

IV. TRADE POLICIES BY SECTOR

(1) INTRODUCTION

1. Since the previous Review of the Dominican Republic in 1996, sectoral GDP has, in broad terms, continued to shift away from primary activities towards the services sector (Table IV.1). The relative contribution of manufacturing to total GDP has tended to decrease, reflecting in part the downward tendency in the share of GDP generated in free-trade zones (FTZs). In contrast, GDP growth rates have been high for construction and infrastructure-related activities.

Table IV.1
GDP shares, 1995-01
(Per cent based on 1970 prices)

	1995	1996	1997	1998	1999	2000	2001
GDP (1970 RD\$ million)	4,579.3	4,907.4	5,307.6	5,702.0	6,147.2	6,593.0	6,772.3
Agriculture	12.6	12.8	12.3	11.5	11.4	11.2	11.4
Farming	6.0	6.4	6.1	5.6	5.5	5.2	5.5
Livestock	6.0	5.9	5.7	5.4	5.4	5.5	5.4
Forestry and fishery	0.5	0.5	0.5	0.6	0.5	0.5	0.5
Mining	2.7	2.6	2.5	2.0	1.8	1.9	1.6
Manufacturing	18.2	17.5	17.4	17.1	16.8	16.9	16.2
Free-trade zones ^a	3.7	3.5	3.5	3.5	3.2	3.1	2.9
Construction	9.7	10.2	11.1	12.3	13.4	13.2	13.0
Commerce	12.1	12.3	12.5	13.0	13.1	13.3	13.0
Hotels, bars and restaurants	5.7	6.0	6.5	6.3	6.4	6.8	6.4
Transport	6.8	6.8	6.7	6.8	6.7	6.8	6.6
Communications	3.5	3.8	4.2	4.7	5.0	5.4	6.5
Electricity and water	1.9	2.0	2.0	2.1	2.1	2.1	2.4
Finance	4.9	4.7	4.4	4.3	4.2	4.0	4.0
Real estate	5.2	5.0	4.7	4.5	4.2	4.0	4.0
Public administration	8.5	8.4	8.0	7.8	7.5	7.3	7.7
Other services	8.3	8.1	7.8	7.6	7.3	7.1	7.2

a Salaries and wages at 1970 prices.

Source: Central Bank of the Dominican Republic.

2. The services sector is the cornerstone of the economy, both in terms of value added and of employment; tourism also plays a key role for foreign earnings. Since 1996, the services sector's legal and institutional framework has been reformed and state involvement has decreased. In particular, new legislation for the telecommunications and electricity industries opened them to private, including foreign, investment. The State maintains ownership of certain basic infrastructure, notably maritime and air ports, which is being upgraded by granting concessions to private operators. Inefficiencies and lack of competition persist in certain activities; for example, chronic problems in the electricity sector are a handicap for the rest of the economy, and the cost of supplying financial services appears high. Policy changes since the end of the Uruguay Round have made conditions for foreign participation in Dominican services far more liberal than those implied by its GATS commitments; the Dominican Republic ratified the Fourth Protocol to the GATS (on telecommunications) and is in the process of ratifying the Fifth Protocol (on financial services).

3. In agriculture, export-oriented units continue to operate side-by-side with small family farms producing mainly crops for home consumption along with coffee and cocoa for export. Since 1996,

the agriculture sector has come under strong pressure from low world commodity prices and weather phenomena; as a result, export revenue has shrunk (see also Chapter I(3)). Agriculture remains key for employment, although this has tended to fall. While the sector has been liberalized to some degree, it continues to receive support through measures such as above-average tariffs, and tax incentives. Sugar, the sector's most important export product, benefits from preferential access to the United States.

4. The manufacturing sector continues to generate the lion's share of Dominican merchandise exports, although high reliance on imported inputs makes the sector's contribution to net exports much lower. Manufacturing firms are subject either to the general trade and investment regime or to the special FTZ regime. A wide gap still persists between the two regimes, despite trade liberalization, which has led to the emergence of two different manufacturing subsectors: one, under the general regime, comprising mostly Dominican firms engaged in food processing to supply the domestic market; and the other, located in FTZs, largely made up of foreign firms producing textiles, jewellery or electronics for export. As the largest investment source and export market for FTZs is the United States, FTZ activity is strongly dependent on the U.S. business cycle and policy changes affecting access to the U.S. market.

5. No accurate measures exist of the net benefits generated by FTZs over the years, but available data suggest that FTZs have been a major source of job creation and net exports; arguably, FTZ have also promoted in job training, technology transfer, and more entrepreneurial, outward-looking attitudes in the economic agents operating within them. However, by assisting FTZs to draw in resources (including workers, managers, and domestic capital), government policy has in practice disadvantaged competing producers outside FTZs. Compared with FTZ producers, other operators must also bear a more than proportional share of the cost of providing public services. Although small in global terms, the Dominican Republic's FTZs, like equivalent regimes elsewhere, embody export subsidies that add to distortions in world markets. Multilateral initiatives to address this problem could lead to the reorganization of Dominican manufacturing, and carry restructuring costs, but in the long run they would generate significant benefits for the domestic economy as resource allocation improves.

(2) AGRICULTURE AND RELATED PRODUCTS

(i) Main features

6. The agriculture sector (including fisheries, forestry, and livestock) remains important in the Dominican economy in terms of output and employment. In 2001, the sector accounted for 11.4% of GDP, compared with 12.6% in 1995, and employed more than 16% of the economically active population. However, earnings from agricultural exports have decreased considerably since 1997, particularly due to falling international prices for the Dominican Republic's major export crops.

7. Sugar, coffee, cocoa, and tobacco are the Dominican Republic's main traditional agricultural export products. In 2001, exports of these traditional crops (including their related manufactured products), totalled US\$173 million, representing 3.2 % of the value of total exports.¹ In addition, the Dominican Republic exports a range of other agricultural products such as bananas, cassava, dry coconuts, mangoes, melons, pineapples, plantains, vegetables, and yams. According to Central Bank data, imports of agricultural products amounted to US\$471.5 million in 2000; corn, wheat, and dairy products were the most important goods and the United States was the major source.

¹ Trade data are based on information from the Dominican Central Bank, unless otherwise indicated.

8. Nearly 2.6 million hectares, equivalent to about 53% of the Dominican Republic's national territory, are used for agricultural production. Large farms, with an acreage of more than 100 hectares, make up about 45% of this total; medium-sized farms, with an acreage between 5 and 100 hectares, account for 43%; and farms with less than 5 hectares make up 12%.² Large farms tend to concentrate on the production of tobacco, sugar and livestock, whereas coffee, cocoa and goods for domestic consumption are produced in small and medium-sized farms. Despite the Dominican Republic's rapidly growing economically active population, total employment in the agriculture sector fell from 502,000 in 1996 to 474,000 in 2001.

9. Hurricane George significantly affected agricultural output in the Dominican Republic, in 1998 and 1999, severely damaging farming and livestock production, and causing losses estimated at a minimum of US\$400 million. As a response, the Dominican authorities implemented a series of emergency assistance programmes, in some cases with support from foreign governments.

(ii) Policy objectives and instruments

10. The Ministry of Agriculture is responsible for the formulation of policies for the agriculture sector; its main advisory body is the Agriculture National Council (CAN). The CAN was created by Law No. 8-65 of 8 September 1965; its members include representatives of the Ministries of Agriculture and the Environment, Banco Agrícola, the National Institute of Water Resources, and numerous producer associations. In addition, agencies such as the Dominican Sugar Institute and the Tobacco Institute participate in the formulation of sectoral policies.

11. 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% (Chapter II(2)(iii)(b)).

12. The Dominican Republic maintains import tariff quotas on chicken meat, corn, dry beans, garlic, onions, powdered milk, rice, and sugar (Chapter III(2)(iv)). Tariffs on some agricultural products traditionally destined for domestic consumption, such as rice and beans, are still significantly higher than the average tariff for the sector. While the average for agricultural products (WTO definition) is 12.9%, out-of-quota tariffs are 118% for chicken meat, 92% for beans, and 107% for rice. Import permits are required for pesticides and most agricultural goods.

13. The Dominican Republic has notified to the Committee on Agriculture that it does not provide export subsidies.³ The Dominican Republic has not introduced any special safeguard measures since joining the WTO.

14. 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. In 1999, government expenditure for agricultural measures exempt from the reduction commitment (green box) amounted to RD\$440 million, of which RD\$259 million were spent for infrastructure services.⁴

15. The authorities emphasized that no export taxes are collected on agricultural products.

² Oficina Nacional de Planificación (2000b), p. 28.

³ WTO document G/AG/N/DOM/3, 5 April 2001.

⁴ WTO document G/AG/N/DOM/4, 12 April 2001.

16. 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. Agricultural products are exempt from the value-added tax (ITBIS); the authorities noted that collecting the ITBIS on those products would not be cost effective. Furthermore, primary agricultural producers are exempt from the 1.5% advance payment on gross income tax; the authorities emphasized that this exemption is not extended to processors.

17. The Government intervenes in the marketing of rice, as well as beans, garlic, onions, and potatoes, when there is excess production. In certain cases, producers are paid a support price equivalent to the production cost, with the aim of guaranteeing producers a minimum revenue level while minimizing the impact on the market. Government intervention takes place through the Price Stabilization Institute (INESPRE) and targets small producers. The authorities indicated that the marketing strategy seeks to re-define INESPRE's role in order to enhance transparency in the internal market, and establish a price mechanism that benefits both producers and consumers.

18. Credit provided by public institutions is considered a vital tool for the development of the sector. The Central Bank, through the Development and Project Financing Department (DEFINPRO), and the Agriculture Development Bank (BDA) are the main public entities providing agriculture credit. According to the authorities, credit disbursement under the DEFINPRO scheme for agricultural producers amounted to RD\$110 million in 2001.

19. Agricultural research is undertaken by the Dominican Agriculture and Forestry Research Institute (IDIAF), as main public institution, and various private-sector organizations. IDIAF follows the priorities set by the National Council for Agriculture and Forestry Research (CONIAF), established by Decree No. 687-00 of 2 September 2000, which is composed of representatives of all major public and private institutions involved in agricultural research and presided by the Minister of Agriculture. IDIAF's assignment from the State Budget for 2002 amounts to RD\$157 million. According to the authorities public expenditure for agricultural research amounted to RD\$74.9 million in 1999.⁵

20. Both of the free-trade agreements the Dominican Republic has concluded, with the Central American Common Market and CARICOM, exclude various agricultural goods from duty-free treatment; these products are subject to phased-out tariff reductions, preferential tariffs higher than 0%, or MFN treatment. Agricultural products covered by such provisions in both agreements include: beans, dairy products, garlic and onions, rice, and tobacco. Under the FTA with CARICOM, preferential treatment for various agricultural products may be temporarily suspended in order to protect agricultural producers.

21. In view of the sector's importance, the Dominican Republic is an active participant in the ongoing WTO negotiations on agriculture. With other developing countries, it submitted three proposals on special and differential treatment, green box measures, and market access.⁶ The first proposal underlines the importance of special and differential treatment for developing countries in agricultural trade policies and calls for the establishment of a "development box" to protect and enhance developing countries' food production capacity. The proposal further suggests that food staples should be exempted from liberalization and domestic production capacity of developing countries encouraged and helped to become more competitive.

⁵ WTO document G/AG/N/DOM/4, 12 April 2001.

⁶ WTO documents G/AG/NG/W/13 and G/AG/NG/W/14, both 23 June 2000, and G/AG/NG/W/37, 28 September 2000.

22. The second proposal identifies various perceived problems and shortcomings of the green box and recommends aggregating all domestic support categories in to one 'general subsidies' box with a set of criteria to spell out what should make up the programmes legal within this one box. Furthermore, it is proposed that the Due Restraint Clause protecting green box subsidies from challenge, and which is in place until the end of 2003, should be terminated as soon as possible; the clause should be a special and differential treatment provision that protects developing countries in their efforts to increase food security, ensure rural employment, and increase domestic production capacity. In the third proposal, on market access, the Dominican Republic calls for the elimination of tariff peaks, tariff escalation, and export subsidies; increased tariff quotas; the simplification of complex and non-transparent tariffs; and the substantial reduction of domestic support.

23. In the context of the preparations for the 1999 Ministerial Conference in Seattle, the Dominican Republic, together with other developing countries, raised concerns that although the SPS Agreement provided that the special needs of developing countries must be taken into account in the preparation and application of SPS measures, this had rarely been done in practice.⁷ They proposed that if an SPS measure created a problem for more than one developing country, then it should be withdrawn.

(iii) Key subsectors

(a) Sugar

24. Sugar is the most important agricultural product exported by the Dominican Republic. The area used for sugar cultivation was about 196,000 hectares in 1998. Production of raw sugar amounted to 435,000 tonnes in 2001 of which 156,000 tonnes were exported (Chart IV.1). The total value of sugar and sugar derivative exports for 2001 was US\$88.8 million; the United States is the main export market for Dominican sugar.

25. Due to damage caused by Hurricane George, sugar production fell sharply between 1997 and 1999, and has been recovering only slowly since then. For 2002, the National Sugar Institute (INAZUCAR) predicts a harvest of slightly over 4 million tonnes of sugar cane and production of 492,000 tonnes of raw sugar. Total domestic consumption of sugar remained unchanged for the last two years at 320,000 tonnes. The Dominican Republic also produces various sugar-related products for the domestic and international markets, such as molasses, inverted sugar syrup and furfural (a liquid aldehyde used as a solvent).

26. The Dominican sugar industry is governed by the National Sugar Institute, established by Law No. 618 of 16 February 1965. INAZUCAR's board is composed of the Minister of Finance, who presides it, the Minister of Agriculture, the Institute's Executive Director, three representatives of the sugar industry, and one representative respectively of the sugar farmers and the trade union. INAZUCAR's responsibilities include making recommendations to the President of the Republic, providing technical and marketing assistance to Dominican sugar producers, issuing permits for sugar imports, and allocating among domestic producers the sugar export quota assigned to the Dominican Republic.

27. Bound rates for sugar were renegotiated after the conclusion of the Uruguay Round (section (ii) and Chapter III(2)(iii)). The renegotiated final bound rate for sugar is 85% with the implementation period ending in 2004.⁸

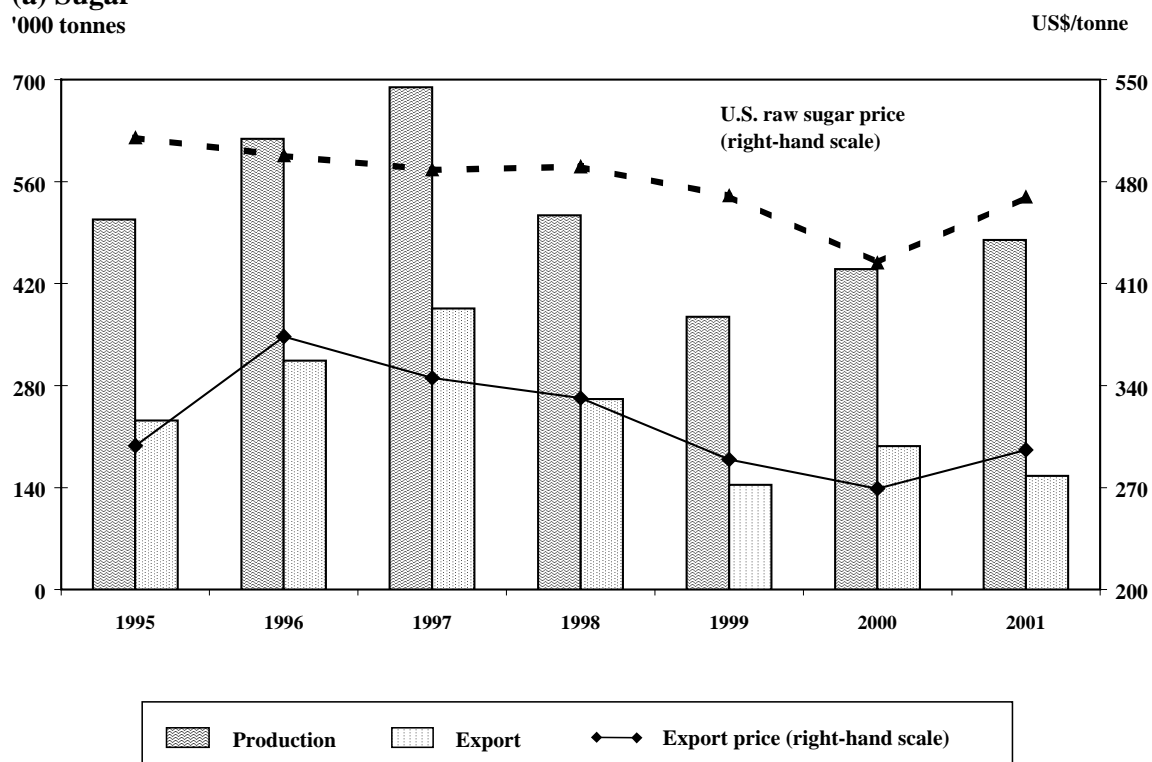
⁷ WTO document WT/GC/W/354, 11 October 1999.

⁸ WTO document G/MA/TAR/RS/54, 3 November 1998.

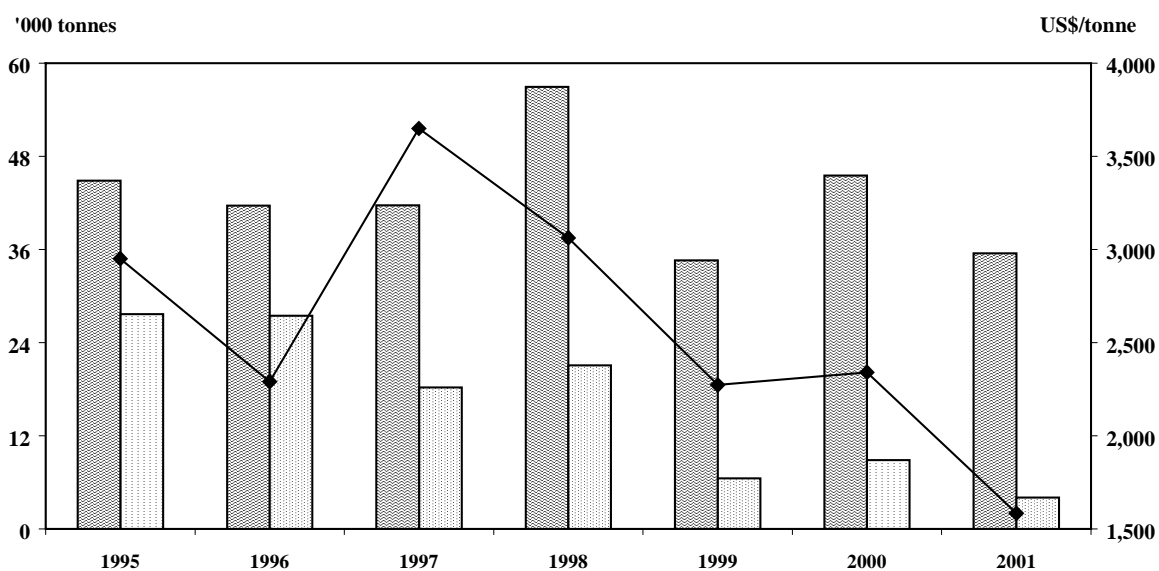
Chart IV.1

Production, export and export price for sugar and coffee, 1995-01

(a) Sugar^a
'000 tonnes



(b) Green Coffee



a Production and exports of crude sugar only.

Source: WTO Secretariat estimates, based on data from FAO, FAOSTAT; Banco Central de la Republica Dominicana; Instituto Azucarero Dominicano; and USDA, Economic Research Service.

28. The Dominican Republic maintains an import tariff quota on sugar. A 20% in-quota tariff is levied on the first 25,000 tonnes, allocated on a first-come, first-served basis. The out-of-quota tariff is 100%, subject to reduction to 85% by 2004 for quantities exceeding 30,000 tonnes. Sugar imports in 2001 amounted to 30,000 tonnes, declining for the second consecutive year. Pursuant to Decree No. 751-00 of 11 September 2000, sugar imports require a permit from INAZUCAR. Sugar is among the products exempt from free trade within the FTAs with the Central American Common Market and CARICOM.

29. The Government intervenes in sugar production and marketing through the "zafra" decree, issued annually at the beginning of the sugar harvest; the decree establishes the volume the producers are authorized to process for export. A special export permit issued by INAZUCAR is required. The permit is issued after the exporter has registered the sales contract with INAZUCAR. INAZUCAR also administers Dominican sugar exports to the United States, which are subject to a quota.

30. The Dominican Republic's quota allocation for 2001/02 is 185,335 tonnes.⁹ According to the authorities, capacity of the sugar mills is the main criterion for allocation of the quota. For 2001/02, 49.5% of the quota has been allocated to the Central Romana Corporation and 16.4% to Central Azucarero Consuelo. The additional income associated with this quota is considerable; for 2001 it amounted to about US\$32 million.

31. Sugar is one of the products for which price controls are allowed with a view to protecting consumers, as provided by Law No. 13 of 27 April 1963. Price controls are implemented by joint resolutions of the Ministry of Industry and Trade and INAZUCAR. In mid 2002, the prices established for producer-wholesaler, wholesaler-retailer, and retailer-consumer stood at RD\$330, RD\$360, and RD\$400 per quintal. Law No. 491 of 27 October 1969 governs the relationship between private cane producers and processors and sets the price for cane based on sugar content.

32. In the course of the government's privatization policy, twelve state-owned sugar mills were leased for 30 years to private enterprises in December 1999. The Dominican Republic is a member of the International Sugar Organization.

(b) Coffee

33. Dominican coffee exports have declined over recent years, reaching a record low of 4,000 tonnes in 2001, down from 28,000 tonnes in 1995 (Chart IV.1). Further impaired by falling international prices and Hurricane George in late 1998, the revenue generated from coffee exports fell sharply, from US\$81.6 million in 1995 to US\$6.4 million in 2001. Coffee production ranged between 36,000 tonnes in 2001 and 57,000 tonnes in 1998 (October-September coffee years). While exports of roasted coffee have tended to increase, from a low base, most exports still take place in the form of green coffee, reflecting tariff escalation in importing countries.

34. The coffee sector is governed by the Dominican Coffee Council (CODOCAFE), formerly the Coffee Commission, created by Law No. 79-00 of 25 September 2000. CODOCAFE's main responsibility is to formulate the Dominican coffee policy, administer the coffee funds created with exporters' contributions, and allocate the export quotas set by the International Coffee Organization. The Council is presided by the Ministry of Agriculture, and includes coffee producers, exporters, the Banco Agrícola, the Central Bank and CEDOPEX. There is no special domestic legislation governing the commercialization of coffee in the Dominican Republic.

⁹ United States Trade Representative, Press release 01-74, 21 September 2001.

35. The import tariff on coffee is 20%. Coffee is among the products excluded from liberalization in the Free Trade Agreement with the Central American Common Market. The Dominican Republic is a member of the International Coffee Organization.

36. Coffee exports require a phytosanitary certificate issued by the Dominican Coffee Commission.

(c) Tobacco

37. Tobacco production fell sharply between 1998 and 1999, due to damage caused by Hurricane George, and has not recovered since (Table IV.2). Export earnings fell from US\$40 million in 1998 to US\$8 million in 2001. As at 2000, the area used for tobacco cultivation was around 23,600 hectares. In line with the decline in production of tobacco leaves, exports of tobacco products dropped from US\$53 million in 1997 and in 1998 to US\$20 million in 1999 and 2000.

Table IV.2
Production and export of tobacco leaves, 1995-01

	1995	1996	1997	1998	1999	2000	2001
Production ('000 tonnes)	19.4	29.1	36.5	43.3	16.5	17.2	17.5
Exports (volume) ('000 tonnes)	9.0	14.5	15.1	9.7	10.6	11.9	6.4
Exports (value) (US\$ million)	16.8	27.5	38.7	39.8	33.2	24.2	7.8
Average export price (US\$/tonne)	1,870.4	1,901.5	2,559.2	4,086.0	3,140.8	2,032.1	1,223.9

Source: FAO; Dominican Central Bank; and WTO Secretariat calculations.

38. Law No. 5961 of 15 June 1962 created the Tobacco Institute (INTABACO) as an autonomous institution to oversee the tobacco industry. INTABACO's main functions include to gathering and maintaining statistics, improving growing methods, disease control, and arranging credit for producers. Tobacco exports require an inspection certificate from INTABACO.

39. Pursuant to Article 110 of the Health Law of 7 February 2001, exporters of tobacco must be registered with the Ministry of Health. The Health Law further establishes that tobacco products must be labelled in Spanish and, pursuant to Article 124 of the Law, carry a health warning.

40. Tobacco imports into the Dominican Republic are subject to a tariff of 18%. In both of the free-trade agreements the Dominican Republic has concluded, with CARICOM and the CACM, tobacco and tobacco products are exempt from liberalization.

41. Domestic sales of tobacco products are subject to the Specific Consumption Tax; the current tax rate, as established by the Tax Reform Law of 27 December 2000, is 50% for most tobacco products.

42. In addition to exporting tobacco to the United States, the Dominican Republic is also a major importer of U.S. tobacco. According to Central Bank data, Dominican tobacco imports amounted to US\$5.6 million in 2001. Most of the imported tobacco is used as cigar wrapping in free-trade zones and re-exported to the United States, or exported to the European Union and other markets.

(d) Cocoa

43. Apart from a significant decline in production in 1999, largely due to damage caused by Hurricane George, Dominican cocoa production has mainly been stable in recent years (Table IV.3). The area cultivated has been constant at 120,000 hectares. Cocoa exports amounted to US\$38 million

in 2001. The United States receives more than 90% of the cocoa beans exported by the Dominican Republic.

Table IV.3
Cocoa beans production and export, 1995-01

	1995	1996	1997	1998	1999	2000	2001
Production ('000 tonnes)	64.7	67.2	58.3	67.7	43.0	57.1	83.7
Exports (volume) ('000 tonnes)	49.9	51.1	45.4	53.4	20.0	30.3	39.7
Exports (value) (US\$ million)	54.4	58.2	54.1	79.3	20.2	21.7	38.0
Average export price (US\$/tonne)	1,091.2	1,138.9	1,192.5	1,483.6	1,010.4	714.5	957.5

Source: FAO; Dominican Central Bank; and WTO Secretariat calculations.

44. Production and commercialization of cocoa is governed by the Cocoa Commission, established by Decree No. 2280 of 19 August 1976. The Commission is composed of representatives from the Ministry of Agriculture, which presides it, cacao producers and exporters, the Central Bank, Banco Agrícola, and CEDOPEX. A phytosanitary certificate issued by the Cocoa Commission is required for cocoa exports. Imports of cocoa are subject to a tariff of 14.%.

(e) Other crops and products

45. Rice is the Dominican Republic's main staple food. Traditionally, an important objective of Dominican agricultural policy has been to generate a high degree of self-sufficiency in rice production. According to the authorities, rice production in 2000 amounted to 594,000 tonnes with a value of RD\$3.2 billion. Imports of rice require an import permit issued by the Ministry of Agriculture. Rice imports are subject to reference prices (Chapter III(2)(ii)). In 2000, the Dominican Republic imported rice for US\$24.8 million.

46. The Dominican Republic's banana exports reached 101,000 tonnes in 2001, earning US\$35 million, up from 63,000 tonnes in 2000. Domestic production in 2001 amounted to 445,000 tonnes. Imports of bananas are subject to a tariff of 20%. The Dominican Republic had reserved its third-party rights in the dispute settlement case concerning the importation of bananas to the European Union.¹⁰

47. Since the early 1990s, exports of various non-traditional agricultural goods, particularly fruit, have increased in importance. Growth rates have been particularly high for melons and pineapples (Table IV.4).

Table IV.4
Exports of selected non-traditional agricultural products, 1996-01
(US\$ million)

	1996	1997	1998	1999	2000	2001
Melons	3.5	4.9	4.3	7.5	11.1	10.5
Plantains	2.3	1.8	0.3	2.9	15.7	3.1
Pineapples	3.7	4.2	5.3	7.6	6.6	10.0
Dry coconuts	6.5	6.5	6.2	6.0	6.3	5.0
Guineos (specialty bananas)	12.0	9.9	13.0	16.6	19.3	13.5

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

¹⁰ Further details may be found in WTO documents WT/DS16/4, 24 October 1995, and WT/DS27/2, 28 February 1996.

48. In 2000, the production of livestock contributed 5.4% to Dominican GDP, down from 6% in 1995. Despite the relatively high importance of domestic production, exports of livestock are minor. In 1999, the Dominican Republic exported live animals, meat and meat products for US\$3.4 million.

49. The contribution of forestry and fisheries to Dominican GDP has traditionally been very low and amounted to less than 0.5% in 2000. The fisheries industry is governed by Law No. 64-00 of August 2000, which also created the Ministry of the Environment and Natural Resources to amalgamate all state agencies with responsibility in the area of natural resources.

50. To preserve and control coastal areas, and to protect species, Decree 11-01 of 11 November 2001 established export taxes on fish and seafood. Exports of live fish are subject to an export tax of RD\$0.03 per kg; exports of crustaceans and molluscs face an export tax of 5% *ad valorem*. The authorities noted that the Dominican Republic was making efforts to ratify the Convention on the Law of the Sea, and to reach bilateral agreements to exploit marine resources with other countries.

(3) MINING AND ENERGY

(i) Mining and mineral processing

51. The contribution of the mining sector to the GDP has declined in recent years, from 2.7% in 1995 to 1.6% in 2001. While ferro-nickel and doré (a gold and silver alloy) have traditionally been the Dominican Republic's major mining products for export, cement, gypsum, salt, marble, sand and gravel are mainly produced for the domestic market. In 2001, the Dominican Republic exported mining products for US\$140 million; most of this was ferro-nickel after the production of doré had been suspended in 1999 (Table IV.5). Employment in the mining sector fell from about 8,900 in 1996 to some 5,800 in 2001.

Table IV.5
Mineral exports, 1996-01
(US\$ million)

	1996	1997	1998	1999	2000	2001
Total	267.5	243.8	147.6	150.8	237.4	145.2
Ferro-nickel	218.8	216.5	132.1	143.9	237.4	145.2
Doré	48.7	27.3	15.5	6.9	0.0	0.0
Silver	45.7	1.9	1.5	0.8	0.0	0.0
Gold	3.0	25.4	14.0	6.1	0.0	0.0

Source: Dominican Central Bank.

52. Sluggish international demand and low international prices have led to a reduction of Dominican mining output since 1997. In February 2002, the country's largest mining company and only nickel producer, Falconbridge Dominicana, resumed mining operations after the company had shut down its plants in October 2001 in response to low world market prices for nickel. Nickel production was 21,700 tonnes in 2001.

53. Production of gold and silver was suspended in 1999 due to deterioration of the plant and low prices on the world market. The operation of Rosario Dominicana, owned by the Central Bank, is in the process of being transferred to Placer Dome, a Canadian firm. The firm plans to invest some US\$336 million and start operations within three years under a 25-year lease. Output will consist of doré, gold, and zinc. The authorities expect that this and other investment in mining will reverse the downward trend in the sector's GDP share.

54. The mining sector in the Dominican Republic is governed by the Mining Law (Law No. 146) of 4 June 1971 and Decree No. 207-98 of 3 June 1998. The Law governs all mining operations, except petroleum and other hydrocarbons, medicated mining water, radioactive substances, and sand and construction material. According to Article 1 of the Law, all natural mineral substances that are found in the ground or subsoil of the national territory belong to the State. Any national or foreign person or company may register the discovery of mineral deposits and request exploration or exploitation concessions.

55. The Directorate-General of Mining of the Ministry of Industry and Trade is responsible for the administration of the mining sector. The Ministry of Industry and Trade awards exploration concessions to applicants according to the rules and regulations established in the Law and based on information provided by the Directorate-General. Exploitation concessions are granted for a period of 75 years. Foreign private participation is permitted in all areas of the mining sector, except for the disposal of radioactive and toxic waste not produced in the Dominican Republic.

56. Under Article 119 of the Mining Law exports of mineral substances in their natural state or in form of metalliferous concentrates are subject to a specific tax of 5% f.o.b.

57. Presidential Decree No. 613-2000 of 25 August 2000 created the National Council for the Development of the Mining Industry. The Council is headed by the President of the Republic and includes the Ministers of Industry and Trade and of the Environment and Natural Resources, the Central Bank Governor, the National Coordinator of Lomé IV, and others. The Council formulates policies for the mining sector and seeks schemes to encourage its development. Presidential Decree No. 613-2000 also created the Mining Corporate Unit to oversee and serve as the operative counterpart in mining activities where the State participates as an investor.

58. With a view to promoting mineral processing in the Dominican Republic, Decree No. 947-01 of 19 September 2001 allows for the establishment of Mining Industry Parks in ten specific geographic areas (Chapter III(4)(ii)). Enterprises in these Parks are granted the advantages laid out in the Free Trade Zone Law, such as duty-free import of equipment, and tax exemptions (Chapter III(3)(iv)). Contracts to establish, which are subject to approval by the National Council for Free Trade Zones, have a duration of ten years and are renewable for four periods of equal duration. Moral or natural persons that possess exploration or exploitation licences are excluded from benefiting from these advantages.

(ii) Electricity

59. Since the Dominican Republic's previous Review, major changes have been made to the legal framework for the electricity industry, which is now governed by the Electricity Law (Law No. 125-01) of 27 July 2001 and its Regulations. Among other things, the Law aimed to address the industry's persistent crisis since the 1970s, caused by sharp increases in fuel prices, insufficient generating capacity, and excessive losses in the transmission and distribution systems. Through the adoption of the new Law, the authorities sought to guarantee a stable level of electricity supply, promote private participation in the industry's development, encourage competition among generators, and regulate transmission and distribution prices based on economic efficiency criteria.¹¹

60. The National Energy Commission, established by the Electricity Law, and the Superintendency of Electricity, created by Decree No. 118-98, have overall responsibility for regulating the Dominican energy sector. The National Energy Commission is in charge of drafting and coordinating the legal framework and advising the executive branch on all related issues. The

¹¹ Superintendency of Electricity/Pellerano & Herrera (2001), p. 15.

Commission is composed of the Ministers of Industry and Trade, Finance, Agriculture, Environment, and the Presidency; the Governor of the Central Bank; and the Director of the Dominican Institute of Telecommunications.

61. The Superintendency of Electricity is a semi-autonomous body operating under the Ministry of Industry and Trade. It is responsible for monitoring compliance with legal provisions; authorizing modifications to electricity rate levels that are subject to regulation; supervising market behaviour in order to avoid monopolist practices; imposing penalties in case of non-compliance with the Law; and deciding about requests for provisional concessions of electricity generation, transmission, and distribution. The Electricity Law further established the Coordinating Agency as the institution in charge of planning and coordinating operations between generation, transmission, and distribution companies in order to guarantee electricity supply at a minimum economic cost.

62. The Electricity Law allows foreign investment in distribution and all forms of electricity generation except for hydroelectricity. The latter and the transmission of energy are reserved for the state. The Law does not provide for different treatment of foreign-owned enterprises. Pursuant to the Law, no authorization is needed for the generation of electricity but generators that feed electricity above a certain power threshold into the transmission system require a concession. Prices may be set freely with the exception of prices for transmission and distribution services that are subject to authorization.

63. In the course of the Government's privatization programme (Chapter III(4)(iii)), the state-owned Dominican Electricity Corporation (CDE) was split into five independent enterprises; 50% of the capital was sold to private investors, who acquired effective control over the respective companies. Two of these newly created companies are engaged in the generation of electricity and three are distribution companies. The State is still involved in various activities in the electricity industry. The production of hydroelectricity is under government responsibility through the state-owned Dominican Hydroelectric Generation Company. Furthermore, the State owns the transmission system and, through the state-owned company CDEEE, implements programmes for rural and suburban electrification in favour of low-income communities.

64. The industry has been growing rapidly in recent years: in 2001, it contributed 2.4% to GDP, up from 1.9% in 1995; and energy production reached nearly 9,700 GWh (Table IV.6). Much of the recent expansion in generating capacity has been linked to investment by independent power producers (IPPs). Notwithstanding changes to the legal framework and sizeable investment, chronic and prolonged power cuts have continued to affect many production activities and countless domestic consumers. The lack of reliable electricity has forced users to keep back-up generators, which has increased energy costs to business and other users. As a result, the performance of the electricity subsector and the Government's approach to it have become one of the main policy issues in the Dominican Republic.

65. As a result of additions in recent years installed power generating capacity appears to exceed demand. Thus, unreliable supply does not seem to be caused by physical constraints. The problem is complex but the information available suggests that the main causes include droughts periodically reducing hydroelectric power, energy sales contracts that discourage bringing into line the highest cost (marginal) generating capacity, a large number of unregistered customers, and customers that are registered but not metered. Moreover, IPPs have shut down generating plants claiming that input-fuel subsidies and electricity bills have gone unpaid (an IPP involving Enron Corporation has been particularly vocal in this respect), apparently following steep increases in electricity charges. CDE appears to account for a significant proportion of charges owed to IPPs; it seems to have been owed

for energy supplied to distributors, which in turn withheld reimbursement while awaiting payment by final consumers (apparently including a number of public enterprises).

Table IV.6
Production and sales of electricity, 1995-01

	1995	1996	1997	1998	1999	2000	2001 ^a
	(In gigawatt-hours)						
Production	5,765	6,903	7,546	7,928	9,290	9,705	9,673
Public production	4,188	4,041	3,918	4,580	5,549	5,265	4,840
Hydroelectric	762	1,087	839	922	1,370	933	781
Thermal	2,846	2,336	2,466	2,420	2,019	2,218	2,726
Gas turbines	573	613	609	1,227	2,122	2,107	1,326
Diesel	6	6	5	11	8	7	8
Private sector production	1,577	2,862	3,628	3,348	3,741	4,440	4,833
Less	2,473	3,269	3,524	3,333	4,324	4,380	3,345
CDE internal consumption	234	211	211	236	240	236	231
Losses ^b	2,239	3,059	3,312	3,098	4,071	4,144	3,114
Sales	3,292	3,633	4,023	4,595	4,974	5,325	6,329
Residential	1,301	1,392	1,441	1,513	1,671	1,938	2,786
Commercial	375	419	449	474	569	614	820
Industrial	1,081	1,247	1,392	1,582	1,740	1,864	1,909
Public sector and street lights	535	575	741	1,026	994	909	814

a Preliminary statistics.

b Residual, mostly accounted for by transmission losses and unregistered line connections.

Source: Dominican Central Bank.

66. In an effort to solve the country's power supply problems, the Government intends to investigate contracts awarded to IPPs, and appears interested in renegotiating some of them; it is apparently also considering the further capitalization of CDE to address the Corporation's financial problems. In addition, measures have been taken to upgrade the transmission and distribution system as well as against fraud and illegal connections. Despite existing problems, private firms have continued to invest heavily in the Dominican Republic's electricity infrastructure.

(iii) Hydrocarbons

67. Energy demand in the Dominican Republic is met mainly by imported petroleum. In 2001, imported crude petroleum and derivatives were about US\$1,233 million (Table IV.7). The import tariff on crude petroleum and most petroleum products is 3%, except on seven items of oil (not crude) from petrol and bituminous minerals, for which it is 14%. The Dominican Republic's largest refinery, REFIDOMSA, is a joint venture between the Government and Shell.

68. Under the San José Pact, the Dominican Republic and nine other Central American and Caribbean countries share the maximum 160,000 petroleum barrels per day supplied by Mexico and Venezuela. Petroleum is priced at market rates, with part of the revenue used to finance development projects. The Caracas Energy Cooperation Accord, signed in October 2000 with the same beneficiary countries, adds 20,000 barrels per day of Venezuelan petroleum. While this petroleum is also priced at market rates, the accord provides for the possibility of credit buying.

69. Pursuant to Law No. 112-00 of 1 November 2000, consumer prices for petroleum and petroleum products, as well as their marketing margins, are fixed by the Ministry of Industry and

Trade. Prices are adapted on a weekly basis, depending on international petroleum prices and the exchange rate.

Table IV.7
Petroleum statistics, 1995-01

	1995	1996	1997	1998	1999	2000	2001
	(in million U.S. dollars)						
Imports of crude oil and derivatives^a	604	767	814	648	840	1,505	1,233
Crude oil	264	297	294	184	242	409	307
Refined derivatives	340	470	520	464	598	1,096	926
	(in million barrels)						
Imports of crude oil and derivatives^a	33.8	35.4	40.4	44.2	45.1	..	..
Crude oil	16.2	15.0	16.3	15.9	14.4	..	..
Refined derivatives	17.6	20.4	24.1	28.3	30.7	..	..
Refinery output	7.6	6.5	5.1	1.5	4.1	..	..
Domestic consumption	25.2	26.9	29.2	29.8	34.8	..	..
Gasoline	6.2	6.7	7.2	7.7	8.3	..	..
Diesel	7.4	8.7	10.2	10.8	13.6	..	..
Fuel oil	6.8	6.1	6.3	5.1	5.3	..	..
Kerosene	2.3	2.5	2.6	2.7	2.8	..	..
Liquid petroleum gas	2.5	2.9	2.9	3.5	4.7	..	..

.. Not available.

a Includes crude oil imported by Dominican Electricity Corporation (CDE).

Source: Central Bank of the Dominican Republic.

(4) MANUFACTURING

(i) Main features and domestically oriented sector

70. Although value-added in real terms has increased, the relative contribution of the manufacturing sector to Dominican GDP decreased from 18.2% in 1995 to 16.2% in 2001. The most important activities of the domestically oriented manufacturing sector include the processing and packaging of agricultural products, production of chemical goods, and processing of minerals (Table IV.8).

71. Based on the ISIC definition of the sector, the average tariff for manufacturing was 8.6% as at January 2002 (Chart IV.2).¹² Goods subject to particularly high import tariffs include meat products (22.1%), bakery products (20%), soft drinks (20%), and carpets and rugs (20%). On the other hand, various products crucial for the agriculture sector, such as agricultural machinery (0.2%) and fertilizers and inputs (0%), facing relatively low tariffs.

72. The privatization policy following the adoption of the Public Enterprise Reform Law in 1997 led to a significant reduction of state activities in the manufacturing sector. However, the Government retains significant interest in several of the privatized enterprises as the principal mode chosen for privatization required that at least 50% of the capital of newly created companies had to remain in state hands.

¹² Based on the WTO definition for agricultural products, the average tariff for the non-agricultural sector was 7.9%.

Table IV.8

Value-added in the manufacturing sector (excluding free-trade zones), 1995-00
(Per cent)

Sector	1995	1996	1997	1998	1999	2000
Contribution of manufacturing to GDP (1991 RD\$ million)	21,260	22,730	25,963	27,114	27,672	29,061
Milling industries	2.3	2.0	1.9	1.7	1.9	1.9
Sugar refinement	4.8	5.3	5.1	3.8	2.9	3.2
Other food products	26.2	24.2	23.5	22.6	25.2	26.5
Beverages and tobacco production	18.9	20.7	17.1	18.5	19.6	20.0
Textile manufacturing	4.4	4.0	7.0	6.4	6.8	6.5
Petrol refinement	2.1	2.0	1.8	1.8	1.7	1.7
Chemical industries	13.2	13.2	13.1	12.5	11.4	12.2
Plastics and rubber products	3.8	3.8	5.7	3.1	1.8	1.0
Non-metallic mineral products	8.1	7.5	8.5	8.3	9.8	10.2
Basic metal industries	3.0	3.6	3.6	4.1	5.2	5.3
Other manufacturing industries	13.3	13.6	12.9	17.2	13.8	11.6

Source: Dominican Central Bank.

73. Besides tariff protection and special export regimes, public measures to promote the Dominican Republic's industrial development include export marketing support (Chapter III(3)(v)), official export finance programmes (Chapter III(3)(vi)), small-enterprise development programmes (Chapter III(4)(i)(a)), and research assistance activities (Chapter III(4)(i)(b)).

(ii) Free-trade zones

74. Since the end of the 1960s, the Dominican Republic has developed an extensive system of free-trade zones (FTZs), which have grown rapidly in terms of export value and employment (Table IV.9). In 2001, more than 500 enterprises with about 175,000 employees operated in FTZs. The share of exports from FTZs in total exports increased from 77% in 1996 to 85% in 2001. The authorities indicated that less than 3% of the production in FTZs was sold on the Dominican market.

Table IV.9

Key indicators on the Dominican Republic's free-trade zones, 1995-01

Year	1995	1996	1997	1998	1999	2000	2001 ^a
Number of free-trade zones	33	36	40	43	44	46	51
Number of enterprises	469	436	446	496	484	481	512
Total employment	166,000	165,000	182,000	195,000	189,000	197,000	175,000
Contribution to GDP (%)	3.7	3.5	3.5	3.5	3.2	3.1	2.9
Total imports (US\$ million)	2,006	2,146	2,417	2,701	2,834	3,062	2,847
Total exports (US\$ million)	2,907	3,107	3,596	4,100	4,331	4,771	4,538
of which:							
Textiles and clothing	1,731	1,754	2,185	2,349	2,393	2,555	2,343
Shoes	330	265	311	349	358	296	303
Electronic products	350	241	300	362	446	555	485
Tobacco products	121	236	281	329	320	318	359
Jewellery	110	145	179	240	281	427	543
Pharmaceutical products	126	154	191	229	271	340	326
Other	140	313	151	243	263	270	180
Free-trade zone exports / total exports (%)	76.9	76.6	77.9	82.3	84.3	83.2	85.1

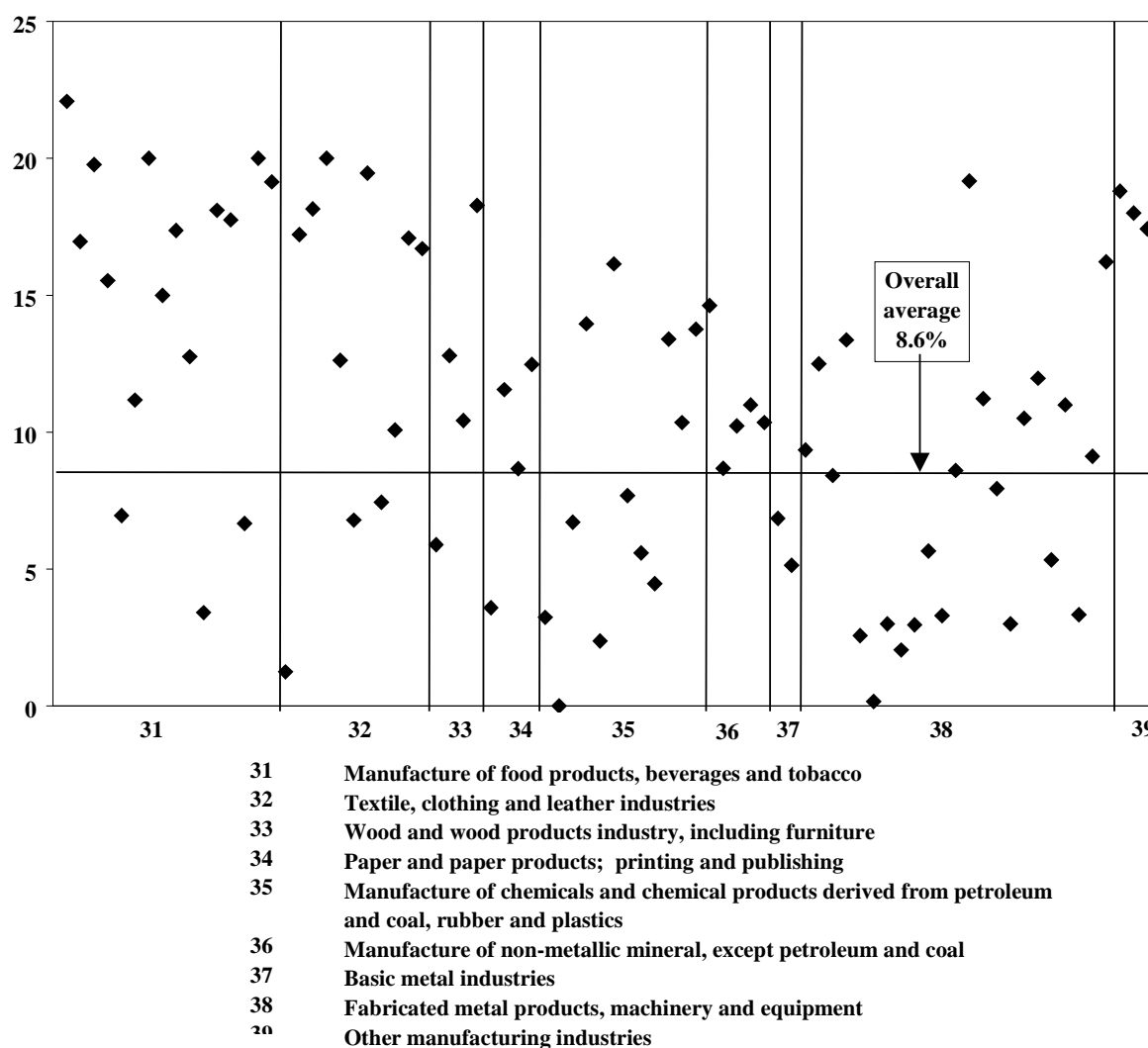
^a Preliminary figures.

Source: National Council for Free Trade Zones, Central Bank.

Chart IV.2

Tariff protection in the industrial sector, 2001^a

Per cent



^a By 4-digit ISIC category.

Source: WTO Secretariat estimates, based on data supplied by the Dominican Republic authorities.

75. The contribution of FTZs to Dominican GDP has declined since the mid 1990s: they contribute some 3% of GDP, and employ some 6% of the labour force. This reflects the widespread use of labour-intensive activities in those zones. Moreover, as noted in Chapter I, FTZ value added is computed as net export earnings; the authorities estimate that including all the usual components of value added, the share of FTZs in GDP would be similar to their share in employment.

76. As described in Chapter III(3)(iv), enterprises located in FTZs benefit from considerable incentives, most notably exemption from import tariffs and taxes. The Dominican Republic notified WTO Members about the measures maintained under the Free Trade Zones Law (Law No. 8-90) of 8 January 1990, and requested an extension of the transition period provided for in Article 27.4 of the

WTO Agreement on Subsidies and Countervailing Measures in January 2001.¹³ The Ministerial Conference directed the Committee on Subsidies and Countervailing Measures to extend the transition period under this Article for certain export subsidies provided by Members.¹⁴ In the context of this Review, the Dominican authorities indicated that they had engaged consultants to study options for the modification or elimination of any subsidy that might be WTO inconsistent.

77. The industrial structure of the FTZs still differs substantially from the domestically oriented manufacturing sector. Output and exports are largely concentrated in textiles, jewellery and electronic products. More than half of the enterprises located in FTZs are engaged in the production of textiles. Since the mid 1990s, however, the Dominican Republic has to a certain extent managed to diversify the exports of its FTZs. Based on the data in Table IV.9, the Herfindahl-Index, measuring the concentration of Dominican FTZ exports, fell from 0.40 in 1997 to 0.31 in 2001.¹⁵ Moreover, local value-added as a share of total exports increased from 25% in 1993 to 34% in 2000.

78. Since 1993, the total number of enterprises operating in Dominican FTZs has remained relatively stable, indicating that growth has taken place through the expansion of existing enterprises rather than through market entries. Of the 51 FTZs located in the Dominican Republic in 2001, 26 were administered by private operators, 22 by public operators, and three by private-public joint ventures.

79. As at 2001, total accumulated investment of enterprises located in Dominican FTZs amounted to more than US\$1.3 billion. The main investor was the United States, with US\$728 million, followed by the Dominican Republic with US\$376 million. The United States is also the main recipient of exports from Dominican FTZs and the most important provider of imports, creating a heavy dependence on the U.S. business cycle and U.S. trade policy changes.

80. Policies of foreign trading partners, as reflected in the U.S. Caribbean Basin Initiative and Caribbean Basin Trade Partnership Act, the Cotonou Convention, and the Generalized System of Preferences, continue to have an important impact on Dominican manufacturing export performance and have fuelled the expansion of FTZs in the Dominican Republic. For example, Dominican manufacturing exports to the U.S. under the CBI and CBTPA amounted to nearly US\$2 billion in 2001. The authorities indicated, however, that certain provisions in these schemes, most notably the yarn-forward requirement, hinder the development of stronger backward linkages to the "national" economy. Under the two free-trade agreements the Dominican Republic has concluded, with CARICOM and the Central American Common Market, products originating in FTZs are exempt from duty-free treatment.

81. For apparel and textile exports to the United States, a special export permit is required from the National Council for Free Trade Zones. The quota for textile exports is assigned by the Textile Commission of the National Council for Free Trade Zones in accordance with the Regulations on the Allocation of the Textile Quota (Decree No. 06-91 of 21 May 1991). The Commission is composed of various representatives of the public and private sector. According to the authorities, historic export performance is the main criterion for the allocation of the quota. Exports of apparel and textiles from Dominican FTZs amounted to US\$2.3 billion in 2001; for most product categories the fill rate of the Dominican quota was below 80%.

¹³ WTO document G/SCM/N/74/DOM, 8 January 2002.

¹⁴ WTO document WT/MIN(01)/17, 20 November 2001.

¹⁵ An index value of 1 would mean total concentration of exports in one branch, while a value close to 0 would describe a high degree of diversification.

(5) SERVICES

(i) Principal characteristics

82. In 2000, the services sector contributed 55% to Dominican GDP, about the same share as in 1995.¹⁶ While commerce has traditionally been the Dominican Republic's most important service subsector, growth rates during the 1990s were particularly high in communications and tourism-related services such as transport and the hotel and restaurant industry (Table IV.10).

Table IV.10
Value-added of Dominican services sectors, 1995-01
(1970 RD\$ million)

Sector	1995	1996	1997	1998	1999	2000	2001
Commerce	554.8	603.9	664.2	743.3	805.7	875.8	878.9
Hotels, bars and restaurants	259.4	292.6	343.6	359.7	392.4	450.0	430.4
Transport	310.6	335.3	356.6	389.8	414.7	449.1	447.5
Communications	159.7	185.7	221.5	266.7	308.3	355.7	442.0
Finance	224.6	228.8	236.2	245.7	256.0	264.4	271.9
Real estate	238.2	243.5	249.3	254.5	260.4	266.4	272.4
Public services	387.7	409.8	422.7	444.9	458.7	478.4	520.8
Other services	380.5	397.4	415.3	431.5	450.0	469.2	485.4

Source: Dominican Central Bank.

83. According to Central Bank data, the Dominican Republic exported services amounting to US\$2,999 million and imported services to US\$1,295 million in 2001. Employment in the sector grew faster than in others; in 2001, 62% of the economically active population worked in the services sector, up from 54% in 1996.

84. As a consequence of the Government's privatization policy, state involvement in services has decreased since 1999. However, the State remains involved in the provision of services as owner of banks, maritime ports, and hotels. The Foreign Investment Law of 1995 eliminated virtually all exemptions to market access and national treatment; sectoral exceptions continue to exist for radio broadcasting and in the transport sector.

(ii) Commitments under the GATS and other agreements

85. The Dominican Republic's Schedule of Specific Commitments under the WTO General Agreement on Trade in Services (GATS) includes commitments in seven of the twelve categories of services (Table IV.11).¹⁷ In general, the Dominican Republic's GATS commitments tend to bind the policy framework in place at the time of the Uruguay Round negotiations. In most cases, recent changes have made the applied policy more liberal than those commitments.

¹⁶ Following the UN System of National Accounts, the construction, electricity, water industries are counted as being part of the industrial sector.

¹⁷ WTO documents GATS/SC/28, 15 April 1994, GATS/SC/28/Suppl.1, 28 July 1995, GATS/SC/28/Suppl.2, 11 April 1997, and GATS/SC/28/Suppl.3, 26 February 1998.

Table IV.11

Summary of the Dominican Republic's commitments under the GATS^a

Modes of supply: Cross-border supply Consumption abroad Commercial presence Presence of natural persons	Market access				National treatment			
	1	2	3	4	1	2	3	4
Commitments (■ full; ▣ partial; □ no commitment; – not appearing in Schedule)								
Horizontal	□	□	■	■	□	□	□	■
Commitments in specific sectors								
1. Business services								
A. Professional services								
Legal advisory and information services; financial auditing services; accounting review services; compilation of financial consulting services; corporate tax preparation and review services; individual tax preparation and planning services; other tax-related services	■	■	■	□	□	■	□	□
Market research and public opinion polling services; management consulting services	■	■	■	□	■	■	■	□
Architectural services; integrated engineering services; urban planning and landscape architectural services	■	□	■	□	■	□	□	■
Engineering services	■	□	□	□	■	□	□	■
Medical and dental practice services; social services	□	■	■	□	□	□	□	■
Related scientific and technical consulting services; technical testing and analysis services	■	□	■	□	■	□	□	□
Advertising services	■	■	■	□	■	■	□	□
Building cleaning services	□	□	■	□	□	□	□	□
B. Computer services								
Consultancy services related to the installation of computer data processing services; data base services; maintenance other computer services	□	□	■	□	□	□	□	□
C. Research and development services								
Research and development services on natural sciences; research and development services on social sciences and humanities; interdisciplinary research and development services	■	□	■	□	■	□	■	□
F. Other business services								
Various agricultural, mining and manufacturing services	■	□	■	□	□	□	□	□
2. Communications services								
C. Telecommunications services								
Voice telephone services; packet-switched data transmission services; telegraph services; facsimile services; private leased circuit services; connection and interconnection services; paging services; mobile maritime and air-to-ground telecommunication services	□	□	■	■	□	□	□	■
D. Audiovisual services								
Radio and television cable services; sound and images transmission services, on a fee or contract basis; other communication services	■	■	■	■	■	■	■	■
3. Construction services								
Construction work	□	□	■	■	□	□	■	■
A. General construction work for buildings	□	□	■	■	□	□	■	■
B. General construction work for civil engineering	□	□	■	■	□	□	■	■
C. Assembly and erection of pre-fabricated constructions	□	□	■	■	□	□	■	■

Table IV.11 (cont'd)

Modes of supply: Cross-border supply Consumption abroad Commercial presence Presence of natural persons	Market access				National treatment			
	1	2	3	4	1	2	3	4
Commitments (■ full; ▣ partial; □ no commitment; – not appearing in Schedule)								
D. Building completion and finishing work	□	□	■	▣	□	□	■	▣
Building completion and finishing work; renting services related to equipment for construction or demolition of buildings; construction buildings; civil engineering works; other engineering works	□	□	■	▣	□	□	■	▣
E. Other construction services	□	□	■	▣	□	□	■	▣
Special trade construction work; installation work	□	□	■	▣	□	□	■	▣
4. Distribution services	–	–	–	–	–	–	–	–
5. Education services	–	–	–	–	–	–	–	–
6. Services related to the environment	–	–	–	–	–	–	–	–
7. Financial services								
Wholesale deposit services; other bank deposit services; other deposit services	□	□	▣	▣	□	□	▣	▣
Central bank deposit services; central bank reserve management services	■	□	□	▣	■	□	□	▣
Financial leasing services with option to buy and factoring; insurance (including reinsurance) and pension fund services, except compulsory social security services	□	□	▣	▣	□	□	□	▣
Mortgage loan services	▣	□	▣	▣	▣	□	□	▣
Personal instalment loan services	▣	□	▣	▣	□	□	□	▣
Credit card services	■	■	▣	▣	■	■	□	▣
Closed-end investment trust services; open-ended investment and other unit trust services	□	□	▣	▣	□	□	□	▣
Property unit trust services	□	□	▣	▣	□	□	□	▣
Services related to securities markets; services auxiliary to insurance and pension funding	□	□	▣	▣	□	□	□	▣
8. Social and health services								
A. Hospital services	□	■	■	▣	□	□	□	▣
B. Other human health services	□	■	■	▣	□	□	□	▣
9. Tourism and travel-related services								
A. Hotel and restaurant services								
Hotel and similar accommodation services; food serving services; beverage serving services for consumption on the premises	□	■	■	▣	□	□	■	▣
B. Travel agencies, tour operators and tourist guides services	■	□	■	▣	■	□	□	□
Motor vehicle rental services	□	□	□	▣	□	□	□	▣
10. Leisure and sports services	–	–	–	–	–	–	–	–
11. Transport services								
Other non-scheduled passenger transportation; transport services by railways; cargo handling services; storage and warehouse services; supporting services for railway transport; supporting services for water transport; freight transport agency services; other services; freight transportation; maritime freight transportation; rental of sea-going vessels with crew; towing and pushing services;	■	■	■	▣	■	■	■	▣
12. Other services	–	–	–	–	–	–	–	–

a The only authentic source of information on these commitments is the Dominican Republic's Schedule of Specific Commitments contained in WTO documents GATS/SC/28 (15 April 1994), GATS/SC/28/Suppl.1 (28 July 1995), GATS/SC/28/Suppl.2 (11 April 1997), and GATS/SC/28/Suppl.3 (26 February 1998).

Note: Subsectors not listed under each sector do not appear in the Schedule either.

Source: WTO Secretariat.

86. The Dominican Republic's free-trade agreements, with the Central American Common Market and CARICOM, also contain provisions on trade in services. Chapter X of the agreement with the CACM establishes the principle of MFN treatment between the parties; it also creates a Committee on Trade in Services as a forum for future negotiations. Chapter XI of the agreement regulates the presence of natural persons. Annex II to the agreement with CARICOM establishes the principle of national treatment between the parties; Article X of the Annex contains regulations on the presence of natural persons.

87. Dominican legislation contains a number of provisions with implications for the supply of services through the presence of natural persons. Article 143 of the Labour Code (Law No. 16-92) of 29 May 1992 stipulates that administrators, managers, directors and other persons who exercise administrative functions should preferably be Dominicans. Pursuant to Article 135 of the Code, at least 80% of the workers in a company must be Dominicans. To encourage foreign direct investment and to expedite procedures for business persons, Decree No. 950-01 established that residency permits can also be issued by the Office for the Promotion of Investment in the Dominican Republic.

(iii) Banking and insurance

88. The contribution of the financial services subsector to Dominican GDP fell from 4.9% in 1995 to 4.0% in 2001. The total assets of the Dominican financial sector amount to RD\$218 billion, equivalent to 62.4% of the Dominican Republic's 2001 GDP.

89. The Dominican Republic's GATS commitments for financial services are relatively limited. Sectoral commitments were made for only few subsectors, such as central bank deposit and reserve management services and credit card services. The Dominican Republic participated in the extended GATS negotiations on financial services, and signed the Fifth Protocol to GATS; however, ratification of the Protocol was still pending as at July 2002.

(a) Banking

90. The Dominican Republic's banking sector comprises 12 banks authorized to offer universal services, which hold about 74% of total assets, and 18 savings and loan associations with about 16% of total assets. The remaining assets are held by numerous development and mortgage banks and other financial institutions of limited size. Three banks are state-owned; Banco de Reservas is the most important. Furthermore, two foreign banks, which authorized to offer universal services, have branch offices in the Dominican Republic. There is no universal deposit insurance scheme in the Dominican Republic.

91. The banking sector is monitored by the Superintendency of Banks in accordance with the Banking Law (Law No. 708) of 14 April 1964. The Superintendency is a technical supervisory body operating as a semi-autonomous dependency of the Ministry of Finance.

92. Registration and approval procedures for banks are laid out in the Banking Law. Authorization for the incorporation of a new bank is granted by the Monetary Board (Chapter I(2)(iii)), following a recommendation of the Superintendency of Banks. Any request must be submitted to the Superintendency and the Monetary Board, accompanied, *inter alia*, by: information on the company's name, capital endowment, and executive staff; a specification of the envisaged operations; and a copy of the company's statutes. According to Article 13 of the Law, the Monetary Board analyses the request taking into account public interest, which is not defined in the Law, general economic and legal conditions, and the quality of the request. The minimum capital requirement is established by the Monetary Board; currently it is set at RD\$900 million for banks that

wish to offer universal services and RD\$18 million for development and mortgage banks. Minimum capital requirements are the same for national and foreign-owned banks.

93. Pursuant to Article 12 of the Banking Law, foreign banks may establish subsidiaries or branch offices in the Dominican Republic. In addition to the information required for the incorporation of a new bank, foreign companies must submit: the parent bank's original charter, and authorization of the regulatory authority of its country of origin; certified financial statements for the preceding five years; the names of the bank's legal representatives in the Dominican Republic; and information on working capital assigned to the subsidiary or branch office. Branch offices or agencies of foreign banks are not required to have their own directorate; however, their representatives must be domiciled in the Dominican Republic. In this context the authorities emphasized that, to date, no request by a foreign bank to establish subsidiaries or branch offices in the Dominican Republic has been denied.

94. Monetary Board Decision No. 309-05 of 9 March 2000 lays out rules for the establishment of representative offices of foreign banks, which are allowed only to engage in the provision of technical, economic and financial advice to their clients. As at July 2002, three representative offices were in operation.

95. Once established, foreign banks and their subsidiaries and branches are subject to the same legal regulatory framework as Dominican-owned banks, as well as to the jurisdiction of the Superintendency of Banks and the Monetary Board, and may provide the same services. There are no national ownership requirements on head offices, subsidiaries or branch offices. There is no obligation on Dominican companies to employ specific banking institutions for their operations.

96. The Dominican Republic's banking sector is characterized by relatively large spreads, which stood at 12% in May 2002. Limited competition, a relatively small domestic market, and high reserve requirements are among the factors contributing to the large difference between deposit and lending rates.

97. In order to promote and regulate the trade of equities in the Dominican Republic, a Stock Market Law (Law No. 19-00) was adopted on 18 April 2000. The Law established the Superintendency of the Stock Market as an autonomous public organization.

(b) Insurance and bonding

98. As at May 2002, there were 30 insurance companies, three of which were foreign-owned, and four reinsurance companies operating in the Dominican Republic. At end-2001, Dominican insurance companies held assets of RD\$9.3 billion, equivalent to 2.1% of GDP. Two insurance companies have been incorporated since 1996.

99. The Dominican insurance sector is governed by the Law on Private Insurance (Law No. 126) of 10 May 1971. The Superintendency of Insurance, a semi-autonomous institution operating under the Ministry of Finance, is responsible for the enforcement of the Law and for regulating the Dominican insurance sector.

100. Licences for insurance providers are granted by the Superintendency of Insurance. Any interested legal or moral person must meet a minimum capital requirement of RD\$500,000 for the incorporation of either an insurance or reinsurance company. Foreign investors that wish to incorporate a Dominican company face the same capital requirement; in addition they must have been in operation in their home country for at least five years. Insurance companies are not allowed

to offer services other than insurance or reinsurance. Insurance premiums must be approved by the Superintendency.

101. The authorities noted that a new Insurance and Bonding Law is in the process of ratification. This draft Law raises the minimum capital requirement for the incorporation of an insurance company in the Dominican Republic to RD\$8.5 million.

(iv) Telecommunication

102. The Dominican telecommunications industry has expanded rapidly in recent years. Growth rates have been particularly high for mobile connections, which increased more than fifteen-fold between 1996 and 2001 (Table IV.12). The number of mobile connections was estimated to be 1.27 million in 2001, and fixed connections about 955,000. The industry accounted for 6.5% of Dominican GDP in 2001, up from 3.5% in 1995. The authorities indicated that as at June 2002, eleven concessions to provide any type of telecommunication services had been issued of which four were operational. The State is not involved in the provision of telecommunication services.

Table IV.12
Telephone connections in the Dominican Republic, 1996-01
(‘000)

Net	1996	1997	1998	1999	2000	2001
Mobile	82.5	141.5	209.3	424.4	705.4	1,270.1
Fixed	618.5	704.3	772.1	826.7	894.1	955.1
Total	701.0	845.9	981.5	1,251.1	1,599.5	2,225.2

Source: INDOTEL.

103. The telecommunications subsector is regulated by the Telecommunications Law (Law No. 153-98) of 27 May 1998, and a number of regulations issued by the Dominican Institute of Telecommunications (INDOTEL).¹⁸

104. INDOTEL, which replaced the Directorate-General of Telecommunications, has overall responsibility for regulating telecommunications in the Dominican Republic. The Telecommunications Law established INDOTEL as a decentralized state entity with functional, jurisdictional, and financial autonomy. INDOTEL's responsibilities include the promotion of investment in telecommunications, the supervision of service providers, the management of the wave spectrum, dispute settlement, and the administration of the Telecommunications Development Fund (FDT). INDOTEL's budget is financed by a portion of the 2% Contribution to Telecommunications

¹⁸ The most important of these regulations are: the Regulations concerning the Authorization to Provide Telecommunication Services in the Dominican Republic (Resolution 4-00), the Regulations on the Solution of Disputes between Consumers and Operators of Public Telecommunication Services (Resolution 71-01, modified by Resolution 1-02), the Regulations on the Telecommunications Development Fund (Resolution 17-01), the Regulations Establishing the Prohibition of the Interception of Public Telecommunication Services (Resolution 73-01), the Regulations on the Provision of Cable Services (Resolution 45-01), the Regulations on the Provision of FM and AM Services (Resolutions 54-01 and 68-01), the Regulations for Radio Services (Resolution 39-01), the Regulations on the Use of the Radio Wave Spectrum (Resolution 7-99), and the Regulations on the Contribution to Telecommunication Development in the Dominican Republic (Resolution 98-01). There are also established policies and norms regarding the National Frequency Attribution plan and the Technical Routing Plan.

Development (CDT) levy¹⁹, central government allocation, and revenue generated from the granting of concessions.

105. Pursuant to Article 39 of the Telecommunications Law, service providers are free to set prices or rates for public telecommunications services. INDOTEL may intervene, however, in the setting of prices if they deem that sufficient conditions do not exist to ensure effective and sustainable competition. Interconnection charges are freely negotiated between companies as well as accounting rates for international services. When providers cannot agree on interconnection fees, these may be fixed by INDOTEL.

106. Any provision of public telecommunication services requires a concession, which is issued by INDOTEL in line with the Regulations concerning the Authorization to Provide Telecommunication Services in the Dominican Republic (Resolution 4-00). Terminals, equipment or systems to be connected to a public telecommunications network, or which use the electromagnetic spectrum, must have the corresponding standardization certificate.

107. The privately owned company CODETEL enjoyed de facto monopoly status until 1990, when competition was introduced and new firms entered the market. CODETEL's share of the Dominican telecommunications market is currently over 70%.

108. The Fund for the Development of Telecommunications (FDT) was created in 1998 to finance telecommunications projects in low-income areas. The Fund is administered by INDOTEL, with financial resources coming mainly from the CDT levy. INDOTEL prepares a biannual project plan and adjudicates projects on a least-cost basis by public bidding. The Fund's resources amount to RD\$360 million.

109. The Dominican Republic participated in the Negotiating Group on Basic Telecommunications. The Fourth Protocol to the GATS was ratified with the enactment of the Telecommunications Law. The Dominican Republic's Schedule of Commitments in telecommunications services allows the commercial presence of foreign companies, provided that they establish legal domicile in the Dominican Republic and obtain a concession from the telecommunications regulatory body.²⁰ There are no limitations to national treatment.

110. In addition, the Schedule provides for measures to prevent major telecommunications service providers from engaging in anti-competitive practices. Such practices specifically include anti-competitive cross-subsidization; using information obtained from competitors in an anti-competitive manner; and not making available to other service providers on a timely basis technical information about essential facilities and commercially relevant information. Also, upon request, interconnection with a major supplier, under non-discriminatory terms and in a timely fashion, should be ensured at any technically feasible point in the network.

(v) Transport

(a) Introduction

111. The contribution of transport services to GDP has remained relatively stable since 1995, amounting to 6.6% in 2001. The improvement of the Dominican Republic's transport infrastructure is a priority of the current administration.

¹⁹ The CDT levy is currently 2%, assessed on end-user telecommunication services and net international settlements.

²⁰ WTO document S/GBT/W/1/Add.30, 12 February 1997, and GATS/SC/28/Suppl.2, 11 April 1997.

112. The Dominican Republic's road structure consists of 12,600 kilometres of roads, of which 6,200 kilometres are paved. The Dominican Republic also has 757 kilometres of non-electrified railway, of which 240 kilometres are operated by sugar companies in various gauges. The government is currently planning to construct a further railway line connecting Jimani, at the Haitian border, with Barahona.

113. The Dominican Republic's Schedule of Commitments provides for no limitations on market access and national treatment for mode 1, 2, and 3 supply of numerous transport services.²¹

(b) Maritime transport

114. The Dominican Republic does not have a national merchant fleet. Nineteen shipping companies are represented in the Dominican Republic. There are eleven maritime ports, which are all state-owned. However, the authorities indicated that they were considering their full privatization and that several new port projects were being developed by the private sector, including the construction of a multi-modal port with deepwater approach located on the Caucedá peninsula.

115. The Dominican Republic's main maritime ports in volume terms are Haina East, Haina West, and Pedernales; the latter is particularly important for exports (Table IV.13).

116. Maritime transport is governed by Law No. 3003 of 12 July 1951, Law No. 70 of 18 December 1970, and a number of decrees. In addition, numerous other laws and regulations, including the Commercial Code, the Insurance Law, and the Tax Reform Law, contain individual provisions related to maritime transport. The Dominican Republic has been a Member of the International Maritime Organization since 1953, and has signed several international conventions on maritime transport.²²

Table IV.13
Dominican ports, handled cargo, 1997-01
('000 tonnes)

Ports	1997		1998		1999		2000		2001	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Haina East	3,460	388	3,890	458	4,094	380	4,253	401	4,097	480
Haina West	3,220	375	3,118	276	5,170	189	5,567	259	5,465	153
Santo Domingo	767	79	845	62	1,099	79	993	63	826	65
Macoris	879	94	881	34	1,013	8	1,377	38	1,741	102
Puerto Plata	1,231	128	1,269	119	1,527	139	1,435	148	1,214	181
Manzanillo	220	51	176	46	216	42	255	27	283	28
Pedernales	0	0	271	330	6	371	405	729	9	1,038
Total	..	..	10,719	1,672	13,603	1,609	14,245	2,170	14,057	2,596

.. Not available.

Source: APORDOM.

²¹ WTO document GATS/SC/28, 15 April 1994.

²² The Dominican Republic has signed: the Inter-American Convention for the Facilitation of International Maritime Transport, the Convention on Civil Liability for Oil Pollution Damages, the Convention relating to Intervention on the High Seas in Cases of Oil Pollution Casualties, the United Nations Convention on the Law of the Sea, the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention for the Safety of Life at Sea (SOLAS), and the International Convention on Load Lines.

117. The Dominican Ports Authority (APORDOM), established by Law No. 70, has overall responsibility for all issues relating to the ports of the Dominican Republic. The State, through APORDOM or the customs authorities, also operates ten of the eleven ports. The fees to be paid for services of public ports are defined by Decree 572-99 of 30 December 1999. There are no limitations to private sector or foreign ownership of ports.

118. Decree No. 947-01 of 19 September 2001 allows the Dominican Ports Authority to enter into concession contracts for maritime ports with operators of Mining Industry Parks established under this Decree. These contracts have a duration of ten years and are renewable for four periods of equal duration.

119. The Government is currently undertaking efforts to upgrade the Dominican Republic's port infrastructure. In January 2002, construction started for the harbour project San Pedro de Macoris, for which a total investment of US\$170 million is envisaged. The port of Manzanillo was granted in concession to an international consortium in 2000 for a renewable period of ten years. The Government plans to establish free-trade zones in the vicinity of both ports and to improve the surrounding road infrastructure.

120. Law No. 3003 establishes that maritime cabotage as well as pushing and towing services may be provided only by Dominican enterprises. For these services, the Dominican Republic's GATS commitments provide for national treatment in cross-border supply, consumption abroad, and commercial presence.

(c) Air transport

121. Air transport in the Dominican Republic is governed by the Civil Aviation Law (Law No. 505) of 10 November 1969 and Law No. 8 of 19 November 1978, which established the Airport Commission as the entity responsible for the management of all airports. The Directorate-General of Civil Aviation, established by the Civil Aviation Law, is responsible for the implementation of laws and regulations for air navigation, safety, and air traffic control over the Dominican Republic.

122. The Civil Aviation Law does not contain any regulation on prices. Air rates and routes are subject to approval by the authorities. Article 128 of the Law establishes that national air transport is reserved for companies that are owned by natural or moral Dominican persons. International air transport and related services are subject to the granting of a concession. The Dominican Republic's GATS Schedule does not contain specific commitments on air transport.

123. The Dominican Republic has ten major airports; Las Américas Airport in Santo Domingo and Gregorio Luperón Airport in Puerto Plata are the most important, receiving 2.8 and 2 million passengers per year, respectively. Both airports are served by numerous international airlines. In the course of the Government's privatization policy, six airports, including both major airports, were granted in concession to Aerodom, a private international consortium, for 25 years from July 1999.²³ The concession includes the operation of passenger terminals and airfield facilities. The concession contract requires Aerodom to undertake a programme of airport development, including facility expansion and renovation.

²³ The original concession contract provided for a duration of 20 years for four airports; Decree No. 66-01 of March 2001 extended the contract to two additional airports and a duration of 25 years. See. IDB (2002).

124. By the same token, the state-owned aviation company Compañía Dominicana de Aviación was scheduled for privatization; as at mid-2002 the Commission for the Reform of Public Enterprises had received offers from various foreign aviation companies. The authorities indicated that Compañía Dominicana de Aviación does not enjoy any special privileges.

125. The Dominican Republic has concluded open skies agreements with Chile (1997), the members of the Central American Common market (1998), and the United States (1999); the latter, however, has not yet been ratified. It has also concluded bilateral agreements on air transport services with France, Germany, Italy, Mexico, Peru, Spain, the United States, and Venezuela. The authorities also indicated that they had signed memoranda of understanding with Chile, Columbia, the Dutch Antilles, Panama, and the United Kingdom.

(vi) Tourism

126. Since the beginning of the 1990s, tourism has been one of the most dynamic sectors in Dominican Republic. In 2001, an estimated 2.8 million tourists visited the Dominican Republic, up from 1.9 million five years earlier, generating around US\$2.7 billion of foreign exchange income (Table IV.14). Much of the recent boom in construction appears to be related to the fast growth of tourism. Accommodation capacity increased from 36,000 hotel rooms in 1996 to 54,000 in 2001. Employment in tourism-related activities such as commerce and hotels, bars and restaurants has grown by about 50% since 1996. About 29% of foreign tourists come from the United States, followed by Germany (14.5%), Canada (12.4%), and France (8.5%).

Table IV.14
Tourism, 1996-01

	1996	1997	1998	1999	2000	2001
Number of international arrivals ('000)	1,948	2,185	2,309	2,649	2,972	2,778
Non-resident foreigners ('000)	1,575	1,754	1,890	2,148	2,460	2,294
Non-resident Dominicans ('000)	373	431	419	502	513	484
Accommodation capacity (rooms)	36,273	40,453	44,665	49,623	51,916	53,964
Rate of occupancy (%)	72.8	76.3	69.7	66.9	70.2	66.3
Generation of foreign exchange (US\$ million)	1,763	2,099	2,142	2,524	2,918	2,690
Contribution to GDP ^a (%)	6.0	6.5	6.3	6.4	6.8	6.4

a Contribution of hotels, bars and restaurants.

Source: Central Bank of the Dominican Republic; and World Tourism Organization.

127. After strong growth since the second half of the 1990s, tourism slowed down markedly in 2001. Tourist arrivals dropped by 6.7% and hotel occupancy declined from 70% to 66%. Due to the global economic downturn and the relative weakness of the Euro, the tourism industry had already experienced a slowdown in the first quarters of 2001, but subsequently suffered most directly from the aftermath of the 11 September events in the United States.

128. The Dominican tourism sector has a high level of foreign investment. For example, 14 of the 30 hotel chains operating in the Dominican Republic are Spanish-owned. However, the authorities noted that several foreign firms act as operators and service providers, rather than as owners; partnerships between foreign and Dominican investors are frequent.

129. The State owns a number of hotels, which have a total capacity of about 1,000 rooms. While some of these hotels are operated by private enterprises, others are run by the state company CORPHOTELS. The authorities are considering the privatization of all remaining state-owned hotels.

130. The Ministry of Tourism has overall responsibility for regulating the tourism sector. It promotes national and international tourism and supervises all tourism-related investments and infrastructure constructions. In order to promote international tourism in the Dominican Republic, the Ministry maintains 22 representative offices, in Europe, Japan, and American countries.

131. The Dominican tourism sector is governed by various laws and regulations, the most important being: the Tourism Development Law (Law No. 158-01) of 9 October 2001 and its Regulations; Rule 2115 establishing classification and norms for hotels; Rule 2116 establishing classification and norms for restaurants; Rule 2117 regulating car rentals; Rule 2122 regulating travel agencies; and Rule 2123 regulating gift shops.

132. The Tourism Development Law aims to promote tourism development in specifically defined priority regions. In particular, the Law offers exemptions from income tax and a 50% reduction of ITBIS for enterprises investing in tourism-related activities in the stipulated regions. In order to administer the benefits, the Law established a Council for Tourism Development (CONFOTUR), composed of representatives from various ministries and the National Hotel and Restaurant Association (ASONAHORES). In addition, the Law created a Fund for the Promotion of Tourism, to promote tourism to the Dominican Republic internationally in a more effective manner.

133. Foreign investors in tourism are granted national treatment by the Foreign Investment Law. There are no restrictions to foreign participation, under any statute, for travel agents and tour operators. The authorities indicated there are no nationality requirements for tourist guides: regardless of their nationality, they must meet the same requirements, including an academic degree, and command of Spanish and at least two foreign languages. Pursuant to Article 41 of the Law on the Environment and Natural Resources, an environmental impact study is required for touristic development projects and hotel construction.

134. The Dominican Republic's GATS Schedule contains a number of commitments on tourism and travel-related services.²⁴ It provides for no limitations on market access for mode 2 and 3 supply of various hotel and restaurant services, and for mode 1 and 3 supply of most services of travel agencies, tour operators and tourist guides.

135. In the context of the preparations for the 1999 Ministerial Conference in Seattle, the Dominican Republic, together with El Salvador and Honduras, tabled a proposal for a GATS annex on tourism.²⁵ Such an annex was considered necessary in order to better deal with the "specific and heterogeneous nature of tourism as a cluster" and to monitor progressive liberalization and compliance with commitments undertaken under tourism and travel-related services. The draft elaborated measures to ensure that progressive liberalization was effective and consistent with the needs for sustainable development of the sector through cooperation and the prevention of anti-competitive practices; it contained provisions on competitive safeguards; consumer protection; access to and use of information; access to air transport infrastructure and ancillary services; and cooperation for sustainable development of tourism.

²⁴ WTO document GATS/SC/28, 15 April 1994.

²⁵ WTO document WT/GC/W/372, 14 October 1999.

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