

WORLD TRADE ORGANIZATION

RESTRICTED

G/TRIMS/N/1/DOM/1

10 May 1995

(95-1222)

Committee on Trade-Related Investment Measures

Original: Spanish

NOTIFICATION UNDER ARTICLE 5.1 OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES

Dominican Republic

The attached communication, dated 26 April 1995, has been received from the Permanent Mission of the Dominican Republic.¹

¹The replies in this notification follow the order of the agreed format for notifications under Article 5.1, contained in document G/TRIMS/1.

²Copies of these documents are available in the Secretariat for inspection by interested delegations (Intellectual Property and Investment Division).

(i)	Description of the measure and of its main features.
1.	Illustrative Category: 1(a) Law No. 69 on promotion of non-traditional exports establishes in Article 2, paragraph 3, that the CODOPEX Management Council shall not authorize the temporary import of inputs that are exempted from customs duties where such inputs are produced in quantity and quality and at prices that are competitive with the foreign product.
2.	Application of the TRIM: The measure is applied under mandatory legislation.
3.	The TRIM and the criteria for determining its application: It is based on the analysis of the competitiveness of the imported input compared with the local product, which is determined on the basis of international prices and local product prices, as well as other factors concerning product supply and quality.
4.	Requirement for new enterprises or new investments of existing enterprises: This is a general measure that covers all enterprises and investments.
5.	Compliance with the TRIM: Enterprises comply with this provision in order to obtain a tax exemption benefit.
6.	Product specific details of the TRIM: Only the case of cardboard and metal packagings has arisen under Law No. 69.
7.	Date of implementation: Although Law 69 is about 15 years old, a refusal occurred for the first time for cardboard packaging in 1993. Even so, no phasing-down is envisaged.
8.	Law, regulation or guideline: A copy of Law No. 69 of 16 November 1979 on promotion of non-traditional exports is attached. ²
9.	Level of government applying the TRIM: Dominican Centre for Export Promotion and Directorate-General of Customs.
(ii)	<p>General information on the programme in question: The programme facilitates or provides incentives for non-traditional export sectors, through an inward-processing system known as the Temporary Import Regime under which raw materials that are to be processed and subsequently re-exported within 12 months (one year) are exempted from payment of customs duties.</p> <p>However, the Law allows local producers of inputs to compete with the imported product if it can be shown that they are in fact competitive in terms of price, quality and efficiency in the supply of requisite quantities.</p>

(i) Description of the measure and of its main features.
<p>1. Illustrative Category: 2(a) This measure refers to the authorization for a single local enterprise to import lean pork shoulders in order to produce sausages provided that the company also purchases the quantity of 45,000 locally produced pigs (Order No. 28016 of 7/12/93).</p> <p>The Executive Power issued Decree No. 216/94 of 5 August 1994 to supplement this administrative measure. The Decree grants powers to the Swine Commission of the National Production Council (CONAPROPE), to coordinate with other official institutions the supervision of compliance with the agreements for the import and export of pigmeat and products thereof.</p>
<p>2. Application of the TRIM: This measure was adopted by the Administration owing to the opposition of the local pig production sector to an enterprise taking advantage of the Temporary Import Regime for the quantity of 2.3 million lbs. of "lean pork shoulders" for export to the United States market in the form of sausages.</p> <p>Pork shoulders for export require sound phytosanitary handling by a processing plant approved by the United States FDA, which is why they have to be imported for the preparation of the sausages.</p> <p>The government decided to combine imports with local purchases of whole pigs.</p>
<p>3. The TRIM and the criteria for determining its application: This measure applies exclusively to a single enterprise, which for the time being is the only enterprise that can penetrate the United States market with the standards required by the FDA; consequently, it is the only local enterprise covered by the Temporary Import Regime of Law No. 69 with respect to sausages.</p>
<p>4. Requirement for new enterprises or new investments of existing enterprises: So far this measure has been exclusively applied to a single enterprise.</p>
<p>5. Compliance with the TRIM: The enterprise complies with the measure in order to obtain the advantages of Law No. 69.</p>
<p>6. Product-specific details of the TRIM: Local purchase of 45,000 units of live pigs in exchange for temporarily duty-free import under Law No. 69 of some 2.3 million lbs. of lean pork shoulders.</p>
<p>7. Date of implementation: The measure entered into force on 7 December 1993 and remains in force without modification.</p>
<p>8. Phasing-down: There is no provision for phasing-down the measure.</p>
<p>9. Law, regulation or guideline: Copies are attached of Communication No. 28016 of 7/12/93 of the President of the Dominican Republic and Executive Decree No. 216/94 of 5 August 1994.²</p>

²Copies of these documents are available in the Secretariat for inspection by interested delegations (Intellectual Property and Investment Division).

10. Level of government applying the TRIM: Swine Commission of the National Council for Agricultural Production (CONAPROPE), which administers it together with the Ministry of Agriculture.

(ii) General information on the programme in question: This TRIM is part of a policy for the protection of local pig farmers who at the time received a government subsidy for the purchase of pigs and were affected by the fall in domestic prices owing to surpluses and high production costs.

The authorities provided for the purchase of 1.7 million lbs. from associated producers through the Price Stabilization Institute (INESPRE), for a value of RD\$10.2 million during the period September-December 1993. This was a temporary measure, and this subsidy programme does not exist at the present time.

(i) Description of the measure and of its main features
<p>1. Illustrative category: 1(b). The measure is as follows: "Export to the territory of the Dominican Republic 100 per cent of the goods and/or services an enterprise produces, subject to payment of 100 per cent of the duties and taxes established for similar imports, provided one of the following conditions is met:</p> <ol style="list-style-type: none"> 1. That the product to be exported is not manufactured outside the Free Zone in the territory of the Dominican Republic. 2. That the product to be exported includes local components, that is to say local raw materials, accounting for at least 25 per cent of the total.
<p>2. Application of the TRIM: Law No. 8-90 to Promote the Establishment of New Free Zones and Expand Existing Ones, of 15 January 1990, Article No. 17, Section F.</p>
<p>3. The TRIM and the criteria for determining its application: All enterprises in Free Zones in the country are affected by this measure. Some 490 enterprises operate in these industrial zones.</p>
<p>4. Requirements for new enterprises or new investments with existing enterprises: The measure applies to all existing enterprises and new investments to expand them or new projects for the establishment of enterprises.</p>
<p>5. Compliance with the TRIM: The measure is mandatory for all enterprises without exception.</p>
<p>6. Products-specific details of the TRIM: It applies to all products manufactured by Free Zone enterprises.</p>
<p>7. Date of implementation: The provisions of this measure entered into force on 15 January 1990 with the application of the above-mentioned Law.</p>
<p>8. Phasing-down: The Law does not provide for phasing-down or elimination of the TRIM.</p>
<p>9. Law, regulation or guideline: A copy of Law 8-90 is attached.⁴</p>
<p>10. Level of government applying the TRIM: The implementing agency is the National Council for Export Free Zones, set up under Executive Decree 895 of 19 March 1983. This is the government body responsible for guiding development policy for the country's free zones, and for administering and regulating the provisions of Law 8-90 of 15/01/90.</p> <p>The National Council for Export Free Zones is attached to the Ministry of Industry and Trade, which presides over the Council and the meetings of its governing board. Besides the Ministry, the other members of the Council include the Directors of the Industrial Development Corporation and CEDOPEX, the Chairman of the Investment Promotion Council, the Executive Director of the National Council for Free Zones, two representatives of the free-zone enterprises, the Governor of the Central Bank and a member of ADOEXPO.</p>

⁴Copies of these documents are available in the Secretariat for inspection by interested delegations (Intellectual Property and Investment Division).

(ii) **General information on the programme in question:** The free zones were created in an environment in which protectionism for local manufacturers prevailed. However, the free zones always enjoyed a system of tax incentives and customs and tax facilities which paved the way for strong outward-looking growth of the zones without an anti-export bias.

On the other hand, while the domestic sector is effectively protected by the tariff, owing to the difficult economic environment it is practically unable to compete with the free zone producers. Consequently, as a way of protecting local manufacturers, Law 8-90 included the possibility of selling in the national territory products from free zones that include Dominican raw materials.