modify the new reform bill to establish an individual capitalization system.**

L. Commitment to Grant National Treatment to Certain Sectors of Services in the GATS

- Legislation regulating service sector activities are incompatible with the commitment to grant national and most-favored-nation treatment to member countries:
 - Limits foreign investment in service sector
- Dominican bans on foreign investment are still in effect in some areas despite Law 16-95 granting investors national treatment regardless of nationality.
- Laws requiring modification:
 - *Tourism*. 1969 Organic Law No. 541
 - *Civil aeronautics*. 1969 Law No. 505
 - *Maritime transport*. 1951, Law No. 3003
 - *Merchant marine*. Revoke the March 31, 1975 Protection and Development of National Merchant Marine Law No. 180 as it is incompatible with GATS commitments. It favors Dominican shipping companies and vessels to the detriment of foreigners.
 - *Public performances and radio broadcasting*. Modernize Regulations for Operation of the National Commission of Public Performances and Radio Broadcasting Law No. 824, which governs advertising activities and limits foreign-owned stock in companies