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Committee on Subsidies and Countervailing Measures

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**SUBSIDIES**NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND  
ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURESFINAL TRANSPARENCY NOTIFICATION (FOR 2015) PURSUANT TO  
THE PROCEDURES IN THE GENERAL COUNCIL DECISION IN  
DOCUMENT WT/L/691 ON THE EXTENSIONS UNDER  
SCM ARTICLE 27.4 OF THE TRANSITION PERIOD  
FOR THE ELIMINATION OF EXPORT SUBSIDIES

## DOMINICAN REPUBLIC

The following communication, dated 25 July 2022 and received on 31 August 2022, is being circulated at the request of the delegation of the Dominican Republic.

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In accordance with the format of the questionnaire in document G/SCM/6, prepared and adopted by the Committee on Subsidies and Countervailing Measures, the Dominican Republic hereby notifies the following:

**1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

Law No. 8-90 to "promote the establishment of new free zones and expand existing ones", which establishes a tax-exemption programme for enterprises manufacturing goods or providing services, located within geographic areas known as free zones.

**2. Period covered by the notification**

This notification covers the period 1 January to 31 December 2021.

**3. Policy objective and/or purpose of the subsidy**

The objectives of the programme are, *inter alia*, job creation, workforce training, development of social responsibility programmes, promotion of balance-of-payments equilibrium (foreign exchange generation) and establishment of regional economic and social development programmes.

**4. Background and authority for the subsidy (including identification of the legislation under which it is granted)**

The underlying reasons for this programme were to provide training, to transfer technology, to attract local and foreign investment and to create employment at various points within the national territory, including in economically deprived areas, such as the border areas with Haiti. This programme was created under Law No. 8-90 of 15 January 1990.

**5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)**

Enterprises manufacturing goods or providing services and operating under Law No. 8-90 are exempt from payment of income tax and customs duties on the importation and exportation of the raw materials, equipment and machinery used to produce these goods. The subsidy is therefore a tax concession.

**6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; if the latter, how determined)**

The programme exempts natural and legal persons eligible under the free-zone regime established by Law No. 8-90 from the taxes and duties specified in point 5 of this questionnaire.

**7. Subsidy per unit or, in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per-unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation.**

Law No. 8-90 does not provide for the auditing, on the basis of either units or operating results, of manufacturing operations conducted within free zones by enterprises operating under the free-zone regime, with a view to estimating the fiscal cost to the Dominican State of attracting private investment for the creation of sources of employment.

**8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

Enterprises eligible for the benefits granted under Law No. 8-90 are entitled to a free zone operating licence, normally valid for up to 20 years in the border region with Haiti and 15 years in the rest of the country. Beyond this period, permit holders may apply for a renewal.

**9. Information on paragraph 2(a) of General Council Decision WT/L/691**

In order to comply fully with paragraphs 1(e) and (f) of General Council Decision WT/L/691, the Dominican Republic completed its action plan and eliminated export subsidies. For example, by means of Law No. 139-11 of 24 June 2011, it amended Article 17 of Law No. 8-90 in respect of export performance requirements to enable companies under the programme to market their goods and services locally without quantitative limits and without the proviso that they use local raw materials in preference to imported ones.

**10. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

- a. For the three most recent years for which statistics are available;**
- b. For a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.**

## EVOLUTION OF THE MAIN VARIABLES OF FREE EXPORT ZONES

2002-2021

Year	Existing industrial estates	Enterprises	Jobs	Exports (USD million)	Total accumulated investment (USD million)	Local expenditure (USD million)	Average weekly salary (DOP)		Surface area of industrial premises in use (sq. ft.)
							Workers	Technical staff	
2002	53	520	170,833	4,317.3	1,215.2	886.5	786.56	1,671.53	21,923,764.0
2003	54	531	173,367	4,406.8	1,329.6	810.8	961.34	2,010.79	22,066,221.0
2004	58	569	189,853	4,685.2	1,690.2	863.4	1,131.25	2,539.82	24,332,619.0
2005	57	556	154,781	4,749.7	1,989.6	1,005.4	1,347.09	2,702.67	24,540,452.8
2006	56	555	148,411	4,678.6	2,471.7	973.7	1,465.19	3,009.97	26,338,045.1
2007	53	526	128,002	4,525.2	2,457.3	1,010.9	1,480.37	3,127.22	24,609,122.9
2008	48	525	124,517	4,354.1	2,611.2	954.3	1,652.80	3,533.22	25,299,744.6
2009	47	553	112,618	3,793.5	2,738.1	959.0	1,819.00	3,689.56	29,037,744.6
2010	48	555	121,001	4,194.4	2,881.6	1,123.1	1,829.03	3,841.64	29,268,270.4
2011	51	578	125,117	4,767.1	2,913.7	1,163.5	1,967.15	3,892.63	30,067,075.7
2012	53	584	134,226	4,918.9	3,133.9	1,298.2	2,175.88	4,204.14	30,385,854.6
2013	55	602	144,383	4,976.4	3,442.8	1,326.0	2,352.49	4,483.04	33,804,830.4
2014	60	614	153,342	5,261.7	3,794.9	1,368.1	2,508.76	4,773.39	34,899,477.3
2015	65	630	161,257	5,423.6	4,043.1	1,434.5	2,536.18	4,850.50	35,869,810.4
2016	68	645	163,147	5,503.9	4,326.8	1,457.9	2,659.03	5,148.21	36,958,201.7
2017	71	665	165,724	5,709.6	4,473.1	1,482.7	2,798.37	5,302.91	37,283,897.4
2018	74	673	171,726	6,035.2	4,977.8	1,621.4	3,003.60	5,921.50	39,545,337.9
2019	75	695	176,555	6,249.5	5,107.0	1,694.6	3,232.90	6,092.50	40,655,189.2
2020	75	692	168,200	5,894.5	5,189.0	1,580.3	3,298.67	6,199.65	41,081,319.5
2021*	79	734	183,232	7,179.6	5,903.1	1,944.1	3,646.83	6,388.53	42,452,389.5
<b>Growth % 2020-2021</b>	<b>5.3</b>	<b>6.1</b>	<b>8.9</b>	<b>21.8</b>	<b>13.8</b>	<b>23.0</b>	<b>10.6</b>	<b>3.0</b>	<b>3.3</b>

Source for exports and local expenditure: Central Bank of the Dominican Republic.

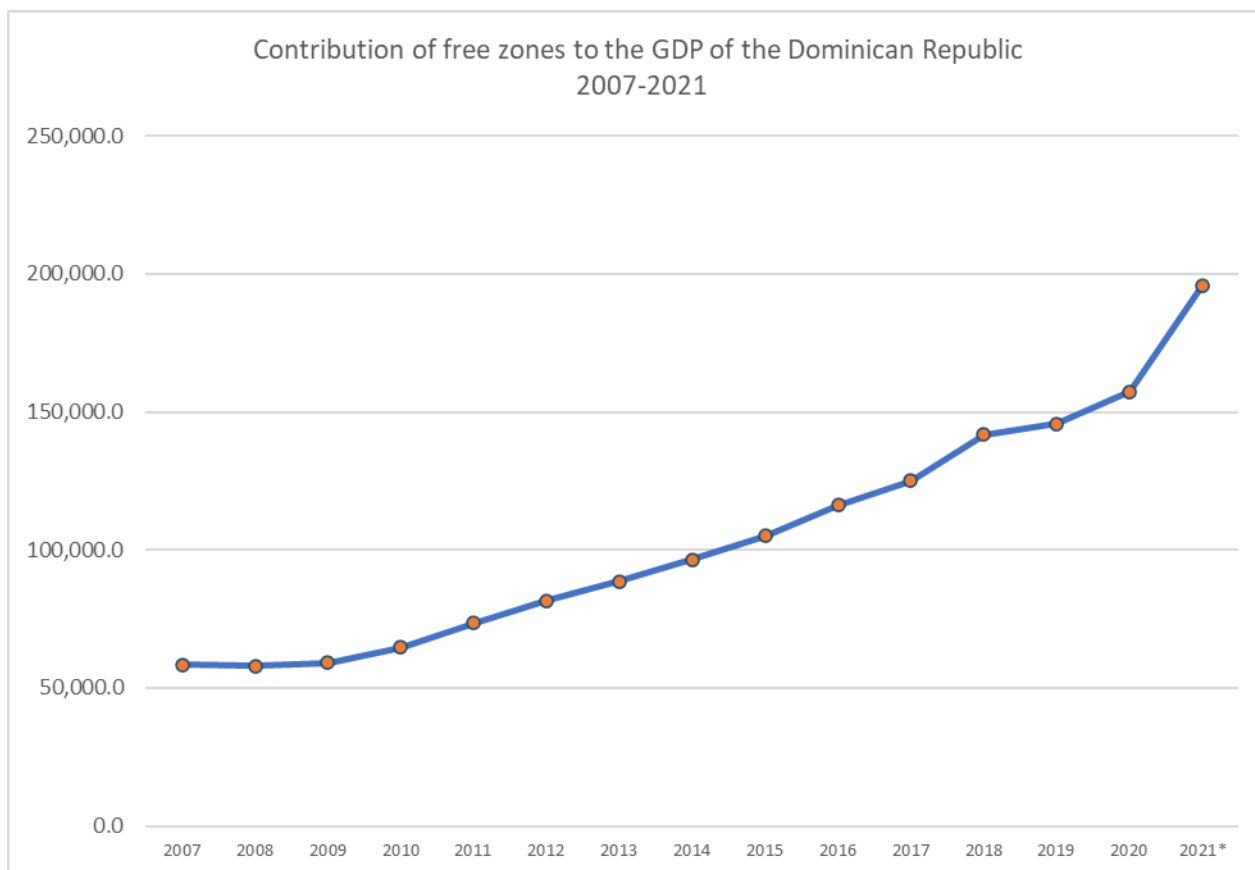
\* Preliminary export and local expenditure figure.

**CONTRIBUTION OF FREE ZONES TO THE GROSS DOMESTIC PRODUCT (GDP)  
OF THE DOMINICAN REPUBLIC, 2007-2021**

DOP MILLION

Year	GDP	Free zones	Contribution (%)
2007	1,458,416.5	58,296.4	4.0
2008	1,661,642.7	57,838.6	3.5
2009	1,736,041.1	59,002.2	3.4
2010	1,983,201.7	64,621.3	3.3
2011	2,210,213.9	73,420.6	3.3
2012	2,386,016.2	81,678.1	3.4
2013	2,619,769.7	88,554.8	3.4
2014	2,925,665.10	96,492.51	3.3
2015	3,205,655.14	105,116.65	3.3
2016	3,487,292.51	116,137.07	3.3
2017	3,802,655.77	125,039.12	3.3
2018	4,235,846.77	141,858.66	3.3
2019	4,562,235.08	145,663.56	3.2
2020	4,456,657.38	157,214.95	3.5
2021*	5,392,714.10	195,678.18	3.6

Source: Central Bank of the Dominican Republic.



## FREE-ZONE EXPORTS BY PRINCIPAL ACTIVITIES, 2012-2021

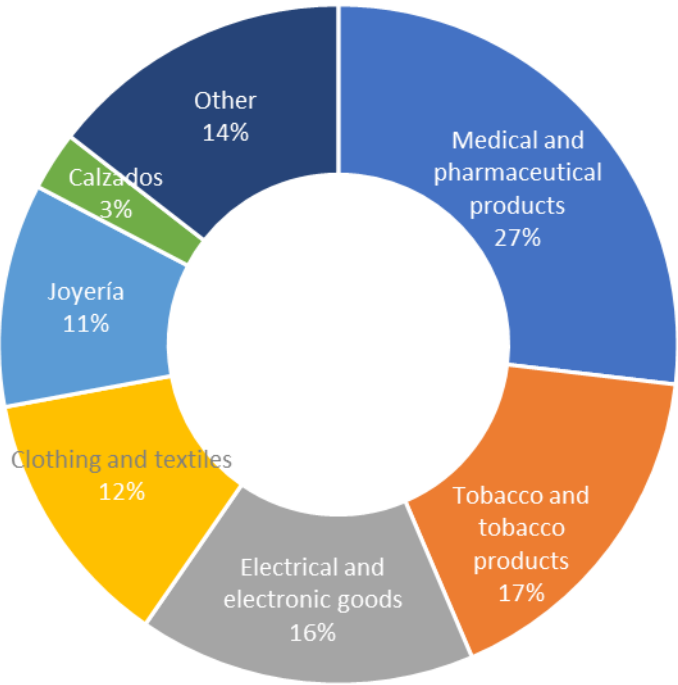
(USD MILLION)

Activity	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	Share %	Rel. var. 20/21
Medical and pharmaceutical products	1,213.2	1,230.5	1,274.2	1,361.1	1,497.0	1,487.1	1,556.5	1,660.1	1,810.4	1,929.3	26.9	6.6
Tobacco and tobacco products	475.9	531.6	586.9	660.3	695.9	798.4	823.5	885.4	897.2	1,198.5	16.7	33.6
Electrical and electronic goods	638.8	658.2	752.8	707.3	750.6	883.1	1,017.9	1,067.3	1,105.4	1,153.4	16.1	4.3
Clothing and textiles	1,222.8	1,219.1	1,241.9	1,247.9	1,102.8	1,095.9	1,094.6	1,037.7	689.4	892.7	12.4	29.5
Jewellery	405.3	315.6	283.7	369.9	407.0	422.2	490.6	530.5	429.2	762.8	10.6	77.7
Footwear	406.5	422.2	449.5	443.0	424.7	386.8	303.5	279.7	202.2	201.4	2.8	-0.4
Other	556.4	599.2	672.7	634.1	625.9	636.1	748.6	788.8	760.7	1,041.5	14.5	36.9
<b>Total</b>	<b>4,918.9</b>	<b>4,976.4</b>	<b>5,261.7</b>	<b>5,423.6</b>	<b>5,503.9</b>	<b>5,709.6</b>	<b>6,035.2</b>	<b>6,249.5</b>	<b>5,894.5</b>	<b>7,179.6</b>	<b>100.0</b>	<b>21.8</b>

Source: Central Bank of the Dominican Republic.

\* Preliminary figures.

FREE-ZONE EXPORTS BY PRINCIPAL ACTIVITIES  
2021



## COMPARISON OF DOMESTIC AND FREE-ZONE EXPORTS, 2002-2021

(USD MILLION)

Year	Domestic exports	Rel. var.	Free-zone exports	Re. var.	Total exports	Free-zone exports/total exports (%)
2002	847.7	---	4,317.3	---	5,165.0	83.6
2003	1,064.0	25.5	4,406.8	2.1	5,470.8	80.6
2004	1,250.7	17.5	4,685.2	6.3	5,935.9	78.9
2005	1,395.1	11.5	4,749.7	1.4	6,144.8	77.3
2006	1,931.4	38.4	4,678.6	-1.5	6,610.0	70.8
2007	2,635.1	36.4	4,525.2	-3.3	7,160.3	63.2
2008	2,393.9	-9.2	4,354.1	-3.8	6,748.0	64.5
2009	1,689.3	-29.4	3,793.5	-12.9	5,482.8	69.2
2010	2,621.6	55.2	4,194.4	10.6	6,816.0	61.5
2011	3,594.8	37.1	4,767.1	13.7	8,361.9	57.0
2012	4,016.6	11.7	4,918.9	3.2	8,935.5	55.0
2013	4,448.0	10.7	4,976.4	1.2	9,424.4	52.8
2014	4,637.2	4.3	5,261.7	5.7	9,898.9	53.2
2015	4,018.2	-13.3	5,423.6	3.1	9,441.8	57.4
2016	4,335.7	7.9	5,503.9	1.5	9,839.6	55.9
2017	4,425.0	2.1	5,709.6	3.7	10,134.6	56.3
2018	4,602.9	4.0	6,035.2	5.7	10,638.1	56.7
2019	4,943.2	7.4	6,249.5	3.6	11,192.7	55.8
2020	4,407.4	-10.8	5,894.5	-5.7	10,301.9	57.2
2021*	5,282.4	19.9	7,179.6	21.8	12,462.0	57.6

Source: Central Bank of the Dominican Republic.

\* Preliminary figures.

COMPARISON OF DOMESTIC AND FREE-ZONE EXPORTS  
2021

