



**-Dominican R.-**  
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## GENERAL FEATURES OF TRADE POLICY

The Dominican Republic became a Member of the WTO in March 1995.

The Dominican Republic has increasingly sought to foster regional economic integration; in 1998 it concluded its first free-trade agreements, with the Caribbean Community (CARICOM) and the Central American Common Market (CACM).

The Dominican Republic's main export products are clothing and electronic goods produced in the Free Trade Zones (FTZs), agricultural goods and their related manufactures, and ferro-nickel.

Despite a relatively limited contribution to GDP, FTZs remain crucial for the Dominican Republic's export performance. The United States is by far the Dominican Republic's most important trading partner.

*The following table is an overview of the tradeflow between the European Union and Dominican R.*

Section	Year	Import(Euro)	Export(Euro)
<b>Animals &amp; animal products</b>	1996	74,080	55,849,850
	1997	160,590	66,076,540
	1998	67,340	76,594,440
	1999	67,700	71,146,160
	2000	89,900	96,471,110
	2001	147,750	83,336,980
	2002	205,640	83,588,000
	2003	161,580	53,727,550
<b>Vegetable products</b>	1996	60,396,180	4,188,010
	1997	56,373,000	4,375,250
	1998	68,845,640	6,739,690
	1999	43,190,640	4,315,720
	2000	55,289,260	6,156,180
	2001	69,163,940	6,921,830
	2002	86,251,340	6,139,100
	2003	82,700,140	6,182,740
<b>Animal or vegetable fats</b>	1996	29,840	3,384,150
	1997	127,610	3,374,340
	1998	203,450	3,009,820
	1999	118,690	421,070
	2000	110,150	4,034,960
	2001	94,790	3,842,810
	2002	131,540	4,275,050
	2003	60,260	3,134,840
	1996	25,647,180	21,080,570

<b>Prepared foodstuffs</b>	1997	34,342,010	25,995,370
	1998	39,131,740	25,066,590
	1999	44,427,050	31,180,290
	2000	40,466,640	45,393,030
	2001	59,018,060	45,599,590
	2002	72,231,160	44,884,000
	2003	65,683,690	34,280,670
<b>Mineral products</b>	1996	7,400	5,562,490
	1997	261,990	8,265,320
	1998	5,530	8,248,020
	1999	112,600	7,827,110
	2000	314,400	8,735,480
	2001	457,010	12,673,770
	2002	146,360	9,834,020
2003	245,200	18,072,830	
<b>Chemical products</b>	1996	1,266,980	42,177,160
	1997	17,139,090	56,739,170
	1998	10,838,580	58,987,400
	1999	12,246,260	60,160,680
	2000	14,765,230	72,053,280
	2001	14,241,810	80,660,420
	2002	15,687,950	85,404,440
2003	15,144,670	58,658,010	
<b>Plastics &amp; rubber</b>	1996	2,609,440	12,259,340
	1997	6,113,610	16,391,530
	1998	9,025,100	18,296,230
	1999	4,477,600	20,172,260
	2000	5,656,180	22,865,550
	2001	5,172,410	32,046,780
	2002	5,891,730	29,909,690
2003	6,355,270	24,851,720	
<b>Hides &amp; skins</b>	1996	245,580	704,990
	1997	1,488,510	1,085,120
	1998	105,410	905,220
	1999	119,290	2,026,420
	2000	4,164,330	1,653,140
	2001	4,592,870	2,294,710
	2002	9,019,080	3,342,950
2003	4,756,710	2,826,930	
<b>Wood &amp; wood products</b>	1996	74,800	565,180
	1997	203,660	1,345,640
	1998	132,950	1,283,380
	1999	152,720	2,648,930
	2000	229,460	3,039,330
	2001	540,320	4,094,030
	2002	402,070	6,212,240
2003	379,650	4,136,070	
<b>Wood pulp products</b>	1996	116,400	7,623,620
	1997	205,780	11,114,370
	1998	228,520	11,585,490
	1999	139,900	12,293,440
	2000	564,910	15,226,720
	2001	784,460	23,249,840
	2002	1,080,910	33,812,480
2003	959,670	25,862,070	
<b>Textiles &amp; textile articles</b>	1996	12,029,210	23,362,770
	1997	13,516,070	38,286,040
	1998	11,724,640	45,499,150
	1999	14,310,260	46,600,440
	2000	16,311,300	60,125,320
	2001	11,321,790	65,433,970

	2002	12,283,970	49,126,610
	2003	11,749,360	41,622,330
Footwear, headgear	1996	11,867,650	3,130,370
	1997	9,646,410	3,920,860
	1998	22,743,180	3,760,450
	1999	23,846,420	4,529,710
	2000	20,320,080	6,153,780
	2001	19,469,050	10,248,620
	2002	21,954,920	6,557,730
	2003	22,723,650	3,751,680
	Articles of stone, plaster, cement, asbestos	1996	93,160
1997		255,780	21,995,880
1998		87,740	26,727,110
1999		23,920	36,645,920
2000		99,090	44,665,900
2001		160,090	48,519,630
2002		129,090	45,657,620
2003		211,220	29,170,570
Pearls, (semi-)precious stones, metals	1996	61,340	1,545,300
	1997	101,430	1,582,800
	1998	112,940	2,280,550
	1999	1,909,950	2,235,060
	2000	157,200	4,150,190
	2001	304,690	4,224,730
	2002	245,350	4,547,410
	2003	1,084,460	7,567,660
Base metals & articles thereof	1996	78,692,930	46,533,910
	1997	93,479,940	47,679,910
	1998	68,893,940	50,239,100
	1999	48,016,710	57,826,980
	2000	110,751,290	71,509,490
	2001	79,742,840	83,280,990
	2002	56,088,370	95,641,350
	2003	58,341,080	59,618,470
Machinery & mechanical appliances	1996	8,354,150	65,634,820
	1997	17,534,720	85,879,060
	1998	15,602,120	164,611,530
	1999	19,158,210	132,753,740
	2000	26,823,170	337,324,100
	2001	14,918,650	286,641,350
	2002	22,964,250	291,463,070
	2003	31,325,980	135,630,500
Transportation equipment	1996	24,690	12,529,390
	1997	253,140	19,095,020
	1998	119,290	22,343,710
	1999	128,790	40,906,000
	2000	714,840	107,015,200
	2001	1,366,540	131,858,910
	2002	269,150	79,486,040
	2003	211,370	38,565,660
Instruments - measuring, musical	1996	1,958,060	13,236,070
	1997	2,163,870	10,024,770
	1998	3,221,920	27,096,700
	1999	5,994,280	18,758,390
	2000	21,095,990	73,989,650
	2001	28,066,490	45,123,210
	2002	41,455,610	37,508,340
	2003	23,994,030	41,923,910
	1996	0	16,790
	1997	0	70,990
	1998	0	224,480

<b>Arms &amp; ammunition</b>	1999	18,600	334,920
	2000	0	367,780
	2001	0	835,070
	2002	0	1,374,490
	2003	0	651,740
<b>Miscellaneous</b>	1996	683,860	9,794,040
	1997	1,063,180	12,440,780
	1998	1,046,850	16,757,280
	1999	1,324,770	30,191,780
	2000	1,130,930	42,543,490
	2001	2,482,610	58,242,390
	2002	2,119,450	39,928,330
	2003	1,220,070	39,602,770
<b>Works of art</b>	1996	492,950	81,180
	1997	44,740	64,740
	1998	64,050	76,380
	1999	90,330	280,360
	2000	32,560	126,270
	2001	94,210	4,719,660
	2002	33,110	152,830
	2003	78,390	67,720
<b>Other</b>	1996	20,740,970	660,210
	1997	229,320	408,660
	1998	477,230	811,130
	1999	658,740	766,620
	2000	698,460	9,835,600
	2001	1,138,740	8,823,330
	2002	2,027,530	3,988,920
	2003	3,002,980	3,682,310

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The agriculture sector (including fisheries, forestry, and livestock) remains important in the Dominican economy in terms of output and employment.

Sugar, coffee, cocoa, and tobacco are the Dominican Republic's main traditional agricultural export products.

After the conclusion of the Uruguay Round, the Dominican Republic pursued Article XXVIII renegotiations for various agricultural goods to allow it to amend its Schedule of Commitments. As a result, various products in Annex 1 of the Agreement on Agriculture carry tariff rates either above or below the bound rate of 40% .

The Dominican Republic maintains import tariff quotas on chicken meat, corn, dry beans, garlic, onions, powdered milk, rice, and sugar.

The Ministry of Agriculture offers various technical assistance services with a view to modernizing the agriculture sector. Some of these services, such as training on land preparation, target in particular small and medium-scale producers, while other programmes are more general, such as assistance to control plagues and diseases.

Agricultural producers are eligible for a number of fiscal incentives. Since 1997, a zero tariff rate is applied on certain imported inputs and capital goods for agricultural use, first under Law No. 150-97 of 7 July 1997, and currently under Law No. 146-00 of 27 December 2000.

The Government intervenes in the marketing of rice, as well as beans, garlic, onions, and potatoes, when there is excess production.

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## TARIFFS AND DUTIES

The Dominican Republic grants at least MFN treatment to all its trading partners. Tariffs are the Dominican Republic's main instrument of border protection; the average applied MFN tariff is 8.6% as at January 2002 . Agricultural goods (WTO definition) are levied an average tariff of 12.9%, while non-

agricultural products excluding petroleum face an average tariff of 7.9%. The Dominican Republic maintains tariff quotas on a number of agricultural products.

A wide gap exists between applied and bound rates, which somewhat undermines the predictability of market access conditions. In the Uruguay Round, the Dominican Republic bound all its tariffs. While non-agricultural goods were bound at a general ceiling rate of 40%, final bound rates for agricultural products, some of which were subject to renegotiations, range from 5% to 99%.

Tariff reductions under preferential agreements have contributed to improved access to the Dominican market for some trading partners. Duty-free access is offered to most imports from the Central American Common Market and from CARICOM.

## Internal Taxation

### ● 020083-Dealer Protection Law - discrimination [2002-10-25]

The Dealer Protection Law ('Law 173') prevents foreign companies from terminating importation and distribution contracts with DR companies except under very stringent conditions, often requiring payments of large indemnities to the importer/distributor. DR companies appear not to have to pay such indemnities when ending contracts.

This means that a foreign company is tied to an importer/distributor even if the latter company develops conflicting interests and is no longer an effective sales route into the DR market.

## Agriculture and Fisheries Internal Taxation

### ● 020058-Selective Consumption Tax [2002-10-25]

A discriminatory taxation was introduced in January 2001 by the tax reform law which established a 10% tax differential in the impuesto selectivo al consumo (ISC) between local spirits, primarily rum (35%) and imported spirits (45%).

The authorities of the Dominican Republic indicated during the WTO Trade Policy Review in October 2002, that they have proposed a fiscal reform which, inter alia, amends Article 375 of Law 11-92 (Tax code), as modified by law 147-00, with the objective of unifying the different rates of the ISC, in particular for goods classified under customs codes 2208.20 to 2208.90 at one unique rate of 35%.

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## NON TARIFF BARRIERS

### Customs Procedure

The Dominican Republic's import procedures are based on the Customs Law (Law No. 3489) of 12 February 1953 and the Free Trade Zone Law (Law No. 8-90) of 15 January 1990 and its Regulations. Imports with an f.o.b. value above US\$2,000 require a customs declaration (DVA) in order to determine the customs value of the imported product.

Since the entry into force of Decree No. 667-01, establishing the Regulations on Customs Valuation, on 1 July 2001, the Dominican Republic has been applying a customs valuation system based on the provisions of the Agreement on the Implementation of Article VII of the GATT 1994.

### Government Procurement.

The Dominican Republic is not a party to the Plurilateral Agreement on Government Procurement.

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## INVESTMENT RELATED BARRIERS

### Foreign investment regime

The Dominican Government considers foreign investment an effective means of ensuring the integration of the Dominican economy into the global economy and of helping to improve of its competitiveness. The main change in the investment regime has been the enactment of a new law governing foreign direct investment.

The Foreign Investment Law (Law No. 16-95) of 20 November 1995 and its Regulations (Decree No. 380-96, modified by Decree No. 163-97) opened previously restricted areas to foreign investors and eliminated restrictions on capital and profit remittances. With only a few exceptions, the Law accords national treatment to foreign investors.

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## **Tax Discrimination**

### **030060-discriminative measures on the importation of cigarettes [2004-01-26]**

-The Dominican Republic applies special rules, procedures and administrative practices to determine the value of imported cigarettes for the purpose of applying the Selective Consumption Tax. In certain instances the value of imported cigarettes is considered to be equal to the value of the "nearest similar" product in the domestic market.

These special rules, procedures and administrative practices could discriminate against imported cigarettes and therefore could violate Article III:2 and Article III:4 of the GATT.

-The Dominican Republic accords conditions of competition to imported cigarettes that are less favourable than those accorded to domestic cigarettes by requiring that stamps be affixed to cigarette packages in the territory of the Dominican Republic. This requirement and the related administrative practices violate Article III:4 of the GATT.

-The Dominican Republic requires importers of cigarettes to post a bond pursuant to Article 14 of the Regulations. This requirement and the laws, regulations and practices implementing this requirement entail costs and administrative burdens hindering the importation of cigarettes and could be inconsistent with the second sentence of Article II:1(b) and Article XI:1 of the GATT.