

# Trade Policy Review of the Dominican Republic, 22 and 24 July 2015

*Statement by EU Deputy Head of Mission Detlev Brauns*

I would first like to welcome the Delegation of Dominican Republic, led by S.E. César Dargam Espaillat, Viceminister of External Relations. My appreciation is extended to the Discussant, H.E. Mr Estaban B. Conejos Jr. (Philippines), for his pertinent remarks.

Mr. Chairman, this is the Dominican Republic's fourth review and I would like to start by noting that the Dominican Republic seems to be very much moving in the right direction.

The last review of the Dominican Republic was in 2008. During the years under review, the country has achieved sustained economic growth, with relatively low inflation rates. The implementation of consistent fiscal and monetary policies explains the period of sustained expansion. The EU acknowledges the good macroeconomic management that enabled to adequately address external shocks. After remarkable GDP growth of 7.3% in 2014, driven by strong activity in construction, mining, tourism and other services, expansion has continued in the first quarter of 2015.

The EU appreciates the objectives set out in the National Development Strategy 2030 providing the key guidelines to the country's medium-and long-term economic policy, including trade policy. We are fully aware that these policies and measures are not easy to push through, but we can only encourage the government to pursue the good work and extend the liberalisation effort beyond the sectors affected to date.

A word, Mr. Chairman, on our bilateral relationship. The EU is the second trading partner of the Dominican Republic in terms of total trade exchanges, with position no. 2 in terms of EU imports into the country, after the US, and position no. 4 in terms of Dominican Republic exports, after the US, Haiti and Canada. The Dominican Republic is a



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signatory of the Economic Partnership Agreement between the EU and the CARIFORUM region. The country swiftly ratified the EPA and is the most advanced one in its implementation, benefitting, as consequence, from the application of the agreement in the entire Caribbean region.

Mr Chairman, despite these positive aspects, the EU has a number of questions and concerns relating to Dominican Republic's trade and investment policy making.

As a general remark, while the legislation of the Dominican Republic is highly advanced as regards the various aspects of its trade policy, the EU notes some difficulties with the practical implementation of the existing legislation.

Turning to the EU questions, let me stress that the issues we raised are considered and confirmed by EU operators as obstacles to trade. I will list only some of them:

First of all, law 173, which regulates the contractual relationship between foreign companies supplying goods or services to the Dominican Republic and their local distributing agents, is perceived as a major impediment for the commercial activities of EU companies.

Secondly, we are concerned by the burdensome sanitary registration procedures in the Dominican Republic. The procedures are very costly, time consuming and require the provision of disproportionately high quantity of documents. In April 2015, a Presidential Decree has been issued, announcing a welcome simplification of the registration processes for pharmaceuticals, the goods category that until now has faced the highest access barriers into the market. While the details of that "simplification" have not been publicized yet, the EU wonders why it concerns only pharmaceutical and if there is an intention to extend the simplification to other areas.

Thirdly, in EU's view, more efforts are needed to increase the level of the legal security of the investments in the Dominican Republic.

Lastly, the EU would like to express its concerns on the fact that the competition authority, Procompetencia, is not yet fully operational and, as confirmed by the Dominican authorities in their replies, is not yet fully capable of assuming any legal action. In this regard, the EU encourages the Dominican Republic to set up an adequately staffed and independent Competition authority.

Mr. Chairman, let me conclude thanking the Dominican Republic for the responses to the questions we have previously submitted in writing.

On behalf of the EU, I look forward to a constructive exchange of views during this review. I wish the Dominican Republic delegation the utmost success during its Trade Policy Review.