

**ANNEX 2 - DOMINICA**

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## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Macroeconomic Developments

#### 1.1.1 Real economy

1.1. Dominica is an upper middle-income country with a population estimated at 71,780 inhabitants in 2012, and a per capita GDP of US\$6,692.<sup>1</sup> Compared with other OECS countries, Dominica is relatively small in terms of population and GDP. The island is mostly volcanic, and is vulnerable to a range of natural disasters and hazards (hurricanes, storms, landslides). In 2007 and 2008, Dominica was struck back-to-back by two hurricanes (Dean and Omar), resulting in socio-economic disruption and considerable damage to infrastructure.<sup>2</sup> In 2011, major flooding severely damaged bridges and roads.

1.2. Agriculture (including livestock and forestry) remains a major source of foreign exchange earnings and employment in Dominica. Although in decline over the long term, its contribution to GDP increased from 8.9% in 2007 to 10.5% in 2013 (Table 1.1). This contribution is far larger than in any other OECS country where the agriculture sector accounts for less than 6% of GDP. The sector is vulnerable to natural disasters and crop conditions, which is particularly costly given their relatively frequent occurrence. In 2010, the sector was hard hit by a drought. In 2013, the production of bananas was halved due to a leaf disease.

1.3. Other major sectors of activity are transport, storage and communications; and wholesale and retail trade. The manufacturing sector is relatively small; its contribution to GDP fluctuated between 2.8% and 3.8% during the review period.

1.4. Dominica's tourism sector is smaller than that of other OECS countries. Hotels and restaurants contribute to less than 2% of GDP, while at OECS level, the sector's contribution exceeds 8% of regional GDP. The island has few beaches, and relies more on cruise ship visitors than the relatively more lucrative stay-over visitors segment.

1.5. Over the decades, Dominica has successfully developed an offshore education sector. In 2013, the contribution of the private education subsector to GDP neared 8%. There are currently two private medical schools in operation<sup>3</sup>, and another is scheduled to open in 2014. The sector is a significant source of foreign exchange earnings, as most of the students are from foreign countries, mainly the United States.

**Table 1.1 Basic macroeconomic indicators, 2007-13**

(EC\$ million)

	2007	2008	2009	2010	2011	2012	2013
<b>GDP at market prices</b>							
Nominal GDP (EC\$ million)	1,114	1,221	1,303	1,283	1,327	1,338	1,367
Real GDP (EC\$ million)	1,114	1,221	1,303	1,283	1,327	1,338	1,367
Real GDP growth	6.0	7.8	-1.1	1.2	0.2	-1.2	-0.5
<b>National accounts aggregates (% of GDP)</b>							
Total consumption	101.6	107.5	104.1	100.5	98.8	100.6	105.0
Private consumption	85.0	92.7	86.7	83.1	81.1	82.5	87.1
Government consumption	16.6	14.8	17.4	17.4	17.7	18.1	17.9
Gross fixed capital formation	19.8	21.4	19.6	19.1	16.9	14.9	13
Exports of goods and non-factor services	35.8	34.7	31	36.1	38.1	32.7	30.8
Imports of goods and non-factor services	57.3	63.5	54.8	55.7	53.9	48.2	48.8
Gross national savings	-1.2	-7.3	-3	1.7	2.4	-0.8	-3.8
<b>General government finance (% of GDP)</b>							
Current revenue	28.0	27.7	26.9	27.4	26.9	26.1	..
Taxes on domestic goods and services	14.6	14.4	14.3	14.3	13.4	13.4	..
Taxes on international trade	5.4	5.6	5.3	5.7	5.3	4.5	..

<sup>1</sup> World Bank, World Development Indicators. Viewed at: <http://data.worldbank.org/>.

<sup>2</sup> Damage caused by the hurricane Dean were estimated at nearly 20% of GDP (IMF, 2011).

<sup>3</sup> Ross University Medical School, and All Saints University School of Medicine.

	2007	2008	2009	2010	2011	2012	2013
Current expenditure	24	24.2	22.1	24.7	24.7	25.3	..
Current account balance	4	3.5	4.7	2.7	2.2	0.8	..
Primary Balance (after grants)	1.7	-0.7	-1	-4.7	-6.7	-8.4	..
Total public debt (% of GDP)	81.5	81.9	96.3	88.4	93.4	88	..
<b>Composition of GDP by sector (%)</b>							
Agriculture, livestock and forestry	8.9	9.4	9.7	8.8	9.5	10.3	10.5
Crops	7.5	8.3	8.6	7.7	8.4	9.1	9.3
Livestock	1	0.9	0.9	0.9	0.8	0.9	0.9
Forestry	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fishing	0.5	0.4	0.4	0.3	0.4	0.3	0.3
Mining and quarrying	1.3	1.6	0.8	0.8	0.9	0.7	0.7
Manufacturing	3.8	3.1	3.1	3	2.8	2.9	3.1
Electricity and water	4.3	4	4.4	4.6	4.5	4.6	4.6
Construction	4.5	5.5	5.2	5.6	5.8	5.5	4.7
Wholesale and retail trade	10.5	11.2	11.9	11.8	12.6	12	12.2
Hotels and restaurants	1.7	1.6	1.5	1.5	1.6	1.6	1.7
Transport, storage and communications	13.4	13.4	12.7	12.5	12.5	12.7	12.5
Financial intermediation	6.5	6.3	6.4	6.5	6.6	6.7	6.8
Banks	5.2	5	5	5.2	5.2	5.3	5.5
Insurance	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Real estate, renting and business activities	8.9	8.5	8.8	8.7	8.7	8.8	8.9
Public administration	7.1	6.4	6.9	6.9	7.4	7.5	7.6
Education	11.1	11	11.1	11.6	10.6	10.9	11.2
Public	3.4	3.2	3.2	3.3	3.1	3.1	3.2
Private	7.7	7.8	7.9	8.3	7.6	7.8	8
Health and social work	2.9	2.8	2.9	3.1	3	3.1	3.2
Other community, social and personal services	1	0.9	0.9	0.9	0.9	0.9	0.9
Activities of private households as employers	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Prices and interest rates</b>							
Inflation (CPI, period average)	3.2	6.4	0.0	2.8	2.4	2.5	2.3

.. Not available.

Source: Dominica's Statistical Office; ECCB and IMF (2013), *Dominica: 2012 Article IV Consultation*. International Monetary Fund, Country Report N° 13/31, January 2013. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2013/cr1331.pdf>.

1.6. After a contraction in 2005 due to the devastating effects of the hurricane Ivan, Dominica's economy had three consecutive years of strong economic performance, with a decade peak in real GDP growth of 7.8% in 2008. Due to the economic downturn, GDP contracted by 1.1% in 2009. Dominica's OECS peers were more affected by the downturn because of their higher reliance on tourism (regional GDP contracted by 5.2% in 2008 and 3.2% in 2009). In response to the crisis, the authorities were able to deploy a significant fiscal stimulus thanks to prudent fiscal management in the years leading up to the crisis. The package included massive public investment, the scaling-up of social spending, and a reduction of personal income taxes. Growth resumed moderately in 2010 and 2011, driven mainly by the recovery in the agriculture sector, public construction projects, and new projects in the hotels and restaurants subsector.

1.7. Inflation accelerated to 7.9% in 2008, mainly reflecting the pass-through of higher world energy and food prices. Prices were stable in 2009 thanks to the Government's measures to support the economy: the authorities lowered the excise tax, eliminated the customs service charge on imported fuel, and reduced the CET on a number of essential food items. Inflation resumed moderately in 2011, and in spite of another surge in international food and fuel prices, hovered around 2.4% the following years, as strong agricultural production weakened the passing through of international food prices.

1.8. In the financial sector, the collapse of Colonial Life Financial Group and British American Insurance Company in 2009 exposed Dominica to substantial losses.

### 1.1.2 Fiscal policy and structural reforms

1.9. Dominica's monetary policy is managed at the ECCU level. Fiscal policy is the main macroeconomic instrument available to the authorities. The Ministry of Finance is responsible for fiscal policy. The main goal of Dominica's fiscal policy is to maintain a 2.4% primary surplus and to reduce public debt below the regional recommended threshold of 60% of GDP. The Government is pursuing this policy by securing mainly grant funds, concessional loans, and turning to regional markets for its financing needs. However, fiscal space is severely restricted as the country has been facing natural disasters more frequently in the past few years. According to the IMF<sup>4</sup>, the authorities tapped into its Rapid Credit Facility three times between 2008 and 2012, to deal with the effects of hurricanes and flood-related damage, using up to 71.2% of the country's quota of borrowing under emergency programmes.<sup>5</sup>

1.10. Dominica managed to maintain prudent fiscal management in the years preceding the crisis. In 2007, the primary surplus amounted to 1.7% of GDP. However, the fiscal position weakened in 2010 and 2011 due to the expansionary fiscal policy that was put in place to support the economy throughout the economic downturn, and to rebuild infrastructure damaged by natural disasters. The primary balance turned into a deficit that reached 6.7% of GDP in 2011.

1.11. Debt restructuring efforts had reduced the public debt to 63% of GDP in mid 2010 from 100% in mid 2002. This downward trend was reversed in 2011. In order to face their higher financing requirement, in February 2012, the authorities launched, a T-bill in the regional securities markets, representing 1% of the GDP. As of June 2013, Dominica's total public debt was estimated at 71.4% of GDP, two third of which was external debt.

1.12. During the period under review, Dominica pursued its efforts to simplify and rationalize its tax system. The reform was launched in 2006 with the first phase consisting in the introduction of a new excise duty and VAT regime. Dependency on foreign trade taxes as sources of revenue was reduced significantly with the introduction of the VAT. Taxes on international transactions accounted for 17% of government current revenue in 2012 (44% in 2005), while taxes on domestic goods and services increased from 23% to 51% of current revenue. However, this includes VAT paid on imported products. During the second phase, the Government reformed the personal income tax regime by increasing personal allowances, reclassifying tax brackets, and reducing tax rates.

### 1.1.3 Balance of payments, monetary and exchange rate policy

1.13. Dominica's current account widened to EC\$350.7 million in 2008, reflecting higher international food and fuel prices (Table 1.2). The deficit narrowed in 2011 as large surpluses were recorded in the travel and government services components. In 2011, the balance of trade in goods improved substantially as a result of lower reconstruction-related imports. However, the overall trade in goods and services deficit widened due to lower export of travel services. The deficit widened again to EC\$210.8 million in 2012, reflecting higher transportation receipts and a decline in average daily tourist expenditures and average length of stay. Imports in 2012 were lower than in 2011, amounting to EC\$462.57 million and EC\$537.13 million respectively.

**Table 1.2 Balance of payments, 2007-13**

(EC\$ million)

	2007	2008	2009	2010	2011	2012	2013
<b>Current account</b>	<b>-234.8</b>	<b>-350.7</b>	<b>-295.1</b>	<b>-223.8</b>	<b>-192.9</b>	<b>-210.8</b>	<b>-230.5</b>
Goods and services	-238.9	-352.6	-309.7	-251.6	-208.9	-206.9	-246.0
Goods	-360.0	-468.4	-435.8	-438.4	-449.0	-359.5	-378.6
Services	121.1	115.8	126.1	186.9	240.1	152.6	132.6
Income	-53.0	-49.5	-36.9	-25.5	-28.5	-49.3	-30.8
Compensation of employees	2.5	2.5	2.9	3.1	2.2	2.5	2.5
Investment income	-55.5	-52.0	-39.7	-28.6	-30.7	-51.8	-33.4

<sup>4</sup> IMF (2013).

<sup>5</sup> Dominica is a member of the Caribbean Catastrophe Risk Insurance Facility (CCRIF), an insurance scheme that provides 16 Caribbean countries with access to immediate liquidity after major catastrophes such as hurricanes and earthquakes. However, the pay-out is limited as it covers only estimated liquidity needs for the first three to six months after the catastrophe.

	2007	2008	2009	2010	2011	2012	2013
Current transfers	57.1	51.4	51.5	53.2	44.5	45.4	46.4
General Government	-0.9	-0.2	0.8	1.7	-5.5	1.1	1.1
Other sectors	58.0	51.6	50.7	51.5	50.1	44.3	45.3
<b>Capital and financial account</b>	<b>223.8</b>	<b>295.6</b>	<b>296.4</b>	<b>237.1</b>	<b>238.5</b>	<b>216.6</b>	<b>208.9</b>
Capital account	156.5	155.4	118.8	90.4	51.3	33.1	22.4
Capital transfers	156.5	155.4	118.8	90.4	51.3	33.1	22.4
General Government	147.8	146.6	110.3	81.6	42.4	24.1	13.2
Other Sectors	8.7	8.8	8.5	8.8	8.9	9.0	9.2
Financial account	67.3	140.2	177.7	146.8	187.3	183.4	186.6
Direct investment	109.3	152.7	114.5	65.7	38.3	62.5	47.8
Portfolio investment	4.6	-8.9	1.0	-14.9	-5.4	2.6	-5.2
Other investment	-46.6	-3.6	62.1	95.9	154.4	118.3	144.0
<b>Net errors and omissions</b>	<b>7.3</b>	<b>46.0</b>	<b>54.7</b>	<b>-9.9</b>	<b>-28.5</b>	<b>3.9</b>	<b>10.0</b>
<b>Overall balance</b>	<b>-3.6</b>	<b>-9.1</b>	<b>56.0</b>	<b>3.4</b>	<b>17.2</b>	<b>9.6</b>	<b>-11.5</b>
<b>Financing</b>	<b>3.6</b>	<b>9.1</b>	<b>-56.0</b>	<b>-3.4</b>	<b>-17.2</b>	<b>-9.6</b>	<b>11.5</b>
Change in SDR holdings	-	-	-33.2	-	0.4	-	-
Change in Government foreign assets	-3.4	-5.4	2.4	1.9	4.1	34.8	-
Change in imputed reserves	6.9	14.4	-25.3	-5.2	-21.7	-44.4	11.5

Note: 0.0 = less than 0.5 million EC\$; - = zero.

Source: ECCB online information. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp> [12.12.13].

1.14. As a member of the Eastern Caribbean Currency Union (ECCU), Dominica's monetary policy is under the responsibility of the Monetary Council of the Eastern Caribbean Central Bank (ECCB). The main goal of the monetary policy is to maintain price stability; this is pursued through the defence of a fixed exchange rate with the U.S. dollar (see Common Report).<sup>6</sup>

## 1.2 Trade and Investment Flows

1.15. Between 2007 and 2012, Dominica's merchandise trade was relatively stable. Exports totalled US\$35.3 million in 2012 (US\$36.3 million in 2007), while imports reached a peak of US\$246 million in 2008 before declining to US\$194.7 million in 2012 (Tables A1.1 and A1.2). This resulted in an overall merchandise trade deficit of US\$165 million. Dominica exports mainly to other CARICOM countries. In 2012, Trinidad and Tobago, Jamaica and Saint Kitts and Nevis accounted for nearly half of Dominica's exports (Chart 1.2).

1.16. Exports to the EU declined by half partly due to preference erosion in the banana sector and represented 10.9% of total exports in 2012 (Table A1.3). Within the EU, France and the United Kingdom are the main markets for Dominica's exports. The majority of exports are chemical and related products (Chart 1.1). During the review period, exports of food and live animals declined sharply, and accounted only for 10% of total exports in 2012 (compared to 32.6% in 2007).

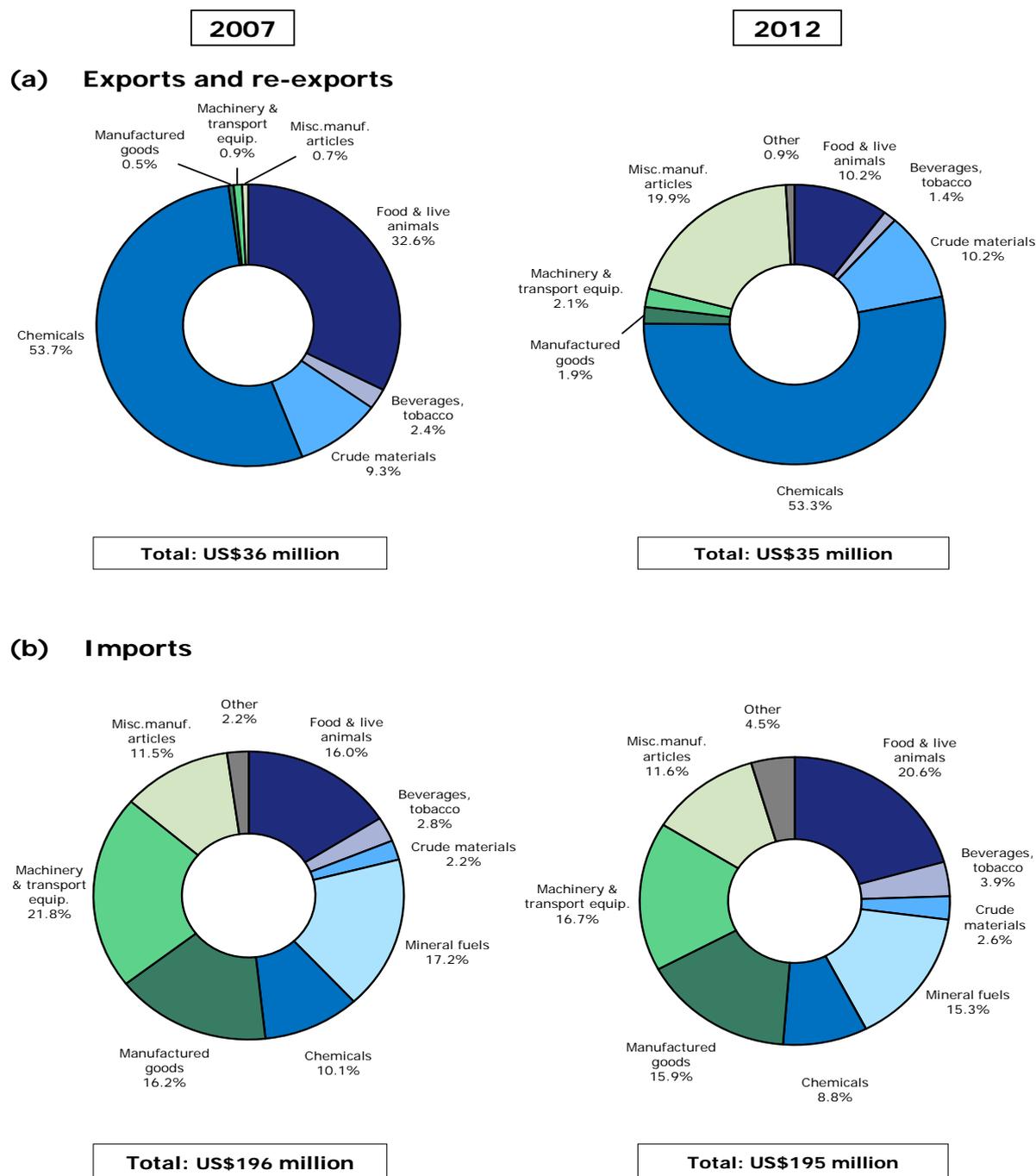
1.17. The United States accounts for more than a third of Dominica's imports, and remains the main source (Chart 1.2). Within the region, Trinidad and Tobago is the main partner, accounting for 17% of total imports in 2012. Imports from other CARICOM countries are relatively small (generally, less than 2%). The structure of Dominica's imports remained relatively stable during the review period. The share of food products and live animals in total imports increased by 4.6 percentage points to 20.6%, while the share of machinery and transport equipment decreased from 21.8% to 16.7% in 2012.

1.18. Dominica's trade in services profile is in contrast with its goods counterpart: the trade balance was in surplus over the past decade. Between 2007 and 2011, imports of services increased by 6%, to US\$67.5 million, while exports increased by 62.6% to US\$162.8 million (Table 1.3). The trade in services balance was a surplus of US\$95.3 million. Travel services account for the bulk of this surplus. Dominica is also a net exporter of telecommunications, and computer and information services.

<sup>6</sup> Since July 1976, the common currency (E.C. dollar) is pegged to the U.S. dollar at EC\$2.70 to US\$1.

1.19. The global downturn of 2009 affected Dominica through lower FDI. From a peak of US\$43 million in 2009, FDI inflows were more than halved to US\$23.2 million in 2012.<sup>7</sup> No information on breakdown by sectors was available.

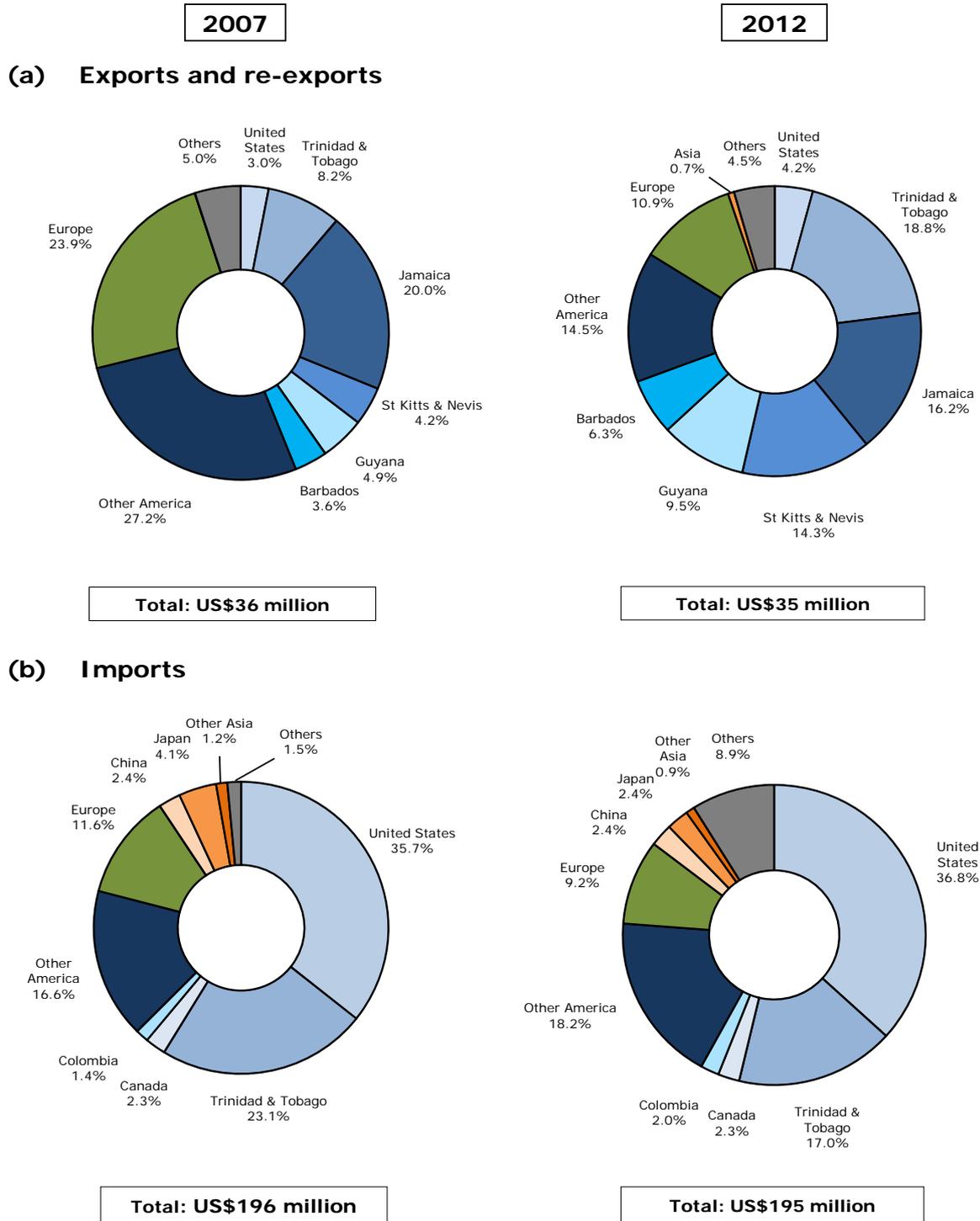
**Chart 1.1 Merchandise trade by SITC section, 2007 and 2012**



Source: Eastern Caribbean Central Bank (ECCB).

<sup>7</sup> UNCTAD (2013). *World Investment Report 2013: Global Value Chains: Investment and Trade for Development*. New York and Geneva: United Nations. [http://unctad.org/en/publicationslibrary/wir2013\\_en.pdf](http://unctad.org/en/publicationslibrary/wir2013_en.pdf).

Chart 1.2 Merchandise trade, by main destination and origin, 2007 and 2012



Source: Eastern Caribbean Central Bank (ECCB); and UNSD Comtrade database.

**Table 1.3 Trade in services, 2007-11**

(US\$ million)

	2007	2008	2009	2010	2011
<b>Exports</b>					
Transportation	8.5	10.5	9.7	11.5	11.4
Travel	66.3	81.8	84.1	95.1	112.8
Construction services	-	-	-	-	-
Insurance services	8.8	9.2	5.7	6.1	6.3
Financial services	-	-	-	-	-
Charges for use of intellectual property	-	-	-	0.0	-
Telecommunications, computer, and information	12.2	11.7	9.7	15.6	15.4
Other business services	3.1	3.0	3.3	3.3	4.7
Personal, cultural and recreational services	-	-	-	-	-
Government services	1.3	1.9	4.9	6.0	12.0
<b>Total</b>	<b>100.1</b>	<b>118.0</b>	<b>117.5</b>	<b>137.5</b>	<b>162.8</b>
<b>Imports</b>					
Transportation	31.4	35.2	33.0	32.3	31.1
Travel	10.6	11.1	12.8	12.9	12.6
Construction services	3.3	3.3	1.8	0.7	0.5
Insurance services	10.5	11.8	8.4	8.2	7.3
Financial services	-	-	-	-	-
Charges for use of intellectual property	0.6	0.6	0.4	1.2	0.6
Telecommunications, computer, and information	3.1	3.3	2.9	4.1	3.5
Other business services	3.0	3.0	5.2	6.9	9.7
Personal, cultural and recreational services	-	0.4	0.3	0.2	0.3
Government services	1.3	1.1	1.0	2.2	1.8
<b>Total</b>	<b>63.8</b>	<b>69.8</b>	<b>65.8</b>	<b>68.8</b>	<b>67.5</b>

Note: - = zero.

Source: Central Statistics Office, "Trade in Services 2001-11", Ministry of Finance, Commonwealth of Dominica.

### 1.3 Outlook

1.20. According to IMF estimates, growth is projected at 1.6% in 2014, supported by new public infrastructure projects, and recovery in the agriculture and tourism sectors.<sup>8</sup>

1.21. Over the medium term, the development of geothermal energy has the potential to transform the economy. A power plant is under construction, and its entry into operation by 2015 may lead to a decrease by up to 40% of the cost of electricity, thereby improving the competitiveness of the economy and attracting new investments.

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<sup>8</sup> IMF (2013).

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## 2 TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

### 2.1 General constitutional and legal framework

2.1. The Commonwealth of Dominica (Dominica) became an independent nation on 3 November 1978. Executive authority is exercised by the Prime Minister and the Cabinet of Ministers. The President may be appointed jointly by the Prime Minister and the parliamentary leader of the opposition. In case there is no consensus, the President is elected on the basis of a simple majority by secret ballot cast by members of the House of Assembly (the House). The President serves for a term of five years, renewable once. The current President took office in October 2013. The President appoints as Prime Minister an elected member of the House who appears likely to command the support of the majority of the other elected members. Cabinet is appointed by the President on the advice of the Prime Minister, who has exclusive authority to determine the scope of ministerial portfolios and designations. Ministers are appointed from either elected members or from among those appointed as Senators. The Prime Minister and Cabinet have exclusive authority for signing and concluding treaties and international agreements.

2.2. The legislative authority is exercised by the House of Assembly. It has 30 members comprising 1 elected representative from each of the 21 constituencies, and 9 Senators, 5 appointed on the advice of the Prime Minister and 4 on the advice of the leader of the opposition. Legislative elections in Dominica were last held in December 2009.

2.3. In the hierarchy of domestic legislation, the Constitution is the supreme law and all other laws must conform to it, or are void to the extent of any inconsistencies. International agreements that have not been incorporated into domestic law may not be invoked before the courts and have no direct effect under Dominican law, except if the relevant legislation expressly states otherwise. The law-making process starts with the introduction of bills in Parliament. Members of Parliament (MPs) and ministers have the right to introduce bills. After introduction in Parliament, a bill goes through several stages: it is presented and published in a first reading, debated in a second reading, examined and amended by a committee, presented by the Speaker of the House, and accepted or rejected in a third reading. Bills become law only after receiving the assent of the President and after publication in the official Government *Gazette*. This procedure applies to all laws.

2.4. The legal system is based on English common law. The administration of justice is vested in the judicial branch, which functions independently from the legislature and executive. At the lowest level of the judiciary system, magistrate courts deal with minor civil and criminal cases. The Supreme Court handles more serious cases. Appeals are handled, in first instance, by the Eastern Caribbean Court of Appeal. The London-based Judicial Committee of the Privy Council remains the final court of appeal for Dominica.

2.5. Dominica is party to the Agreement Establishing the Caribbean Court of Justice (CCJ). Established in 2005, the CCJ has two jurisdictions: an exclusive jurisdiction for interpreting provisions of the Revised Treaty of Chaguaramas, and an appellate jurisdiction for municipal appeals from the member states. The authorities noted that Dominica is well on its way to acceding to the CCJ as its final appellate court. Dominica requested approval from the British Government to break from the Judicial Committee of the Privy Council. The British Government has responded on 6 January 2014 expressing that it has "no objection." A Bill has been tabled in Parliament to enact the accession.

### 2.2 Development and Administration of Trade Policy

#### 2.2.1 Main trade laws

2.6. Since its previous Review, Dominica has enabled or amended some legislation affecting its trade policy environment. These include laws related to customs, intellectual property rights, and government procurement (Table 2.1).

**Table 2.1 Major trade-related laws and regulations, 2013**

Description	Legislation
<b>Foreign trade</b>	Customs Act, 2010 Customs Import and Export Tariffs Ordinance (Cap. 265) Tariff and Wharfage Dues Act, Chapter 69:05 Customs Environmental Charge Imposition Order, 1995 Caribbean Free Trade Association Act, Chapter 80:01 Order of the Caribbean Community Act, 1992, Act 17 of 1992 Dominica Export and Import Agency Act, Chapter 82:01 Supply Control (Restricted Imports and Exports) Act No. 14 of 2003
<b>Quality control</b>	Standards Act, 1999 National Metrology Act, 2009, Act 5 of 2009 Fresh Produce Export Quality Control Act, 2009 Plant Protection and Quarantine Act (Chap. 58.40) Fruit Trade Regulation Act, Chapter 82:03 Pesticides Control Act, Chapter 40:10
<b>Investment/business environment</b>	Supplies Control Act (Chap. 20.01) Invest Dominica Authority Act 2007, Act 9 of 2007 Excise Tax Act, 2005 Value Added Tax Act, 2005, Act 7 of 2005 Income Tax Act, Chapter 67:01 Mines and Minerals Act, 1996
<b>Government procurement</b>	Finance and Audit Act, Chapter 63:01 Public Procurement and Contract Act, 2012
<b>Intellectual property rights</b>	Copyright Act, 2003 Marks, Collective Marks and Trade Names Act 1999 Trade Unions Act, Chapter 89:03 Patents Act, 1999 (latest amendment by SRO 43 of 2008) Protection of New Varieties of Plants Act, 1999 Geographical Indications Regulations, 2008, SRO 46 of 2008
<b>Services</b>	Telecommunications Act, 2000 Banking Act, 2005 Insurance Act, 2012 International Business Companies Act, 1996 Financial Intelligence Unit Act, 2011 Exempt Insurance Act, 1997 Financial Services Unit Act, 2008, Act 18 of 2008 Co-operatives Societies (Amendment) Act, 2003 Discover Dominica Authority Act, 2007 Dominica Air and Sea Ports Authority Act, 2006 International Maritime Act, 2000 Electricity Supply Act, 2006 Financial Services Unit Act, 2008

Source: Information provided by the authorities.

### 2.3 Trade Policy Objectives

2.7. Dominica's trade policy objectives have remained broadly unchanged since the previous Review. The main goal is to maximize exports and export earnings in order to improve the

country's balance-of-trade position. This goal is pursued through competitiveness-improving and marketing-assistance and promotion programmes.

2.8. Dominica views participation in the WTO as critical, in light of concerns about preference erosion and its effects on banana exports and on agriculture more generally. Dominica's engagement in the Doha Round, in particular, is viewed as a priority. To this end Dominica has sought to deepen cooperation with OECS-WTO Members in order to overcome significant constraints in financial and human resources related to trade policy formulation and implementation. Dominica is committed to deepening trade integration at the regional level, with other OECS and CARICOM countries.

2.9. The Ministry of Employment, Trade, Industry and Diaspora Affairs formulates and coordinates trade policy, while the Ministry of Finance and Planning, in cooperation with the Division of Trade, is responsible for tariff issues (Table 2.2).

**Table 2.2 Ministries and agencies dealing with trade**

Government Ministry/Agency	Area of responsibility
Ministry of Employment, Trade, Industry and Diaspora Affairs	All trade issues, WTO coordination, OECS, CARICOM affairs, FTAA, and price controls
Ministry of Finance and Planning	Economic planning and monitoring, regulation of the financial sector, fiscal policy, debt management, trade facilitation, tariffs and other customs duties, import controls, and customs valuation
Ministry of Tourism, Industry and Private Sector Relations	Tourism policy formulation and implementation, and industrial policy implementation and formulation
Customs and Excise Division	Trade facilitation, and implementation of border taxes and measures
The Bureau of Standards	Development and implementation of standards
Ministry of Health	Food safety issues
Ministry of Agriculture and Forestry	Agricultural policy formulation and implementation and research; implementation of the SPS Agreement

Source: Information provided by the authorities.

## 2.4 Foreign Investment Regime

2.10. Dominica's investment regime did not change substantially during the period under review. Foreign investment policy is under the responsibility of the Ministry of Employment, Trade, Industry and Diaspora Affairs, and Invest Dominica Authority. The Government's strategy is to attract foreign investors by offering various incentive schemes.

2.11. In general, foreign investments in Dominica are not subject to any restriction, except those under the Alien Landholding Act, 1995. The Act defines rules governing land acquisition by individuals or corporate bodies that are not from one of the CARICOM countries. They are required to obtain a land-holding licence in order to acquire land for residential purposes (of one acre or more) or commercial purposes (three acres and more).<sup>9</sup> In any land acquisition, the alien must pay a fee equivalent to 10% of the market value of the land to the Government. Foreign investors can be exempted from this requirement for projects declared as approved under the Fiscal Incentives Act, provided that they are in one of the following sectors: housing, industry, tourism, forestry, fisheries, or agriculture. Foreign investors are subject to bona fides checks and verification of the validity of their project funding.

2.12. Foreign investors may hold up to 100% of an investment. There is no restriction on the repatriation of dividends, to the extent of the foreign participation in the company. Foreign investment profits are subject to a 30% tax rate for individuals and companies, an exemption is granted under the Fiscal Incentives Act.

<sup>9</sup> Invest Dominica online information. Viewed at: <http://www.investdominica.com/the-ida-full-guide-to-doing-business-in-dominica/purchase-of-land/non-nationals-wishing-to-purchase-landproperty/>.

2.13. The incentives regime is governed chiefly by Fiscal Incentives Act Cap 84:51 of the Revised Laws 1990; the Hotel Aids Act Cap 85, Vol. 4 of the Revised Laws of Dominica; the Income Tax Act, Cap 61, Vol. 1 of the Revised Laws; and the Value Added Tax Act No. 7 of 2005. The Fiscal Incentives Act and the Hotels Aid Act are currently under review; the intended reform is to eliminate any element of export subsidy before the end of 2015, in accordance with the extension granted under Article 27.4 of the SCM Agreement. In this respect, the authorities have indicated that they are currently in consultations with the single beneficiary, Colgate Palmolive, and that the Ministry of Legal Affairs has been informed of the amendments to be made to the Fiscal Incentives Act and Parliamentary action is awaited. Dominica welcomes investment in any sector of the economy. However, the Government places a particular emphasis on: tourism, manufacturing, agriculture, agri-processing, and information technology. Horizontal incentives for foreign investors are also in place with respect to exemptions from foreign exchange remittance limitations under the Foreign Exchange Control Act.

2.14. Dominica has bilateral investment treaties with Germany and the United Kingdom. It has double taxation treaties with Canada, the United Kingdom, and the United States. Arrangements to prevent double taxation of income are in place with other CARICOM countries. Dominica has signed agreements on tax-related exchange of information with: Australia, Belgium, Canada, Denmark, Faeroes Islands, Finland, France, Germany, Greenland, Iceland, Netherland, Norway, New Zealand, Portugal, Sweden, and the United Kingdom.<sup>10</sup>

2.15. The Economic Citizenship Programme provides foreign investors with the possibility to acquire citizenship if they invest between US\$100 000 and US\$200 000 (depending on their family size) in certain selected sectors. Priority is given to tourism, information technology, and agriculture. The authorities have indicated that investment under this programme in 2007-13 totalled EC\$133.6 million (US\$49.5 million), of which EC\$40.5 million in 2012 and EC\$38.5 million in 2013.

## 2.5 Trade Agreements and Arrangements

### 2.5.1 World Trade Organization

2.16. Dominica is an original WTO Member. It applies at least MFN treatment to all its trading partners. Under the GATS, Dominica made initial commitments on tourism, recreational, communication, and financial services.

2.17. During the period under review, Dominica made a few notifications to the WTO, covering, *inter alia*, its fiscal incentives programme, its imports licensing regime, and some technical regulations (Table 2.3). However, notifications in some areas, such as agriculture, and sanitary and phytosanitary measures are still lagging.

**Table 2.3 Notifications to the WTO, 2006-13**

WTO Agreement	Description of the requirement	periodicity	Latest notification/ date
<b>Agreement on the Implementation of Article VI of the GATT 1994 (Anti-dumping Agreement)</b>			
Article 16.4 and 16.5	Absence of an authority competent to initiate and conduct investigations, and no AD action taken		G/ADP/N/193/DMA 30/6/2010
<b>General Agreement on Tariffs and Trade</b>			
Article XXIV:7(a)	Free Trade Areas (CARIFORUM-EU EPA)	Ad hoc	S/C/N/469/Rev.1 WT/REG255/N/1/Rev 1 24/10/2008  S/C/N/469 WT/REG255/N/1 20/10/2008
<b>Agreement on Subsidies and Countervailing Measures</b>			
Article 25.1 and GATT 1994 Article XVI:1	Notification and extension of the Fiscal Incentives Programme		G/SCM/N/253/DMA G/SCM/N/260/DMA 29/8/2013

<sup>10</sup> Tax Information Exchange Act (Chap. 67:02): Tax Information Exchange Order, 2011

WTO Agreement	Description of the requirement	periodicity	Latest notification/ date
Article 25.1 and GATT 1994 Article XVI:1	Notification and extension of the Fiscal Incentives Programme		G/SCM/N/155/DMA G/SCM/N/177/DMA 4/9/2008
Articles 25.11 and 25.12	Absence of an authority competent to initiate and conduct investigations, and no countervailing action taken		G/SCM/N/202/DMA 11/4/2011
Article 27.4	Fiscal Incentives Programme	annual	G/SCM/N/243/DMA 2/10/2012
<b>Agreement on Technical Barriers to Trade</b>			
Article 5.6.2	Standards specification for the labelling of brewery products, food products, textiles, cigarettes, electrical appliances	Ad hoc	G/TBT/N/DMA/11 4/3/2008
<b>Agreement on Import Licensing</b>			
Article 7.3	Replies to the questionnaire on import licensing procedures	Ad hoc	G/LIC/N/3/DMA/2 6/12/2006
<b>General Agreement on Trade and Services (GATS)</b>			
Article V:7(a)	Regional Trade Agreement (CARIFORUM-EU EPA)	Ad hoc	S/C/N/469/Rev.1 WT/REG255/N/1/Rev1 24/10/2008  S/C/N/469 WT/REG255/N/1 20/10/2008

Source: WTO Secretariat.

2.18. Dominica has not been involved as a complainant or a defendant in any case before the Dispute Settlement Body. It has been a third party in three cases: *European Communities – Regime for the Importation, Sale and Distribution of Bananas*; *United States – Sections 301-310 of the Trade Act 1974*; and *United States – Import Measures on Certain Products from the European Communities*.<sup>11</sup>

## 2.5.2 Regional agreements

2.19. Dominica is a founding member of CARICOM and the OECS (see Common Report). It cooperates with the OECS members on trade policy formulation and negotiations, and a number of areas, such as telecommunications, competition policy, and international relations. Dominica ratified the revised Treaty of Basseterre Establishing the OECS Economic Union in 2011, and has completed the legal and administrative processes for the free circulation of people under the Treaty. Dominica views its participation in regional trade arrangements as a springboard into the wider global economy. In addition to the economic benefits from deeper economic integration with CARICOM members, Dominica's participation in the OECS and in CARICOM has enabled it to share the human and technical resources of other member states, to benefit from greater political influence in a number of fora, and to better participate in a range of international negotiations (through the Caribbean regional negotiating machinery).

2.20. Dominica enjoys preferential access to the EU market under the CARIFORUM-EC EPA. As part of CARIFORUM (a negotiating partnership involving CARICOM and the Dominican Republic) Dominica signed an Economic Partnership Agreement (EPA) with the EU in 2008 (see Common Report). The EPA, although in force, is still in the process of full implementation on the part of Dominica and other OECS countries, requiring a number of legal and institutional changes (see Common Report). As at early 2014, Dominica had implemented administratively the 2011 tariff reductions under the EPA, and was awaiting the passing of a Standing Order to put into effect the subsequent cuts in the Schedule of tariff reductions. A number of exports from Dominica also benefit from preferences granted under the U.S. Caribbean Basin Initiative (CBI). Dominica has preferential access to the Canadian market through CARIBCAN, mainly for processed foods and fresh vegetables. Through its participation in CARICOM, Dominica is currently negotiating a CARICOM/Canada Trade and Development Agreement. Exports under CARIBCAN totalled EC\$165,462 in 2013.

<sup>11</sup> For more information, see WTO Dispute Settlement Gateway at: [http://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_e.htm#disputes](http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm#disputes).

2.21. Products from Dominica are eligible for the Generalized System of Preferences (GSP) schemes of Australia, Canada, the European Union, Japan, New Zealand, Russia, Switzerland, and the United States. The range of eligible products varies according to each country's scheme.

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### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Procedures

3.1. Import procedures are regulated mainly by the Customs Act, 2010. There are no particular registration requirements for importers of commercial goods, except to obtain a VAT identification number. It is mandatory to use the services of a customs broker for commercial imports. The list of licensed brokers is published annually in the *Gazette*.

3.2. The Single Administrative Document (SAD) is the main document required for the customs declaration. It comprises one main document and four other forms, to be completed electronically through the ASYCUDA system. Other required documents include an invoice and a bill of lading or airway bill, and, depending on the nature of the import: a certificate of origin; FT1 101 form to obtain duty-free exemptions; FT1 104 form to obtain duty-free exemptions for the vehicles of returning residents; import licence; health permit; delivery note; packing list; insurance certificate; contract of sale; proof of payment; proof of exportation of goods re-imported; and proof of warranty and exportation (for goods under warranty that are imported). Any supporting documents must be scanned and uploaded as part of the declaration.

3.3. The Customs and Excise Division of the Ministry of Finance is responsible for the control and the management of the customs clearance of goods. Once the declaration is assessed, the importer may pay the fees at any authorized Customs office. With the introduction of the pre-payment account facility in December 2011, assessment and payment may be done simultaneously, and there may be no need to go to a Customs cashier. An examining officer then assesses the risk and assigns the goods to one of the selectivity lanes. Goods assigned to the Blue/Green Lane can be released without further check. Goods in the Yellow Lane are subject only to a documentary examination. In the Red Lane, a physical examination is executed in addition to the documentary check. The importer is notified via email when goods are ready for release, or if any further documents are required. The customs clearance procedures take, on average, one-and-a-half days.

3.4. Appeals may be brought to the Customs Appeal Commission, by serving a notice of appeal within 30 days of the notification of a decision by the Comptroller of Customs. The Commission has the powers of a subordinate court with respect to enforcement of witnesses' attendance, the hearing of evidence on oath, and punishment for contempt. At appeal, the commissioners may increase, decrease, or confirm the amount of duty due. If unsatisfied by the decision of the commissioners, the importer may appeal to the High Court or the Eastern Caribbean Court of Appeal. The authorities have indicated that most appeals are in the area of valuation.

3.5. Dominica is not a member of the World Customs Organization. It is a member of the Caribbean Customs Law Enforcement Council (CCLEC), from which it receives technical assistance.

##### 3.1.2 Customs valuation and rules of origin

3.6. Dominica did not invoke the special and differential treatment provisions in Article 20 of the Customs Valuation Agreement (CVA). It has not responded to the WTO checklist of issues on customs valuation. Dominica's legislation incorporates the GATT Customs Valuation Code. According to the authorities, the methods of valuation contained in the CVA are used by customs officers. Where there are concerns about the declared value, the good may be released upon payment of duty calculated by the customs valuation, and a review undertaken. If the importer was correct, the difference is refunded.

3.7. No minimum prices are used for valuation purposes. However, reference prices based on international lists, catalogues, or previous import values, are used for about 5% of shipments. This applies mostly to vehicles and other high-duty items that are more susceptible to under-invoicing. The authorities have indicated that these goods are valued in accordance with Schedule 2 of the Customs Act of 2010.

3.8. Dominica has notified its preferential rules of origin to the WTO.<sup>12</sup> It does not have any non-preferential rules of origin. Dominica adopted the rules of origin introduced by CARICOM in 1998. Duty-free treatment is granted only if the goods satisfy the origin criteria, and are shipped directly from another member state (see Common Report). Dominica, like other CARICOM members, was initially expected to implement the rules of origin contained in the amended schedule I of the Revised Treaty of Chaguaramas, based on the 2012 HS as from 1 January 2013. However, these rules have not yet been implemented.

3.9. Dominica also applies the rules of origin included in the CARIFORUM-EC EPA (see Common Report).

### 3.1.3 Tariffs

#### 3.1.3.1 MFN applied tariff structure

3.10. Dominica grants at least MFN treatment to all its trading partners. The tariff is based on CARICOM's Common External Tariff (see Common Report), with exceptions included in Lists of Exceptions A and C of the CET. Goods in List A may be imported at rates below the CET, and goods in List C, at rates higher than the CET. With the introduction of the OECS Economic Union in 2011, tariff changes are, in principle, under the responsibility of the OECS Economic Affairs Council. However, at the time of this Review, the Government still retains authority to change tariffs within the limits of the CET. Upon approval of a request from the CARICOM Secretary General.

3.11. Dominica's 2013 tariff is based on the 2007 Harmonized System. All tariff rates are *ad valorem*. The 2013 tariff comprised 6,359 tariff lines at the ten-digit level (Table 3.1).

**Table 3.1 Structure of the tariff schedule in Dominica, 2006 and 2013**

Description	2006	2013
Total number of tariff lines	6,479	6,359
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	0.0	0.0
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	0.0	0.0
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty free tariff lines (% of all tariff lines)	22.0	22.4
Dutiable lines tariff average rate (%)	15.6	15.9
Simple average tariff (%)	12.2	12.3
WTO agriculture	25.8	26.9
WTO non-agriculture (including petroleum)	9.5	9.5
Agriculture, hunting, forestry and fishing (ISIC 1)	23.1	24.8
Mining and quarrying (ISIC 2)	6.1	6.2
Manufacturing (ISIC 3)	11.5	11.6
First stage of processing	17.8	18.9
Semi-processed products	5.0	5.1
Fully processed products	14.7	14.6
Domestic tariff "peaks" (% of all tariff lines) <sup>a</sup>	7.9	8.3
International tariff "peaks" (% of all tariff lines) <sup>b</sup>	27.8	27.8

<sup>12</sup> WTO document G/RO/N/24, 15 January 1999.

Description	2006	2013
Overall standard deviation	19.4	19.8
Nuisance applied rates (% of tariff lines) <sup>c</sup>	0.0	0.0
Bound tariff lines (% of all tariff lines)	93.2	92.7

- a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.  
b International tariff peaks are defined as those exceeding 15%.  
c Nuisance rates are greater than 0% but inferior or equal to 2%.

Source: WTO Secretariat calculations, based on data provided by the authorities of Dominica.

3.12. Tariff rates range from 0 to 165% (Table 3.2). The highest rate applied on agricultural products is 150%, which corresponds to the final rate bound in the WTO. In the case of industrial products, competing imports from non-CARICOM countries are subject to (non-CET) rates between 50% and 165%, for products not bound in the WTO. The highest rate applies to, *inter alia*, enamels, paints, and varnishes.

**Table 3.2 Summary analysis of the MFN tariff, 2013**

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation	Final bound Average (%)
<b>Total</b>	<b>6,359</b>	<b>12.3</b>	<b>0 - 165</b>	<b>1.6</b>	<b>61.5</b>
HS 01-24	1,131	28.6	0 - 150	1.1	116.5
HS 25-97	5,228	8.8	0 - 165	1.5	50.9
<b>By WTO category</b>					
WTO Agriculture	1,028	26.9	0 - 150	1.3	115.8
- Animals and products thereof	150	19.3	0 - 40	0.8	114.7
- Dairy products	24	6.3	0 - 20	1.0	100.0
- Fruit, vegetables and plants	306	29.0	0 - 150	1.0	113.2
- Coffee and tea	29	30.2	0 - 135	1.3	122.4
- Cereals and preparations	125	18.3	0 - 135	1.0	115.6
- Oil seeds, fats and oils and their products	97	17.1	0 - 40	1.1	117.7
- Sugars and confectionary	21	21.9	5 - 40	0.7	114.3
- Beverages, spirits and tobacco	118	77.9	0 - 150	0.7	136.9
- Cotton	6	0.0	0 - 0	..	100.0
- Other agricultural products n.e.s.	152	8.2	0 - 40	1.5	107.0
WTO Non-agriculture (including petroleum)	5,331	9.5	0 - 165	1.5	50.0
- WTO Non-agriculture (excluding petroleum)	5,304	9.6	0 - 165	1.5	50.0
- - Fish and fishery products	181	27.4	0 - 40	0.6	100.0
- - Minerals and metals	1,116	7.2	0 - 35	1.0	50.0
- - Chemicals and photographic supplies	1,025	10.1	0 - 165	2.4	50.1
- - Wood, pulp, paper and furniture	335	9.6	0 - 40	0.9	50.0
- - Textiles	642	6.4	0 - 30	1.0	50.0
- - Clothing	277	19.6	5 - 20	0.1	50.0
- - Leather, rubber, footwear and travel goods	179	8.9	0 - 20	0.9	50.0
- - Non-electric machinery	591	3.9	0 - 60	1.8	50.0
- - Electric machinery	272	9.3	0 - 30	0.8	50.0
- - Transport equipment	197	10.4	0 - 40	1.1	50.0
- - Non-agriculture articles n.e.s.	489	12.6	0 - 50	0.8	50.0
- Petroleum	27	5.7	0 - 20	1.3	50.0
<b>By ISIC sector<sup>a</sup></b>					
Agriculture and fisheries	420	24.8	0 - 150	1.0	104.5
Mining	107	6.2	0 - 35	1.2	50.0
Manufacturing	5,831	11.6	0 - 165	1.7	59.0
<b>By HS section</b>					
01 Live animals & products	337	23.5	0 - 90	0.8	107.7
02 Vegetable products	384	23.4	0 - 150	1.1	113.9
03 Fats & oils	53	28.2	0 - 40	0.6	134.0
04 Prepared food etc.	357	39.0	0 - 150	1.2	121.5
05 Minerals	188	5.7	0 - 20	0.9	50.0

Description	No. of lines	Average (%)	Range (%)	Coefficient of variation	Final bound Average (%)
06 Chemical & products	945	10.2	0 - 165	2.5	53.3
07 Plastics & rubber	258	7.3	0 - 20	1.0	50.0
08 Hides & skins	80	8.3	0 - 20	1.1	56.4
09 Wood & articles	133	10.4	0 - 20	0.6	50.0
10 Pulp, paper etc.	178	7.0	0 - 20	1.1	50.0
11 Textile & articles	903	9.9	0 - 20	0.8	51.4
12 Footwear, headgear	60	15.8	0 - 20	0.4	50.0
13 Articles of stone	186	9.4	0 - 20	0.7	50.0
14 Precious stones, etc.	62	17.4	0 - 35	0.8	50.0
15 Base metals & products	713	6.5	0 - 20	0.9	50.0
16 Machinery	883	5.8	0 - 60	1.3	50.0
17 Transport equipment	208	10.1	0 - 40	1.1	50.0
18 Precision equipment	229	9.2	0 - 30	0.9	50.0
19 Arms and ammunition	26	29.4	0 - 50	0.6	50.0
20 Miscellaneous manufactures	168	15.7	0 - 40	0.5	50.0
21 Works of art, etc.	8	20.0	20 - 20	0.0	50.0
<b>By stage of processing</b>					
First stage of processing	804	18.9	0 - 150	1.2	87.7
Semi-processed products	1,871	5.0	0 - 40	1.0	52.9
Fully-processed products	3,684	14.6	0 - 165	1.6	60.8

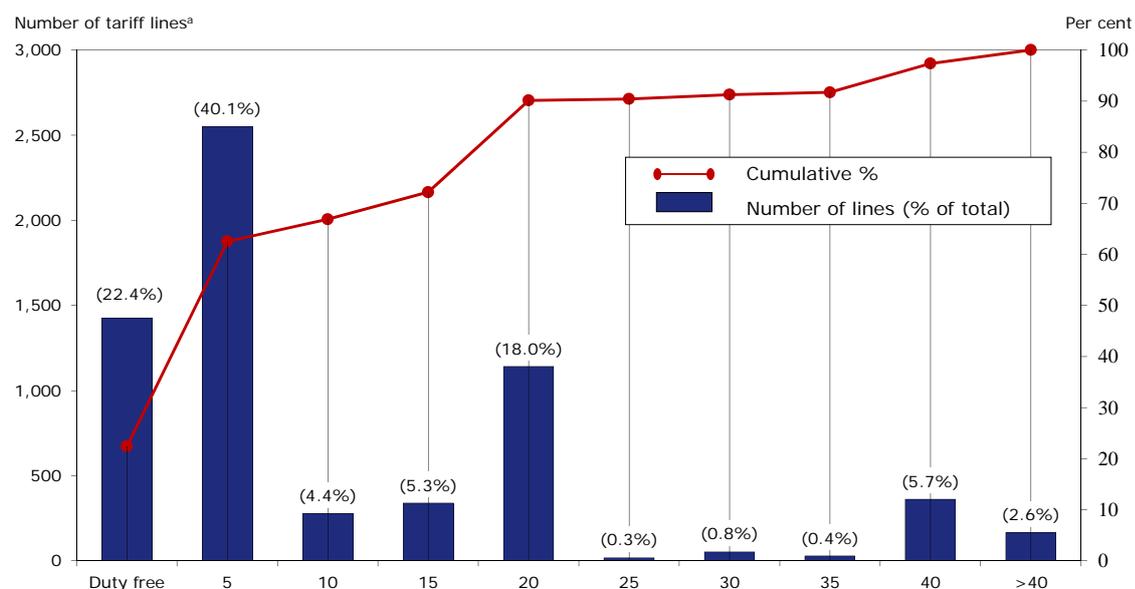
a ISIC (Rev.2) classification, excluding electricity (1 line).

Source: WTO Secretariat estimates, based on data provided by the authorities of Dominica.

3.13. Duty-free treatment applies to 22.4% of tariff lines (Chart 3.1). Some 27.8% of tariff lines are subject to international peaks, and 8.3% to domestic peaks.

3.14. Dominica does not use tariff quotas. Since 2006, Irish potatoes (HS 0701.90) have been subject to a seasonal tariff, with the "in-season" tariff (i.e., from February to June) of 150%, and the "off-season" tariff of 10%.

**Chart 3.1 Frequency distribution of MFN tariff rates, 2013**



a The total number of lines is 6,359.

Source: WTO Secretariat calculations, based on data provided by the authorities of Dominica.

### 3.1.4 Other charges affecting imports

3.15. In addition to customs duties, the Government levies a customs service charge (CSC), a value added tax (VAT), an excise tax, and an environmental surcharge.

3.16. The CSC is applied at a rate of 3% on the c.i.f. value of all imports. Goods imported by the Government, military forces, diplomatic missions, and international organizations and their personnel, and petroleum products are exempted from the CSC.

3.17. The VAT applies to most items at the rate of 15%. The tax base comprises the c.i.f. value of goods and all other duties and charges. Basic food products (rice, flour, sugar, milk, infant formula) and fuel are zero-rated. New enterprises benefiting from incentives under the Fiscal Incentives Act, and the Hotels Aid Act, may obtain a VAT exemption on initial capital, goods investments. Other exemptions include some approved goods imported by churches; vehicles purchased by diplomats; bona-fide unsolicited goods not exceeding EC\$75 in value; goods imported by Dominicans returning home for permanent residence; and goods imported by diplomatic missions and international organizations.<sup>13</sup>

3.18. The excise tax is levied on some alcoholic beverages and tobacco, fuels, and motor vehicles (Table 3.3).<sup>14</sup> The tax is *ad valorem* and applies to imported and locally manufactured goods. Its base comprises the c.i.f. value of goods and any other payable duty (excluding the VAT).

3.19. Pursuant to the Solid Waste Management Act 2002, an environmental surcharge applies to most imported goods at a specific or an *ad valorem* rate, depending on the item (Table 3.3). Raw materials and packaging materials are exempted if imported for one of the following purposes: manufacture of goods by locally registered manufacturers; manufacture of goods for export; and goods for use in the agriculture sector. Other exempted products include milk, sugar, flour, rice, and pharmaceuticals. The surcharge does not apply to domestically produced goods.

**Table 3.3 Rates of the excise tax and the environmental surcharge**

Charge and item	Rates
<b>Excise tax</b>	
Alcoholic beverages	EC\$1.25 per litre on HS 2203.00.10-2203.00.90 (beer, stout, other); EC\$1.20 per litre on HS 22.04 and 22.05 (wine and vermouth); EC\$0.28 per litre on HS 2206.00.10, 2206.00.90 (shandy, other); EC\$8.50 per litre on HS 2208.20.00, 2208.50.00, 2208.60.00 (brandy, gin & Geneva, vodka); EC\$12.50 per litre on HS 2208.30.00 (whiskey); EC\$2.60 per litre on HS 2208.40.00, 2208.70.00, 2208.90.90 (rum & taffia, liqueurs & cordials, other).
Tobacco products	EC\$22.00 per kg.
Fuels	EC\$0.45 per kg on petroleum gases (LPG) and other gaseous hydrocarbons.
Motor vehicles	15% on HS 87.02 (motor vehicles for the transport of ten or more persons including the driver); 15% on HS 87.11 (motor cycles); 28% on HS 87.03 and 87.04 (motor cars and motor vehicles for transport of goods).

<sup>13</sup> Goods exempted from the VAT include: gifts of goods to an approved charitable organization, other than for purposes of re-sale; unconditional gifts of goods (other than for re-sale) consigned to the State; goods referred to in paragraph X in the List of Conditional Duty Exemptions specified in the Second Schedule of the Customs Import and Export Tariffs (Amendment) Order 2001 (SRO 18 of 2001); motor vehicles imported by natural persons on change of permanent residence; imported goods or goods produced or manufactured in Dominica, that were exported and thereafter reimported, without having been subjected to any process of manufacture or adaptation and without a permanent change of ownership; unsolicited gifts which do not exceed EC\$75, excluding goods contained in passenger's baggage, wine, spirit and manufactured tobacco; goods shipped or conveyed to Dominica for transshipment or conveyance to any other country; goods imported by Dominicans returning home for permanent residence, or upon return from studies abroad; and goods imported by diplomatic missions and international organizations (inclusive of vehicles).

<sup>14</sup> The application of the excise tax is regulated by the First Schedule of Excise Tax Act 8 of 2005 and the Excise Tax (Amendment) Order 2008.

Charge and item	Rates
<b>Environmental surcharge</b>	
Motor vehicles:	Less than 5 years old: 1% of the c.i.f. value+ duties and charges. Over 5 years old: EC\$3,000.00 per unit.
Other goods	EC\$10.00 per unit on used tyres; EC\$20.00 per unit on used refrigerators; EC\$20.00 per unit on used freezers; EC\$10.00 per unit on electric accumulators (batteries) 1.5% on goods in containers made of plastic, glass, metal, paperboard or wood; 1% on all other goods.

Source: Dominica Customs and Excise Division (undated), *Handbook for Import and Export Procedures In the Commonwealth of Dominica*. Viewed at: <http://www.investdominica.dm/Customs%20Import%20and%20Export%20Procedures1.doc>; and information supplied by the authorities.

### 3.1.5 Import prohibitions, restrictions, and licensing

3.20. The Customs Act 2010 lists goods subject to import prohibition or restriction (Table 3.4). These prohibitions or restrictions are generally for health and safety reasons, to safeguard the Dominican public, or to curb the illegal use and import of certain products. Goods originating from Iraq are prohibited.

3.21. Dominica's import-licensing regime is regulated by the Supplies Control (Restricted Imports and Exports) Order, 2003. It is administered by the Ministry of Employment, Trade, Industry and Diaspora Affairs, and was notified to the WTO in 2001.<sup>15</sup> Dominica responded to the WTO questionnaire on import-licensing procedures in 2006.<sup>16</sup> The authorities indicated that some 150 licenses are granted in any particular year.

3.22. Licences are applied generally on restricted imports and on: liquefied petroleum gas (butane and propane) except for domestic use; diesel, petroleum spirits, kerosene, aviation fuel, acetylene; oxygen; sulphuric acid; kerosene oil and other petroleum products; spirits and wine; tobacco, cigarette, cigarillos or cigars. The licensing regime is used to manage the import of products subject to priority sourcing conditions (Table 3.4).

**Table 3.4 Goods subject to prohibitions, licensing, or other restrictions or import requirements, 2013**

Category	Products	Legal authority
Prohibited goods	All gold and silver articles of foreign manufacture bearing imitations of British assay marks, or bearing British assay marks not complying with the standard indicated by the mark Substandard coins of legal tender in Dominica Food declared by the authorities as unfit for human consumption Indecent or obscene articles Infected animals, or their carcasses, hides, and skins Pistols in the form of stylographic pens or pencils Any goods bearing the coat of arms of Dominica Fictitious stamps Any other goods prohibited by law	Customs Act 2010, Schedule 3, Part I

<sup>15</sup> WTO documents G/LIC/N/1/DMA/1, 23 February 2001, and G/LIC/N/3/DMA/1, 23 February 2001.

<sup>16</sup> WTO document G/LIC/N/3/DMA/2, 6 December 2006.

Category	Products	Legal authority
Restricted imports	Arms and ammunition (written permission of the Commissioner of Police is required) Cannabis (sativa or indica), indica, choras, ganja (and any preparation or mixture of) Gunpowder, blasting powder, detonators and high explosives: except for the use of the Government Imitation banknotes Kerosene and petroleum products (with a flash point below 73°F) Spirits and wines (unless packed in containers of one gallon or more) Tobacco, cigars, cigarillos or cigarettes (unless imported by parcel post, in packages of no less than 20lbs of tobacco) Cigarette making appliances All other goods the importation of which is restricted by any other enactment	(Customs Act 2010, Schedule 3, Part II)
Goods that may be imported only under licence from the Ministry in charge of trade	Liquefied petroleum gas (butane and propane) except for domestic use Diesel, petroleum spirits, kerosene, aviation fuel, acetylene Oxygen Sulphuric acid Kerosene oil and other petroleum products with a flash point below 73 degrees F Spirits and wine Tobacco, cigarette, cigarillos or cigars	Noxious and Dangerous Substances Control Act No. 4 of 1982; Customs Control and Management Act
Import licence required if imported from any non-member of CARICOM	Potatoes, fresh or chilled Footwear with upper straps of thongs assembled to the sole by means of plugs of rubber or plastic	Supplies Control (Restricted Imports and Exports) Order No. 14 of 2003
Import licence if imported from any country other than a CARICOM LDC	Wheat flour Oxygen Carbon dioxide Candles of paraffin wax	Supplies Control (Restricted Imports and Exports) Order No. 14 of 2003
Licence from the Commissioner of Police	Arms and ammunition Gunpowder, blasting powder, detonators, high explosives of any description Fireworks	Firearms Act of 1973
imported by the Government of Dominica only	Tear gas	Customs Control and Management Act
Permission of the Minister of Finance	Cigarette-making appliance, whether machine or paper	Customs Control and Management Act
Health certificate and a sanitary certificate	Live animals Meat of animals, poultry or bird carcasses and parts thereof	Animals Act Chap. 61:02
Import permit and a phytosanitary certificate	Plants, vegetables, fruit and plant products	Plant Protection and Quarantine Act No. 19 of 1986
Import permit and a registration with Pesticide Control Board	Pesticides	Plant Protection and Quarantine Act No. 19 of 1986

Source: Dominica Customs and Excise Division (undated), *Handbook for Import and Export Procedures in the Commonwealth of Dominica*. Viewed at: <http://www.investdominica.dm/Customs%20Import%20and%20Export%20Procedures1.doc>, supplemented by additional information supplied by the authorities.

### 3.1.6 Contingency measures

#### 3.1.6.1 Anti-dumping and countervailing measures

3.23. The Customs Duties (Dumping and Subsidies) Act No. 14 of 1959 remains the main legislation on the use of anti-dumping and countervailing measures. It was notified to the WTO 1999.<sup>17</sup> The Act authorizes the imposition of duties where goods imported are considered dumped or subsidized, and if it is determined that it is in the interest of Dominica to impose such duties, in addition to customs duties. In accordance with the Act, the application of these duties has to be consistent with the GATT 1947.

3.24. In 2010, the authorities notified the WTO of the absence of an authority competent to initiate and conduct investigations.<sup>18</sup> The situation has not changed.

#### 3.1.6.2 Safeguards

3.25. Dominica did not avail itself of the special safeguard provisions of the WTO Agreement on Agriculture, or of the right to use the transitional safeguard mechanism in the Agreement on Textiles and Clothing. Dominica has notified the WTO that it does not have any legislation with respect to safeguards.<sup>19</sup> However, the authorities note that, at the multilateral level, Dominica follows WTO safeguard rules.

3.26. The rules governing the use of safeguards are set at CARICOM level. As a less developed CARICOM country, Dominica may invoke the special provisions in Chapter 7 of the Revised Treaty of Chaguaramas, in particular Article 150, when necessary, to impose safeguard measures. These provisions entitle a disadvantaged country to limit imports of goods from other member states for up to three years, and to take such other measures as COTED may authorize. Dominica did not make use of any safeguard measures during the period covered by this Review.

#### 3.1.7 Standard and other technical regulations

3.27. The Dominica Bureau of Standards (DBOS) is the National Standards Body as mandated by Standards Act No. 4 of 1999. It is responsible for developing, applying, and monitoring standards and technical regulations. It has been notified as the national enquiry point for the TBT Agreement. The DBOS is under the responsibility of the Ministry of Employment, Trade, Industry and Diaspora Affairs and its general administration is guided by a 14-member National Standards Council (NSC) appointed by the Minister. On the recommendation of the DBOS, the Minister may declare a specification or draft standard to be a national standard. The authorities indicated that standards incorporated into directives and laws, generally become compulsory standards, all of which are technical regulations.

3.28. The authorities indicated that standards are prepared under the guidelines of Articles 2 and 4 of the TBT Agreement. Specifications are made public and open for comment before becoming standards; the same applies for revocations. Every declaration, revocation, or variation of a standard must be published in the *Gazette*.

3.29. The DBOS promotes the general adoption and implementation of technical regulations and standards, establishes or designates testing facilities or laboratories, and provides for the examination and testing of goods. The Bureau is also in charge of certifying that goods, services, processes, and practices conform with national, regional or international technical regulations and standards, and of declaring standards and keeping them under review. The DBOS may also provide advice to manufacturers on quality control. The authorities have indicated that conformity assessment is done through the DBOS' Monitoring System at the port of entry for imports and also through market surveillance.

3.30. Technical committees are in charge of the adoption or adaptation of technical regulations and standards in each of the following areas: food, food products and practices; labelling and

<sup>17</sup> WTO document G/ADP/N/1/DMA/1 and G/SCM/N/1/DMA/1, 8 June 1999.

<sup>18</sup> WTO document G/ADP/N/193/DMA, 30 June 2010.

<sup>19</sup> WTO document G/SG/N/1/DMA/1, 12 November 1998.

packaging; manufacturing and chemical products; and building and construction materials.<sup>20</sup> The authorities indicated that consultations among interested parties are encouraged in the process of adoption/adaptation of technical regulations and standards. Consultations on technical regulations are done through the WTO notification process. Dominica has made 11 notifications regarding technical regulations to the TBT Committee, the most recent in 2008.<sup>21</sup>

3.31. Standards are reviewed every five years and revised or withdrawn where necessary. No technical regulation or standard was withdrawn during the review period.

3.32. The DBOS may request the testing of goods subject to a technical regulation. If tested goods fail to conform to the regulation, domestic use or export is prohibited unless the goods are marked as imperfect. Moreover, upon application by the Minister in charge of trade, a High Court may order the producer to cease the production of such good. The authorities indicated that, as at March 2014, the DBOS did not yet conduct any testing as it was in the process of establishing a testing facility.

3.33. The National Metrology Act 2009 reinstated the International System of Units as the legal units of measurement, and mandates its use in any contract, bargain or sale, and packaging.<sup>22</sup> Additional units may be used if they have practical importance, are widely used or more appropriate in some specialized fields. All weighing and measuring instruments for trade must be the authorized units of measurement. The National Metrology Service is in charge of enforcing the legislation. The authorities indicated that, as at March 2014, the Act was not yet implemented.

### 3.1.8 Sanitary and phytosanitary measures

3.34. The Plant Protection and Quarantine Act and its related regulations regulate the import of plants and planting material.<sup>23</sup> Importers must obtain a permit from the Office of the Plant Protection and Quarantine Service of the Ministry of Agriculture and Forestry. The application has to be made at least a week prior to the arrival of goods. Permits are subject to a fee of EC\$10 and are valid for one consignment.

3.35. All imported produce must be pest and disease free, free from soil, and accompanied by a phytosanitary certificate. Goods must enter Dominica through a designated port of entry and be subject to examination by officers of the Plant Protection and Quarantine Service. Items exempted from inspection include: dry hulled rice; nuts; dried, candied, canned, or other processed fruit and vegetables; roasted coffee; commercial yeast; cooked plant products; and seeds of vegetables or ornamental plants from Canada, the United Kingdom or the United States.

3.36. Some RTAs entered into by Dominica or in the process of negotiation contain SPS provisions, for example the EU-CARIFORUM EPA, and the CARICOM Canada Agreement.

3.37. The Animals Act Chap 61:02 regulates the importation of live animals, meat, milk, and related products. A health certificate is required. Quarantine requirements are imposed on the importation of any live animal. The authorities indicated that, when animals or animal products are to be imported into Dominica, the importer is expected to request an import permit prior to importation. When a request for import permit is made the granting would be finalized based on the commodity, country of origin, and history of product. The importer would have to provide details as to the quantity of the product one intends to import as well as the country of origin with a health certificate. Where there is a known history and pattern of a particular product being imported from familiar country and company the issuance of a certificate can take up to 20 minutes. When there is no known history of importation of a product from either country or company a risk assessment is initiated by the Division of Agriculture. Enquires will be made from the World Animal Websites, CARICOM Secretariat, amongst others. This process could take weeks, months or even year. This would depend on the importers ability to provide the necessary responses to enquires.

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<sup>20</sup> Dominica Bureau of Standards online information, *DBOS Technical Committees and Their Prime Functions*. Viewed at: [http://www.dominicastandards.org/dominica\\_bureau\\_of\\_standards\\_technical\\_committees\\_and\\_their\\_prime\\_functions.php](http://www.dominicastandards.org/dominica_bureau_of_standards_technical_committees_and_their_prime_functions.php).

<sup>21</sup> WTO document G/TBT/N/DMA/11, 4 March 2008.

<sup>22</sup> It repeals the Weights and Measures Act, 1917.

<sup>23</sup> Plant Protection (Importations) Regulations, and Plant Protection (Import Prohibition) Regulations.

3.38. The Pesticide Control Act No. 15 of 1974 provides for the control on the importation, sale, storage, and use of pesticides. A licence from the Pesticide Control Board is required. A bill related to pesticide and toxic chemicals is at the drafting stage.

3.39. There is no legislation regarding GMOs. The authorities indicated that the importation of GMOs is not subject to special procedures or restrictions. Dominica is a contracting party to the IPPC, and a member of the Codex Alimentarius Commission. It is not a member of the OIE.

3.40. Dominica has not submitted any notifications on to the adoption of SPS measures to the WTO. The authorities indicated that no SPS measures had been adopted during the period under review.

## 3.2 Measures Directly Affecting Exports

### 3.2.1 Procedures

3.41. There is no registration requirement for exportation. The export declaration must be completed through ASYCUDA in the same way as an import declaration (section 3.1.1). The relevant supporting documentation (commercial invoice, certificate of origin, health certificate or permit) must be uploaded electronically. The shipment documents are examined by Customs at the port of exit. The authorities noted that export verification is designed to prevent smuggling and ensure that restricted goods are accompanied by the appropriate certificate.

3.42. Export duties are applied on sand (EC\$0.50 export royalty per ton), stone (EC\$0.45 export royalty per ton), and re-exports (EC\$1.50 stamp duty).

### 3.2.2 Export prohibitions, restrictions, and licensing

3.43. No products are subject to export licensing.

3.44. In accordance with Section 32 of the Forestry and Wildlife Act 63:01, the export of any wildlife or its parts is restricted. Dominica is party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and restricts the export of related products.

3.45. The Fresh Produce Export Quality Control Act 2009 regulates the exportation of: dasheen, tania, sweet peppers, pineapples, mangoes, cabbage, orange, plantain, sweet potatoes, hot peppers, pumpkin, tomatoes, bananas and grapefruit.<sup>24</sup> Products must be packed in a registered packing house, labelled properly, and conform to standards established by the DBOS. Only exporters holding a valid licence issued by the DBOS are allowed to export these products. All exports are inspected by the DBOS.

3.46. Licences and certificates of registration (for packing houses) are valid for 12 months or less. A register of licences issued, suspended or revoked, and a list of registered packing houses is published annually in the *Official Gazette*. The licences carry an application fee and a licence fee of EC\$25 each.<sup>25</sup> For packing houses the application fee and registration fee are, respectively, EC\$50 and EC\$100. There is an EC\$50 inspection fee.

### 3.2.3 Export promotion and marketing assistance

3.47. Exporters may make use of the ECCB's political and commercial risks insurance guarantee. The rates on loans from commercial banks under the guarantee schemes are generally lower than rates obtainable otherwise. The ECCB also provides pre- and post-shipment financing schemes. Alternatively, through its Export Credit Guarantee Scheme, it may provide guarantees to commercial banks for advances of working capital to exporters of non-traditional manufactured goods.

3.48. The Dominica Export and Import Agency (DEXIA) through its export facilitation activities provides financial and technical assistance to farmers, local exporters, agro-processors and

<sup>24</sup> The Act repealed the Fruit Trade Regulation Act, Chapter 82:03.

<sup>25</sup> Fresh Produce Export Quality Control Regulations, 2012.

manufacturers. DEXIA provides support to exporters of agricultural, agri-processed, and manufactured goods in areas such as: market research and market entry requirements; product identification and development; participation in trade fairs, exhibitions, and promotions; organization of trade missions; organizational development; financial risk development; and training. To help exporters meet market entry requirements, DEXIA runs quality assurance programmes. The authorities have noted that DEXIA recognizes the importance of promoting Dominican goods and services so as to increase the volume and value of exports. In an effort to sustain the “Buy Dominican” culture, DEXIA has collaborated with the Dominica Manufacturers Association (DMA) and the Dominica Art and Craft Producers Association (DACPA) to stage what is termed ‘Buy Dominica Shopping days.’ This activity, which commenced in 2012, has as its main objective to provide local producers with the opportunity to sell and showcase local products. DEXIA has been ISO certified since 1999 and is presently certified under the ISO 9001:2008 Standards. DEXIA has an established Quality Management System in place and undertakes annual internal audits to ensure that the procedures of the system are adhered to.

### 3.3 Measures Affecting Production and Trade

#### 3.3.1 Legal framework for businesses

3.49. The main legislation governing the establishment of a business has not changed since the previous review of Dominica.<sup>26</sup> Investors wishing to establish a business in Dominica have various options: sole proprietorships; partnerships; corporations; joint ventures; and international business companies.

3.50. The process for business establishment may include: application for the work permit; incorporation of the business; registration with the Inland Revenue Division, and application for a VAT registration number; and registration with the Dominica Social Security. Permission may be required from specific Government agencies depending on the activity or sector.

3.51. The Companies Act 1994 regulates company incorporation. In general, all business undertakings with more than 20 owners or shareholders must be incorporated. This may be done by sending signed articles of incorporation to the Registrar of Companies. Other related legislation includes the Alien Landholding Act No.17 of 1995, the Registration of Business Names Act (Chapter 78:46), and the International Business Company Act No. 10 of 1996. For companies registered under the Companies Act, the one-off registration fee (certificate of incorporation) is EC\$750. There is also an annual licence renewal fee that varies according to the share capital.

3.52. In 2008, an amendment to the VAT Act eased the registration requirement. The threshold above which businesses are required to register for a VAT identification number was doubled to EC\$120,000.

3.53. Under the Trade and Professional Licences Act, Chap 92:01, businesses are required to obtain a trade or professional licence.

**Table 3.5 Main taxes in Dominica**

Tax	Payee/tax base	Tax rate (%)
Personal income tax	Income of individual (employment or businesses)	0, 15, 25, and 35
Corporate tax	Non-individual persons or enterprises	30 of gains or profit
Land transfer tax and other fees	Buyer and seller, based on the value of the land	10.5 for buyer 2.5 (stamp duty for seller)
Customs duties	C.i.f. value of imports, and some exports	0-165
Customs service charge	C.i.f. value of imports	3
Travel tax	Operators of international passenger transportation services (air and sea)	7.5 of the travel ticket
Customs service charge	Importer or exporter	3%
Excise Tax Act	Locally manufactured or imported items (alcohol, cigarettes, vehicles, and petrol)	0-28

<sup>26</sup> The Companies Act (Act No. 21 of 1994), the International Business Act (Act No. 10 of 1996), and the Registration of Business Names Act, Chapter 78:46.

Tax	Payee/tax base	Tax rate (%)
Value Added Tax	Goods and services	0, 10 or 15
Withholding tax	Payment to non-residents (dividends, interest, income from properties, royalties, management charges, annuities and other periodic payment)	15
Aliens landholding licence fee		10 of the property value
Environmental levy	Imports based on their C.I.F. value, or specific levy	EC\$3,000 per unit for motor vehicles of five or more years 1 on CIF value for motor vehicles of less than five years EC\$10 per unit on used tyres Ec\$20 per unit on used refrigerators Ec\$20 per unit on used freezers EC\$10 per unit on electric accumulators (batteries) 1.5 on goods in containers made of plastic, glass, metal, paperboard or wood. 1 on all other goods
Social security contributions	Employer and employee	6.75-7 (employer) 4 (employee)

Source: Information provided by the authorities.

3.54. Corporate gains and profits are taxed at 30% (Table 3.5). A 2010 amendment to the Income Tax Act set the tax on income for individuals, incorporated body of persons or trustees at: 15% on the first EC\$20,000 of taxable income, 25% on the next EC\$30,000, and 35% for every dollar above EC\$50,000.<sup>27</sup>

### 3.3.2 Competition policy and price controls

3.55. Dominica does not have anti-trust legislation in place, or a competition policy authority. The CARICOM Competition Commission established under Article 171 of the Revised Treaty of Chaguaramas, inaugurated in January 2008 and headquartered in Paramaribo, Suriname is in charge of competition issues and enforcement in the CSME. Additionally, the OECS countries have agreed to establish a supra-national competition agency to handle competition matters within its single market (see Common Report).

3.56. Apart from utilities (DOMLEC and DOWASCO), there are, in principle, no monopolies in Dominica.

3.57. Price controls are regulated by the Supplies Control Act No. 21 of 1979. The Minister in charge of trade is allowed to fix maximum prices for any goods, at wholesale and retail levels. Since the previous TPR of Dominica, the number of products subject to price controls has been reduced from over 40 to 5: gasoline, diesel, kerosene, liquefied petroleum gas, and cement. Prices of petroleum products are adjusted every four weeks on the basis of international prices.<sup>28</sup> For cement, adjustments are considered periodically, based on changes in import prices; the latest adjustment was in 2012.

<sup>27</sup> The previous rates were: 20% on the first EC\$18,000, 30% on the next EC\$30,000 and 40% for every dollar over EC\$48,000. This is the end result of a phased approach to income tax reform which began in January 2008.

<sup>28</sup> International prices for Liquefied Petroleum Gas (LPG) and Caribbean Postings in respect of gasoline, diesel and kerosene.

### 3.3.3 Incentives

3.58. The Invest Dominica Authority<sup>29</sup> is in charge of the administration of incentives schemes. It receives applications for incentive benefits and makes recommendations to the Government on the level and types of concessions to be granted. The Cabinet makes the ultimate decision. The authorities have noted that, where investments amount to EC\$2 million or less, a Sub-Committee of Cabinet meets; where they are in excess of EC\$2 million, Cabinet meets.

3.59. As notified to the WTO, the Government of Dominica considers it a priority to create the conditions necessary for encouraging national and foreign capital investment. This continues to be a critical part of the economic diversification thrust. The aim is to reorient the economy away from dependence on one agricultural crop and preferential access to market.<sup>30</sup>

3.60. Dominica notified to the WTO its Fiscal Incentives Act No. 42 of 1974 as amended by Act No. 11 of 1983 as providing export subsidies.<sup>31</sup> In accordance with the extensions under SCM Article 27.4 of the Transition Period for the Elimination of Export Subsidies<sup>32</sup>, Dominica must modify this legislation to remove any export subsidy element by end 2015. In July 2008, as a follow-up to the findings of the 2007 TPR, the OECS Secretariat, with assistance from the Commonwealth Secretariat, undertook to outline a plan of action for implementing the obligations; and the OECS contracted the services of a trade attorney and legislative drafter to assist with the implementation of WTO commitments. In June 2009, model legislation and drafting guidelines that have been prepared and shared with drafters and trade officials for comment. According to the authorities, the proposed legislation is intended to streamline the administration of incentive programmes, provide equal treatment for local and foreign investors, increase transparency, and establish a monitoring mechanism for assessing the application and effectiveness of incentive schemes.<sup>33</sup>

3.61. In 2013, Dominica had consultations with the single beneficiary under the Fiscal Incentives Act, Dominica Coconut Products (DCP), to introduce a revised, WTO-compatible programme to mitigate the effects of the phasing-out of the relevant subsidy programme. In this respect, the authorities have noted that proposals have been forwarded to the Ministry of Trade by Colgate Palmolive, and that the Ministry of Legal Affairs has been made aware of legislation which needs to be amended.

3.62. The amendment of the Fiscal Incentives Act is geared to remove any export subsidy component to bring it into accordance with WTO rules. The authorities note that the process may take some time since it involves: (a) drafting a Cabinet Paper giving a comprehensive overview of the reason for eliminating export-contingent subsidies, and the time-frame, and requesting Cabinet's approval amend of the relevant legislation; amending the Act; and the Parliamentary process. The entire process should be completed by 2015.<sup>34</sup>

3.63. The Fiscal Incentives Act provides for tax concessions as follows: (a) exemption from payment of customs duties on plant, equipment, machinery, spare parts, raw materials, or components thereof for constructing, altering, reconstructing or extending the enterprise or equipping such enterprise for the purpose of manufacturing a product; (b) exemption from payment of income tax; (c) exemptions from payment of income tax on export profits by way of tax credits. Exemption from customs duties may be granted for the manufacture of approved products by approved enterprises: up to 15 years for Group 1 enterprises (i.e. local value of 50% or more of sales); up to 12 years for Group 2 enterprises (local value between 25% and 50% of sales); and up to 10 years for Group 3 enterprises (local value between 10% and 25% of sales). Enterprises in which production is exclusively for export, and capital-intensive enterprises (investment of US\$10 million or more) may be exempted for up to 15 years.

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<sup>29</sup> Invest Dominica Authority Act, 2007.

<sup>30</sup> WTO document G/SCM/N/226/DMA, 7 October 2011.

<sup>31</sup> The latest full notification is in WTO document G/SCM/N/253/DMA, G/SCM/N/260/DMA, 29 August 2013.

<sup>32</sup> See WTO document WT/L/691.

<sup>33</sup> WTO document G/SCM/N/253/DMA, G/SCM/N/260/DMA, 29 August 2013.

<sup>34</sup> WTO document G/SCM/N/253/DMA, G/SCM/N/260/DMA, 29 August 2013.

3.64. Also under the Fiscal Incentives Act, exemption from income tax on export profits may be granted for up to five years to any enterprise if: export profits amount to 10% or more of total profits; export profits accrue from an approved product; the enterprise is not already benefiting from exemptions during a tax holiday period; and the enterprise is engaged in a non-traditional industry exporting a product not traditionally exported from Dominica. The percentage of the tax credit depends on the export profits as a share of total profits, as follows: 25% if the share is 10% or more but less than 21%; 35% if the share is 21% or more but less than 41%; 45% if the share is 41% or more but less than 61%; and 50% if the share is 61% or more. The authorities have notified to the WTO that the current incentives will expire in 2015.<sup>35</sup>

3.65. Subsidies granted to the sole beneficiary under the Act since 1996, as notified to the WTO are presented in Table 3.6.

**Table 3.6 Subsidies granted under the Fiscal Incentives Act, 1974**

Year	Tax credits on exports EC\$'000	Production EC\$'000	Export of subsidized products EC\$'000	Imports of subsidized products EC\$'000	Total exports EC\$'000	Total imports EC\$'000
1996	635	n.a.	53,847	4,224	138,537	358,683
1997	444	n.a.	53,327	4,100	141,258	363,292
1998	833	59,184	72,494	1,337	167,453	356,992
1999	568	41,684	64,164	3,313	150,448	373,215
2000	432	36,818	61,789	2,907	144,673	400,952
2001	61	33,399	55,589	1,865	118,026	355,022
2002	160	32,125	48,934	1,623	115,192	314,048
2003	213	17,771	28,336	271	108,002	345,449
2004	274	39,468	50,233	3,667	111,749	392,031
2005	813	40,408	26,929	641	112,859	447,761
2006	1,606	40,217	53,036	991	111,976	450,619
2007	702	41,961	26,653	1,473	95,826	528,634
2008	0	35,707	n.a.	2,353	102,958	666,952
2009	328	27,795	27,581	2,250	86,326	607,780
2010	n.a.	n.a.	n.a.	452,259	14,634	157,173
2011	1,607	30,434	30,706	1,314	69,195	592,160
2012	1,789	36,515	37,205	1,228	78,707	525,982

Note: No explanation available for n.a.

Source: WTO document G/SCM/N/253/DMA, G/SCM/N/260/DMA, 29 August 2013.

3.66. Although there was only one beneficiary, any enterprise could apply for incentives under the Fiscal Incentives Act. Applications are submitted to Invest Dominica Authority, with relevant documentation, for review and recommendations to the Cabinet for consideration.

3.67. The Aid to Development Enterprises Act provides for relief from import duties on raw materials and inputs, materials, tools, plant, machinery, and building materials. These goods must be for use in manufacturing processes; constructing, erecting or altering factories; equipping hotels; or goods packaging. The Hotels Aid Act and the Income Tax Act No. 37 of 1982 allow for a tax holiday of up to 20 years for approved hotel and resort developments. Companies registered under the International Business Companies Act are exempt from taxes, duties, and similar charges for 20 years from the date of incorporation.

3.68. The Customs Control and Management Act grants the Cabinet the power to confer customs duty relief on goods or classes or descriptions of goods. The relief may take the form of an exemption from duty or payment of a sum lower than the amount due, and may be made subject to certain conditions, including post-import conditions.

3.69. Dominica has no free zones or legislation allowing for their establishment.

<sup>35</sup> WTO document G/SCM/N/253/DMA, G/SCM/N/260/DMA, 29 August 2013.

### 3.3.4 Role of state-owned enterprises and privatization

3.70. Established in 1986, the Dominica Import Export Agency (DEXIA) is a state-owned enterprise responsible for importing bulk rice and sugar, and promoting exports of agricultural produce. It has the exclusive right to import sugar (brown and white sugar, except EEC No. 1 used by bottlers, and icing sugar), and bulk rice (white and parboiled). The private sector may import rice in packages of 10 kg or less.

3.71. DEXIA purchases the commodities under competitive tender; long-term contracts are generally negotiated. The quantities imported are based on the previous years' consumption and/or estimated demand. The mark-up on imports is determined by projecting an annual gross margin that will accommodate the administrative and operating cost of DEXIA's operations, given the contracted prices on commodities for the following financial year.

3.72. There was no privatization activity during the review period.

### 3.3.5 Government procurement

3.73. Dominica is not a party to the WTO Plurilateral Agreement on Government Procurement.

3.74. An important step taken by Dominica during the review period was the adoption of new government procurement legislation. The Procurement and Contract Administration Act, 2012 (Act No 20 of 2012, Section 87-93) enhances the transparency of the procurement regime and makes it compatible with standard international procurement practices; and in this respect was a significant regulatory reform. The only caveat of the new legislation is the adoption of a margin of preference of up to 20% for domestic suppliers.

3.75. The 2012 Act repeals the Finance Administration Act No.4 of 1994. It applies to all departments of the Government, local authorities, and statutory bodies. It does not cover procurement involving national defence or security, which is required to be kept confidential; procurement under a cooperative agreement; or procurement funded by a donor. Some services are also excluded: casual hospitality and catering services; supply of electricity, telecommunications, and water; and more generally, services provided by a supplier regulated by another Act.

3.76. The Procurement and Contract Administration Act created a Central Procurement Board to approve and review procurement operations above a certain threshold, headed by a Chief Procurement Officer. It also created departmental boards for procurement negotiated and contracted directly by the procuring entity: procurement related to banking services, fiscal agency or depository services; sale, redemption, and distribution of public debt; media and media-related services; purchase of television or radio time, travel services and hotel accommodation; some specified professional services; and procurement not exceeding a specific amount as prescribed. A Central Procurement Unit was established within the Ministry of Finance, to monitor the operation of the public procurement process and compliance with the legislation. It comprises representatives from ministries in charge of finance, trade, legal affairs, and works, and from the Dominica Association of Industry and Commerce. It appoints the technical committee in charge of evaluating bids. The new law also covers administrative appeal and review processes. With respect to the determination of thresholds, the authorities noted that, as at March 2014, consultative work and discussions were on-going.

3.77. The Act prescribes the open competitive bidding procedure as the principal method of procurement. Restricted bidding procedures may be used if the products or services are available from a limited number of suppliers, and if open competitive bidding is deemed not to be efficient or practical. In that case, every supplier must be solicited by the procuring entity. At least five suppliers must be solicited. The procurement may be restricted to domestic bidders if specified in the invitation to bid, or published in advance.

3.78. A domestic or local margin of preference not exceeding 20% of the value of the proposed contract may be granted in the evaluation of bids when comparing bids from domestic bidders with those from international bidders, or for domestic suppliers offering goods manufactured locally

when comparing local suppliers. This preference margin must be mentioned in the bidding documents.

3.79. Direct procurement may be used in an emergency situation; if the value of the procurement does not exceed a given threshold; or when a supplier has the exclusive right to supply the good or service. There is also a threshold above which a bid security, of no more than 2% of the bid price, may be required.

3.80. Contracts must be awarded to the lowest bid that meets the qualification criteria. The procuring entity must notify unsuccessful bidders of the outcome of the process and the price of the contract. Unsuccessful bidders may challenge the results or apply for a review within 15 days of the notification.

### 3.3.6 Intellectual property rights

3.81. In 2001, Dominica notified to the WTO its main intellectual property laws, and its new legislation with respect to geographical indications, protection of layout-designs (topographies) of integrated circuits, protection of new plant varieties, and marks, collective marks, and trade names.<sup>36</sup> Most of these laws entered into force in 2008.

3.82. Dominica is a member of the World Intellectual Property Organization (WIPO) and a signatory to a number of international agreements on intellectual property rights.<sup>37</sup> Dominica notified that the Ministry of Legal Affairs, Immigration and Labour is its national enquiry point with respect to international cooperation for the protection of intellectual property rights. However, intellectual property issues are currently reviewed by the Companies and Intellectual Property Office in the Ministry of Tourism and Legal Affairs.<sup>38</sup>

3.83. There were 11 patent applications during 2007-12.<sup>39</sup> All were made abroad. Nine patents were granted over the same period. There were no utility model applications or registrations, and only one industrial design application; 191 trade marks were registered.

#### 3.3.6.1 Copyright

3.84. The Copyright Act No. 5 of 2003, which entered into force on 15 November 2003, replaced the Copyright (Dominica) Order, 1965, of the United Kingdom. The Act provides for the protection of literary and artistic works and for related matters. Literary, dramatic, musical, and artistic works; sound recordings, films, broadcasts, and cable programmes; and typographical arrangements of published editions will be protected by copyright provided that such work is original and has been written down, recorded or otherwise expressed in some material form. The term of protection is the author's life plus 70 years for literary, dramatic, musical or artistic works; and 50 years from the end of the first year it is made available to the public, for sound recordings and films (Table 3.7).

**Table 3.7 Intellectual property rights legislation and terms of protection**

Legislation/rights protected	Duration of protection
Copyright Act 5 of 2003:	
- literary, dramatic, musical or artistic works	life of the author plus 70 years
- sound recording and films	50 years from the end of the first year it is made available to the public
- broadcasts and cable programme	70 years from the end of the year of first broadcast
- typographical arrangements of published editions	25 years from first publication
Marks, Collective Marks and Trade Name Act, 1999	10 years, renewable for 10 years

<sup>36</sup> WTO documents IP/N/1/DMA/1, 13 June 2001; and IP/N/1/DMA/T/1, IP/N/1/DMA/P/2, IP/N/1/DMA/P/1, IP/N/1/DMA/L/1, IP/N/1/DMA/G/1, IP/N/1/DMA/D/1, and IP/N/1/DMA/C/1, 18 June 2001.

<sup>37</sup> Dominica is a member of the Berne Convention (1999); the Nice Agreement (2000); the Paris Convention (1999); Patent Cooperation Treaty (1999); Rome Convention (1999); and WIPO Convention.

<sup>38</sup> WIPO online information [29 January 2014]. Consulted at: [http://www.wipo.int/members/en/contact.jsp?country\\_id=48](http://www.wipo.int/members/en/contact.jsp?country_id=48).

<sup>39</sup> WIPO (2014), *Statistical Country Profiles: Dominica*. Consulted at: [http://www.wipo.int/ipstats/en/statistics/country\\_profile/countries/dm.html](http://www.wipo.int/ipstats/en/statistics/country_profile/countries/dm.html).

Legislation/rights protected	Duration of protection
Patents Act No. 8 of 1999	20 years, renewable
Industrial Designs Act No. 2 of 1998	5 years, renewable twice for 5 years each
Protection of Layout-Designs (Topographies) of Integrated Circuits Act No. 11 of 1999	10 years
Protection of New Plant Varieties Act No. 14 of 1999	20 years (25 years for vines, forest, ornamental, and fruit trees)

Source: Based on online information. Viewed at: <http://dominica.gov.dm/laws-of-dominica>.

### 3.3.6.2 Trade marks

3.85. Trademarks are regulated by the Marks, Collective Marks and Trade Name Act, 1999, which entered into force on 2 February 2009.<sup>40</sup> The Act repealed the United Kingdom Trade Marks Act, and the Merchandise Marks Act. The accompanying regulations are contained in the Marks, Collective Marks and Trade Names Regulations, 2009 (SRO 3 of 2009). Under the new legislation, the exclusive right to a trade mark is acquired through registration with the Registrar of Marks in the Companies and Intellectual Property Office.

3.86. Trade marks are protected for ten years, renewable for consecutive similar periods. The non-use of a trade mark for three years may entail the loss of the right to the exclusive use of the trade mark. The Act provides for the right of priority of an earlier national or regional application filed by the applicant in any State party to the Paris Convention or Member of the WTO. The Act also specifies that the provisions of any international treaty in respect of marks and protection against unfair competition apply in Dominica and, in case of conflict with domestic legislation, prevail over it. The owner of a registered mark may grant licences with respect to it.

### 3.3.6.3 Patents and industrial designs

3.87. Dominica's Patents Act No. 8 of 1999 entered into force on 25 August 2008.<sup>41</sup> The Act reflects internationally accepted criteria for registration of universal novelty, inventive step, and industrial applicability, along with a full search and examination procedure. Patents are protected for 20 years.

3.88. Similarly, the Industrial Designs Act No. 2 of 1998, which entered into force in 2008<sup>42</sup>, and was amended by the Industrial Designs (Amendment) Act No. 15 of 2008, regulates the protection of industrial designs. Industrial designs may be registered if they are new prior to the date of filing, or the priority date of the application for registration. Protection is for five years from the filing date, renewable for two consecutive periods of five years.

3.89. With respect to compulsory licensing provisions, the authorities may allow a government agency or a third-person to exploit an invention under certain circumstances, in particular, for reasons of public interest, national security, nutrition, health or the development of a vital sector of the economy. A compulsory licence may also be issued if the Government determines that the manner of exploitation of the patent is anti-competitive, and that authorizing another operator may remedy it. The exploitation must be limited to the purpose for which it was permitted, and subject to the payment of "adequate remuneration" to the owner. Such authorization must not prevent the owner from concluding a licence contract, continuing the exercise of his rights, or granting a non-voluntary licence.

### 3.3.6.4 Geographical indications

3.90. Geographical indications are protected through the Protection of Geographical Indications Act, 1999 (Act No. 13 of 1999), which entered into force in 2008<sup>43</sup>, and was amended by the Geographical Indications (Amendment) Act, 2008 (Act No. 13 of 2008).

<sup>40</sup> Marks, Collective Marks and Trade Names (Commencement) Order, 2008 (SRO 54 of 2008).

<sup>41</sup> Patent (Commencement) Order, 2008 (SRO 27 of 2008).

<sup>42</sup> Industrial Designs (Commencement) Order, 2008 (SRO 29 of 2008).

<sup>43</sup> Geographical Indications (Commencement) Order, 2008 (SRO 28 of 2008).

3.91. Protection of a geographical indication is available regardless of registration. However, registration of a geographical indication raises a presumption that such indication is a geographical indication within the meaning of the Act. As at January 2014, no regulations had been issued to implement the Act.

#### **3.3.6.5 Protection of layout-designs of integrated circuits**

3.92. The Protection of Layout-Designs (Topographies) of Integrated Circuits Act No. 11 of 1999 entered into force in 2008.<sup>44</sup> Under the Act, layout-designs must be original in order to be protected. The right to registration belongs by law to the creator, and is transferable. The term of protection is ten years from the date of the first commercial exploitation, anywhere in the world, or from the filing date of the application for registration.

#### **3.3.6.6 Protection of new plant varieties**

3.93. New plant varieties are protected by the Protection of New Plant Varieties Act No. 14 of 1999, which entered into force in August 2008.<sup>45</sup> The Act grants breeder's rights in respect of plant varieties that are new, distinct, homogeneous, stable, and given a denomination that is acceptable for registration. Applications for breeder's rights may be filed by citizens of Dominica, of a contracting party to the International Convention for the Protection of New Varieties of Plants, or any other State that grants reciprocal treatment to Dominica. Protection is for 25 years with respect to vines, forest, ornamental, and fruit trees, and 20 years for all other species.

#### **3.3.6.7 Enforcement**

3.94. Each piece of intellectual property legislation includes provisions for enforcement. The High Court has jurisdiction in case of dispute relating to the application of intellectual property rights. Any person who is aggrieved by a decision of the Registrar of Companies and Intellectual Property has the right of appeal to the High Court.

3.95. Customs authorities are not authorized to seize goods that infringe marks to prevent them from entering the country, except in the case of copyright, at the request of the right holder (Copyright Act 5 of 2003 part 1X Section 99). The authorities indicated that there are no statistics available with respect to enforcement activities.

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<sup>44</sup> Protection of Layout-Designs (Topographies) of Integrated Circuits Regulations, 2008 (SRO 45 of 2008).

<sup>45</sup> Protection of New Plant Varieties (Commencement) Order, 2008 (SRO 28 of 2008).

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

4.1. Agriculture and, specifically crops continue to play a dominant role in the Dominican economy. The sector's contribution to GDP reached 10.5% in 2013, but remains below its pre-hurricane level. Dominica's crops include bananas, plantains, citrus fruits, root crops and vegetables, herbs, and spices. The sector employs approximately a third of the labour force and is an important source of foreign exchange earnings. Because of its location and geology, Dominica is vulnerable to a large number of weather related hazards such as storms and landslides. It lies within the Atlantic hurricane belt.

4.2. The sector is under the responsibility of the Ministry of Agriculture and Forestry. The Division of Agriculture is the primary institution responsible for the agriculture sector. It provides technical, regulatory, and support services for crop and animal husbandry, animal and plant health, agricultural engineering and land use, farm management, agricultural information, pre- and post-harvest technology, agri-processing and agri-tourism support, laboratory diagnostic support, and research. The Agricultural Investment Unit provides financial and technical assistance to farmers and fishermen with the goals of increasing food security, reducing the food import bill and promoting job creation. The Government has provided a total of EC\$2 million to the Unit; these funds are being administered by the Agricultural and Industrial Development Bank. Some of the initiatives undertaken by the Unit include: the construction of a multipurpose abattoir; the construction of a coffee processing plant; and direct farm invested programmes.

4.3. One of the goals of the National Exports Strategy is to transform domestic exports in order to improve the trade balance. Three of the six key sectors identified for priority action are related to agriculture: the establishment of an SPS regime; the development of the agri-processing industry (especially for condiments, essential oils, herbs and spices, beverages); and the development of agri-tourism.

4.4. Since the previous Review of Dominica, the Government has improved the quality management system through the construction of modern infrastructure such as an inland banana reception and distribution centre, two packing houses, and a testing centre. New legislation related to the exportation of fresh produce was enacted in 2009.<sup>46</sup> Bills revising The Animals Act, the Plant Protection, Quarantine Act, and the Pesticides Act were pending enactment in March 2014.

4.5. Dominica's average tariff on agricultural goods (WTO definition) is 26.9%, with the highest applied rate set at 150% (Table 3.2). This is also the bound rate in some cases; the final bound average tariff rate in the agriculture sector is 115.8%. Using the ISIC classification the average applied tariff rate on agriculture was 24.8% in 2013. Imports of virtually all agricultural products are free from import licensing requirements. The only exceptions are potatoes and wheat flour.

4.6. In order to promote investment in agriculture, the Government grants import-duty concessions on some agricultural equipment and inputs, such as: seeds, agricultural tools, machinery and equipment, planting materials; fertilizers and agricultural chemicals (pesticides, herbicides and other treatments approved for agricultural use); meat-processing equipment; and animal health supplies and animal feeds.<sup>47</sup> To be eligible for these concessions, applicants must submit proof of being farmers involved in the sale of crops, and that an income is generated from farming activities. An excise tax waiver is available for imports of trucks and jeeps for use in agriculture.

4.7. Apart from import duty concessions, agricultural products receive preferential treatment with regard to the VAT. Locally produced agricultural products are exempted from the VAT. Some imported inputs (seeds, fertilizer, and animal feeds) are zero-rated for VAT purposes.

4.8. Dominica's fishing sector is small and largely informal. It employs an estimated 3,000 fishers, but only about 1,000 operate on a full-time basis. The authorities indicated that the majority of

<sup>46</sup> Fresh Produce Export Quality Control Act, 2009 (Act No.2 of 2009).

<sup>47</sup> Online information. Viewed at: <http://www.dominica.gov.dm/services/duty-free-exemptions-on-inputs-and-supplies-for-commercial-agricultural-production>.

fishermen operate part-time, on a subsistence basis, and that fish landings amounted to no more than 1,400 tonnes annually during the period under review. Actions taken since the previous review aimed at improving the fisheries infrastructure and standards, include: the construction of a fisheries complex in the Portsmouth area; training activities in the areas of hygiene and quality assurance; and adjustments to the fishing fleet in order to enhance their storage capacity.

4.9. In 2012, the Government embarked on a project aimed at developing a fisheries and aquaculture policy. Sponsored by the EU-ACP Fish II programme (Strengthening Fisheries Management in African Caribbean and Pacific Countries), the policy will set the framework for the development of the sector for the next 25 years. The authorities indicated that, as at March 2014, a Draft Agricultural and Fisheries Policy had been prepared, had undergone consultations and was awaiting Cabinet's approval.

## 4.2 Electricity

4.10. The Electricity Supply Act 2006, which entered into force in March 2007, established a commission in charge of regulating all electricity entities. Under the Act, the generation of electricity for a purpose other than domestic, its transmission, distribution, and supply is subject to licensing. Plant, equipment, and machinery imported by a licensee are exempt from all duties and taxes on importation (including the VAT). Tariffs are subject to the approval of the commission. The Independent Regulatory Commission (IRC) was established by Act No. 10 of 2006. The powers, duties and functions of the Commission are established in Part III of the Act.<sup>48</sup>

4.11. The development of geothermal energy was identified as a national priority in Dominica's Growth and Social Protection Strategy (GSPS). With support from the EU's cooperation programme INTERREG III-B 'Caribbean Space', and in partnership with other agencies, Dominica's Government has launched the 'Geothermal Energy in the Caribbean Islands'.

4.12. Dominica Electricity Services Limited (DOMLEC) is the distributor of electricity. The DOMLEC distribution system consists of High Voltage (HV) overhead 11kV lines and 400/230 V a.c. three phase low voltage. The frequency of the supply is 50 Hz. Electricity rates have remained unchanged since 1 September 2007. Rates applied differentiate across users: domestic rates apply to all electricity supplied to premises used exclusively for private residential purposes; commercial rates apply to all electricity supplied to any premises not being used exclusively for private residential purposes and not being premises to which industrial or hotel rates are applicable; hotel rates apply to all electricity supplied to premises used as hotels and guest houses with a minimum number of ten rooms; industrial rates apply to all electricity supplied to industrial premises having an aggregate maximum power rating of not less than 5 kVA; there are also rates for lighting and street lighting.<sup>49</sup> In addition to electricity rates, a fuel surcharge is applied to each unit consumed at a rate calculated and published monthly.

## 4.3 Manufacturing

4.13. The manufacturing sector contributed 3.5% of GDP in 2013 (Table 1.1). Manufacturing is an important contributor to Dominica's exports. The sector revolves mainly around agri-processing, some assembly of plastic and metal goods, and textile production. The agri-industry includes the production of beverages using a variety of raw materials, such as coconut, citrus, and other fruits. Dominica also produces some chemicals, including dental cream, as well as soaps and lotions, mainly through a subsidiary of Procter and Gamble. OECS countries, Martinique and Guadeloupe, are the main markets for Dominica's exports. The authorities trust that manufacturing will be

<sup>48</sup> More information relating to the functions and duties of the Commission may be found at: <http://www.ircdominica.org/files/downloads/2011/10/Electricity-Supply-Act-10-of-2006.pdf>.

<sup>49</sup> Domestic rates include a charge of EC\$0.58 per kilowatt-hour for up to 50 kilowatt-hours in any month and EC\$0.67 per kilowatt-hour for each kilowatt-hour in excess of 50 kilowatt-hours in any month subject to a minimum monthly charge of EC\$2.50. In the case of commercial rates, a service charge of EC\$4.32 per month per kVA of installed capacity plus EC\$0.71 per kilowatt-hour, is applied. In the case of industrial rates, a service charge of EC\$4.32 per month per kVA of installed capacity is levied; additionally, for electricity supplied between 6:00 a.m. and 10:00 p.m. a charge of EC\$0.63 per unit is applied, while for electricity supplied between 10:00 p.m. and 6:00 a.m. it is levied at EC\$0.58 per unit. For hotels, the service charge is of EC\$4.32 per month per kVA of installed capacity plus EC\$0.63 per unit. Lighting rates are EC\$0.71 per unit subject to a minimum monthly charge of EC\$20, while the rate of electricity for street lighting is EC\$0.71 per unit.

boosted with the installation of a coffee processing plant in the north of Dominica. They have also noted that the Government continues to support the sector by making financial and technical assistance available to the private sector.

4.14. Tariffs on manufactured goods range between 0 and 165%, with an average of 11.5% (Table 3.2).

4.15. The authorities are placing greater policy emphasis on promoting manufactured exports. The range of strategies includes granting assistance for market research, and helping local producers develop business plans. The principal agency responsible for conducting such programmes is DEXIA.

4.16. The Dominica Manufacturer's Associations (DMA) was revived in 2010, with the aim of promoting the manufacturing sector and proposing policies. The DMA is consulted frequently in trade policy formulation.

#### **4.4 Services**

4.17. Under the General Agreement on Trade in Services, Dominica made sector-specific commitments in 4 of the 12 main service areas: financial services (reinsurance); tourism and travel related (hotel development); recreational, cultural and sporting services (entertainment and sporting services); and communications (courier and telecommunications services). Except in telecommunications, no market access or national treatment limitations were scheduled on cross-border supply and consumption abroad, unless the provision of the service was considered technically unfeasible. In contrast, limitations on commercial presence were scheduled in most areas where commitments were undertaken.

4.18. Dominica scheduled horizontal market access limitations on commercial presence and movement of natural persons. For the former, service providers from abroad are subject to a specific withholding tax applied on foreign investors and to specific regulations on landholding. In addition, Dominica reserved a number of small business opportunities for nationals, permitting foreign suppliers only on the basis of an economic needs test. As regards movement of natural persons, employment of foreign natural persons is normally limited to people with managerial and technical skills that are in short supply or not available in Dominica. Dominica has not listed any Article II (MFN) exemptions.<sup>50</sup>

4.19. The Dominica Coalition of Service Industries (DCSI) was launched in January 2009, and serves as a focal point for the service sector. Its goal is to assist service providers to become better organized and to better position themselves in order to take advantage of services export opportunities.

##### **4.4.1 Banking, finance, and insurance**

###### **4.4.1.1 Regulation**

4.20. All on-shore and offshore financial services sectors, with the exception of domestic banks, are regulated by the Financial Services Unit (FSU).<sup>51</sup>

###### **4.4.1.2 Onshore financial services**

###### **4.4.1.2.1 Banking**

4.21. Domestic commercial banks are under the supervision of the Eastern Caribbean Central Bank (see Common Report). The Banking Act, 2005 remains the main legislation governing onshore banking services.

<sup>50</sup> WTO document GATS/SC/27, 15 April 1994.

<sup>51</sup> The FSU is in charge of administration of: the Building Societies Act Chapter 31:60; Co-operative Societies Act 1996; Development banks Dominica Agriculture Industrial and Development Bank Chapter 74:03; Exempt Insurance Act 1997; International Exempt Trust Act 1997; International Business Companies 1996; and the Offshore Banking Act 1996.

4.22. Four commercial banks operate in Dominica; three are branches of foreign-owned commercial banks, the Bank of Nova Scotia, CIBC First Caribbean International Bank (Barbados) Ltd., and RBC Royal Bank of Canada. The National Bank of Dominica Ltd. is wholly locally owned and incorporated. Dominica also has one development bank, the Dominica Agricultural, Industrial and Development Bank (AID). The AID's main source of funds is from the Caribbean Development Bank and its key funding areas include agriculture, tourism, manufacturing, services, transportation, mortgage, and education.

4.23. At end 2012, Dominica had 11 credit unions, with a total of 63,421 members.<sup>52</sup> The Co-operative Societies Act, 2011 regulates the registration, supervision, and operation of cooperative societies, including credit unions. The Act establishes a Registrar of non-financial Co-operative Societies, and a Registrar for Credit Unions. The Director of the Financial Services Unit (FSU) is the Registrar for Credit Unions. Both Registrars are currently in operation.

4.24. Money services businesses are regulated by the Money Services Business Act, 2010. The Act makes the distinction between several classes of licence: class A (money transmission) and currency exchange; class B (issuance, sale, and redemption of payment instruments); class C (cheque cashing); class D (currency exchange); and class E (pay day advances only). The granting of a licence is subject to an application fee of EC\$2,500; and the submission of the appropriate documents. The annual licence fee is EC\$5,000. Businesses are required to make a statutory deposit of EC\$50,000, and maintain a capital adequacy ratio of 10% of the value of the assets (with a minimum capital requirement of EC\$50,000).<sup>53</sup> As at March 2014, five class E and two class A licences had been granted.

#### 4.4.1.2.2 Insurance

4.25. In 2013, Dominica had 16 registered insurance companies and 1 underwriter. All but one of the companies are foreign-owned, mainly by companies located in other Caribbean countries, Europe, and the United States. Five of these companies provide long-term insurance, 12 provide general insurance, and 2 provide both long-term and general insurance. There is no reinsurance company registered in Dominica.

4.26. The main legislation governing onshore insurance is the Insurance Act 2012 (Act No. 4 of 2012), which repealed the Insurance Act No.17 of 1974, and came into force on 22 February 2012. The Act applies to: local insurance companies; branches of foreign insurance companies; associations of underwriters; intermediaries; and privately administered pension fund plans. It also applies to re-insurance. Under the 2012 Act, all of these businesses are subject to registration. Supervision of Insurance business is in the hands of the Registrar of insurance, which is the Director of the Financial Services Unit of the Ministry of Finance.

4.27. The Act stipulates that foreign insurance companies must be lawfully constituted in accordance with the laws of the country of incorporation, and must have been in business for at least five years prior to registration in Dominica. They are required to maintain a principal office in Dominica and appoint a resident as a representative. The minimum share capital is EC\$2 million for local companies, and EC\$5 million for foreign insurance companies. Mutual companies are required to have uncommitted reserves of at least EC\$5 million.

4.28. Businesses are also subject to a deposit requirement. For underwriters, the deposit is EC\$200,000 or 40% of the gross premium collected for policies issued during the previous fiscal year (whichever is greater). The deposit requirement for long-term insurance businesses is EC\$1 million, and for any other insurance, EC\$500,000 or 40% of the premium income derived from that insurance business during the financial year preceding the date of deposit, whichever is greater.

4.29. Insurance companies must keep separate accounts with respect to their insurance business. They are required to establish insurance funds for each class of insurance business they transact. The funds must consist of assets equal in market value to policyholders liabilities (less the deposit). At the end of each financial year, foreign insurance companies are required to place in

<sup>52</sup> National Cooperative Credit Union Limited online information. Viewed at: [http://www.nccudominica.com/images/PDF\\_Files/septemberchands2013.pdf](http://www.nccudominica.com/images/PDF_Files/septemberchands2013.pdf).

<sup>53</sup> Money Services Business (Capital Adequacy) Order 2011.

trust the assets of each of the funds established. They must not apply the assets of an insurance fund to any other class of insurance business. They are not allowed to repatriate any profits until the value of the assets of each fund covers at least 110% of the liabilities attributable to the related-business.

4.30. With the exception of re-insurance, permission is required from the Registrar for any person to enter into an insurance contract with a company that is not registered. Such contracts are approved only if similar protection cannot be obtained from a registered company.

#### **4.4.1.3 Offshore financial services**

4.31. The main legislation governing offshore banking is the Offshore Banking Act No. 8 of 1996. Under the Act, offshore banks may only conduct banking business in currencies other than the EC\$. Companies must have a physical presence in Dominica, and individuals acting as their authorized agent and alternate agent must reside in the country. Companies licenced under the Act are required to maintain minimum permanent capital of US\$1 million or 5% of deposit liabilities, whichever is greater, as well as liquidity with a major international bank of at least 12% of total assets. At the commencement of activities, the paid-up capital must be at least US\$1 million in cash. Offshore banks must maintain a reserve fund into which they transfer no less than 25% of their yearly profit. They are subject to an annual licence fee of US\$8,000. As at March 2014, there were eight registered offshore banks and four applications for registration.

4.32. Offshore insurance companies are regulated by the Exempt Insurance Act No. 14 of 1997. The company must be incorporated in Dominica in order to benefit from the status of exempt insurance. All risks and premiums must originate from abroad, and shareholders must reside outside Dominica. At least one of the directors must be a resident citizen of Dominica. The minimum paid-up capital is US\$100,000. As at late 2013, there were no licensed offshore insurance companies in Dominica. There was one offshore company in the process of being licensed. As at March 2014, there was one licensed offshore insurance company (Brilla Insurance).

#### **4.4.2 Telecommunications**

4.33. Dominica's GATS Schedule includes reservations on commercial presence in voice telephony (both fixed and mobile), packet-switched data transmission, circuit-switched data transmission, telex, telegraph, private-leased circuit, and facsimile services for the exclusive operator. The supply of electronic mail, voice mail, on-line information and data-base retrieval, electronic data interchange, Internet and internet access services (except voice), enhanced value-added facsimile services and some other services, is open to other suppliers, provided they use the network of the exclusive operator to supply these services.

4.34. Telecommunications in Dominica is under the responsibility of the Ministry of Information, Telecommunications and Constituency Empowerment. The National Telecommunications Regulatory Commission of Dominica is the regulator for the sector.<sup>54</sup> At the regional level, the Eastern Caribbean Telecommunications Authority (ECTEL) has an important advisory and policy-coordinating role (see Common Report).

4.35. As of March 2013, there were five active operators in Dominica: Cable & Wireless /LIME (Dominica) Ltd (fixed-line, mobile, internet and submarine cable services); Marpin 2K4 Ltd. (fixed-line and internet services); SAT Telecommunications (fixed-line and internet services); Digiciel (Dominica) Ltd. (mobile only); and, Middle Caribbean Network (submarine cable only).<sup>55</sup> Between 2008 and 2013, fixed-line penetration decreased from 24% to 20% and mobile penetration fluctuated between 125% and 143% (Table 4.1).

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<sup>54</sup> National Telecommunications Regulatory Commission of Dominica online information. Viewed at: <http://www.ectel.int/ntrcdm/index.htm>.

<sup>55</sup> ECTEL (2014), Electronic Communications Sector Review 2012 – 2013. Viewed at: <http://www.ectel.int/index.php/resources/publications?download=93:ectel-2013-annual-sector-review>.

**Table 4.1 Selected telecommunications indicators, 2008-13**

	2008	2009	2010	2011	2012	2013
Provider Revenues (EC\$ million)	97	100	96	92	98	95
Investment (EC\$ million)	18	24	16	17	12	13
Employment (number)	301	271	229	233	237	213
Penetration rates (in %)						
Fixed-line	24	24	22	21	21	20
Mobile	125	137	139	140	141	143
Internet Broadband Penetration	10	11	11	12	13	15

Note: information is provided for year ending on 31 March 2013.

Source: Eastern Caribbean Telecommunications Authority, Electronic Communications Sector Review 2012-2013. Viewed at: <http://www.ectel.int/index.php/resources/publications?download=93:ectel-2013-annual-sector-review>.

4.36. The NTRC is in charge of managing and controlling the use of electromagnetic spectrum. It is responsible for ensuring compliance with the Regional Radio Spectrum Plan established by ECTEL, and with international standards, such as the International Table of Frequency Allocation for Region 2 of the ITU.<sup>56</sup> Dominica's national spectrum is managed by the NTRC. A Regional Spectrum Management Plan commenced in 2006, and was amended in June 2012.

4.37. A Universal Service Fund has been established to compensate the operators required to provide universal service, and to fund any projects that promote universal service, with a special focus on rural, under-served, and maritime areas. The Fund is managed by the NTRC. Operators contribute 0.25% of gross annual revenue for the first year, 0.5% for the second year, and 1% for each year thereafter.<sup>57</sup>

4.38. The main legislation governing the sector is the Telecommunications Act No. 8, 2000, as amended by Act No. 17 of 2001.<sup>58</sup> It is substantially the same as the respective telecommunications laws of the other OECS ECTEL-member states. The law, *inter alia*, specifies criteria for granting a licence, universal service conditions that may be applied, and procedures for concluding interconnection agreements (see Common Report). According to the Telecommunications (Retail Tariff) Regulations SRO 40 of 2012, operators are free to set their tariffs, but the NTRC may intervene if there is not enough competition, or in cases of unfair competition. The NTRC has the authority to regulate the tariffs of special services such as emergency services and operator assistance.

4.39. Interconnections are regulated by the Telecommunications (Interconnection) Regulations, 2009. Providers may negotiate interconnection agreements, but these are subject to approval by the NTRC, after consultation with ECTEL. A public network operator must provide interconnection to interconnecting operators under no less favourable terms and quality than similar services provided for itself or its affiliates. There are three interconnection agreements between: Marpin 2K4 Ltd.; Cable & Wireless /LIME (Dominica) Ltd.; and Digicel (Dominica) Ltd.<sup>59</sup>

<sup>56</sup> Telecommunications (Spectrum Management) Regulations 2011.

<sup>57</sup> Telecommunications (Universal Service Fund Contribution) Order, 2009.

<sup>58</sup> Telecommunications Act No. 8, 2000. Viewed at: <http://www.ectel.int/documents/telecoms-regulations/Dominica/TelecommunicationsAct2000.pdf>.

<sup>59</sup> ECTEL online information. Viewed at: [http://www.ectel.int/Current%20Consultations/Consultation\\_Interconnection/CurrentInterconnectionAgreementsforpublication-REVISED.pdf](http://www.ectel.int/Current%20Consultations/Consultation_Interconnection/CurrentInterconnectionAgreementsforpublication-REVISED.pdf) [12.12.13].

4.40. The Telecommunications (Quality of Service) Regulations, 2008, define criteria and parameters for the quality of fixed telecommunications services, mobile, and internet services. Providers are required to submit quarterly reports on compliance to the NTRC.

4.41. The NTRC is also in charge of managing the National Numbering Plan. Numbering fees consist of an application fee, an initial fee payable on the allocation of a code or a block of codes, and an annual fee assessed on the codes allocated to the operator. Annual fees are EC\$410 for a block of 10,000 numbers, and EC\$1,060 for a block of 10 codes.<sup>60</sup>

#### **4.4.3 Transport**

##### **4.4.3.1 Air transport**

4.42. The main legislation governing air transport in Dominica is the Civil Aviation Act No. 21 of 2005, which entered into force in 2010. There are no foreign investment restrictions on ownership of domestically incorporated carriers. Currently, Dominica does not have any domestically incorporated airlines.

4.43. The Ministry of Public Works, Energy and Ports is responsible for air transportation. At the regional level, safety and security oversight is managed by the Eastern Caribbean Civil Aviation Authority (ECCAA) (see Common Report).

4.44. Responsibility for airport administration lies with the Dominica Air and Sea Ports Authority (DASPA), established by the DASPA Act of 8 December 2006. The Authority is charged with providing a coordinated an integrated system of airports, seaports, and port services, and managing the assets, liabilities, resources, and functions of the ports. However, the DASPA Act allows the Authority to contract out any of these responsibilities, with the authorization of the Minister. According to the authorities, ground handling is provided by private local companies.

4.45. Dominica levies a travel tax on air tickets, an embarkation duty on passengers leaving Dominica by air, and a security charge (currently included in the price of the air ticket).

4.46. Dominica is not a contracting party to the ICAO. It has bilateral air services agreements with France, and the Netherlands. Dominica is a signatory of the CARICOM Air Services Agreement which grants Fifth and Seventh Freedom rights. Dominica has not made any GATS commitments on air transport services.<sup>61</sup>

##### **4.4.3.2 Maritime transport**

4.47. In volume terms, the vast majority of Dominica's cargo trade is shipped by sea. The Ministry of Public Works, Energy and Ports is responsible for maritime transportation policy formulation, and management. Oversight responsibility for ships engaged in international trade, rests with the Commonwealth of Dominica Maritime Administration (MARAD), which reports to the Minister responsible for maritime affairs.

4.48. International Maritime Act No. 9 of 2000 established an International Ships Registry, for commercial vessels providing international maritime services. International business companies and foreign maritime corporations that fly the Dominican flag are not taxed on their income or assets. According to the authorities, 165 vessels are inscribed in the International Registry. Dominica had 42 domestic vessels in 2013, down from 65 in 2007.

4.49. Dominica has five ports owned and administered by the DASPA: the Port of Roseau (comprising Woodridge Bay, a ferry terminal, and a cruise ship terminal); the Port of Portsmouth (Cabrits Cruise Ship Berth, the Longhouse jetty); the Port of Anse de Mai; Marigot; and Colihaut.

4.50. Dominica levies a passenger tax on cruise ship passengers, a travel tax on tickets purchased for vessels leaving Dominica, and an embarkation duty on passengers leaving Dominica.

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<sup>60</sup> Telecommunications (Numbering) Regulations, 2008.

<sup>61</sup> WTO document GATS/SC/27, 15 April 1994.

4.51. Dominica is a member of the International Maritime Organization (IMO) and is a party to all of the IMO mandatory instruments.<sup>62</sup> The authorities indicated that during the review period, investments have been made to bring the main ports and terminals into compliance with the International Ship and Port Facility Security Code (ISPS Code).

#### 4.4.4 Tourism

4.52. In its 2012 report, the WTTC estimated that the tourism and travel sector's direct contribution to Dominica's GDP was 10% in 2011, and was projected to be about 10.7% in 2012.<sup>63</sup> The sector was affected by the global economic crisis. During the review period, the total number of visitors declined to 358,406 (2012), reflecting a decline in the number of cruise visitors (Table 4.2).

**Table 4.2 Visitor arrivals, by main category, 2007-12**

Category	2007	2008	2009	2010	2011	2012
Stay-over tourists <sup>a</sup>	77,809	81,112	74,924	76,518	75,546	78,965
Excursionists	901	965	780	783	764	1,500
Cruise visitors	354,515	380,671	516,405	517,979	341,501	266,178
Yacht visitors	11,197	11,102	9,532	8,554	10,338	11,763
Total	444,422	473,850	601,641	603,834	428,149	358,406

a Includes Ross University students who account for some 5,000 visits annually.

Source: Discover Dominica Authority.

4.53. The Government sees the tourism sector as a driver of economic activity and diversification. This is reflected in the Discover Dominica Authority's mission statement, which is "to increase the share of tourism's contribution to national economic development". Implementation of the Tourism Master Plan 2005-15 has been affected by the global financial crisis, and the results so far are quite limited.

4.54. Dominica made GATS specific commitments on hotel development, limited to hotels with a capacity in excess of 50 rooms. Development of hotels with fewer rooms is subject to an economic needs test. Discover Dominica Authority (DDA) is responsible for the formulation and implementation of tourism policies.

4.55. Under the Hotels Aid Act (1991) and the Fiscal Incentives Act, the Minister responsible for tourism may grant licences to investors constructing hotels (of not less than five bedrooms) to import building materials and articles of hotel equipment duty free. Customs duties already paid may also be drawn back. Imports of capital goods, up until the commencement of the hotel's operations may also be exempt from the VAT. Income tax exemptions, for a maximum of 20 years, are available to property developers for the construction and extension of hotels.

4.56. The Tourism (Regulations and Standards) Act (No. 19, 2005) provides for the establishment of a Quality Assurance Unit to develop and monitor standards for the tourist industry, and a licensing committee to assess applications for tourism services.

4.57. The Government levies a number of tourism-related taxes and charges: an embarkation tax of EC\$55 on passengers leaving by air or sea, with a lower rate of EC\$45 for nationals<sup>64</sup>; a cruise passenger head tax of US\$5; value added tax of 10% on accommodation services by in a hotel, guest house inn or similar establishment; and a travel tax of 7% on tickets (for travel by air and sea) purchased or issued in Dominica in respect of a journey commencing anywhere, and on

<sup>62</sup> For the complete list see IMO online information. Viewed at: [http://www.imo.org/includes/blastDataOnly.asp/data\\_id%3D18214/status.xls](http://www.imo.org/includes/blastDataOnly.asp/data_id%3D18214/status.xls).

<sup>63</sup> WTTC (2013), Travel & Tourism Economic Impact 2013: Grenada. Viewed at: [http://www.wttc.org/site\\_media/uploads/downloads/grenada2013\\_1.pdf](http://www.wttc.org/site_media/uploads/downloads/grenada2013_1.pdf).

<sup>64</sup> Embarkation Duty (Amendment) Act No. 5 of 2004.

tickets purchased or issued anywhere in respect of a journey commencing in Dominica (Travel Tax Act 2003).

4.58. Accommodation services attract a reduced VAT rate of 10%. VAT registration is required when annual turnover is EC\$60,000 or more (compared to EC\$120,000 for most other industries).

4.59. Table 4.3 shows the revenue collected due to the application of the different taxes on tourism in 2007-13.

**Table 4.3 Revenue collected under different taxes on tourism activities, 2007/08-2012/13**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Embarkation tax	4,212,463.0	4,072,966.4	4,085,535.1	2,655,647.3	2,870,574.7	646,072.4
Cruise environmental tax	2,616,664.6	4,754,847.7	6,064,660.1	2,134,057.2	3,396,259.6	2,972,483.9
Travel Tax	1,325,717.7	1,256,356.7	1,989,671.4	2,330,866.5	1,941,506.8	1,528,028.9
Hotel Occupancy Tax (HOT)	61,500.0	37,065.4	0	92.0	34,051.9	3,263.5
Exit certificate	23,450.0	19,670.0	19,305.3	226,492.1	15,045.0	13,110.0
<b>Total</b>	<b>8,239,795.3</b>	<b>10,140,906.1</b>	<b>12,159,171.9</b>	<b>7,347,155.2</b>	<b>8,257,438.0</b>	<b>5,162,958.7</b>

Note: The Hotel Occupancy Tax (HOT) was one of the taxes abolished by the imposition of the value added tax in 2006. Hence, collections of the HOT from March 2006 represent the payment of HOT in arrears.

Source: Information provided by the authorities.

#### 4.4.5 Professional services

4.60. Dominica did not make any GATS specific commitments on professional services. According to the authorities, the Government has the exclusive power to legislate on the practice of professions. No professions are reserved for nationals, and there are no residency requirements for the practice of any profession. Practicing engineers must be registered by the Board of Engineering, in accordance with the Engineering Profession Act No. 22 of 2002, and practicing architects, by the Board of Architecture, in accordance with the Architecture Profession Act No. 4 of 2003. Both boards have regulatory responsibility for their professions and, *inter alia*, are mandated to assess qualifications and experience, and conduct examinations of persons applying for registration.

4.61. The Accreditation Act No. 13 of 2006 provides for the establishment of an accreditation body, and sets out the process and procedures by which an institution or programme of higher education would be accredited. The authorities indicated that this accreditation body has been established.

4.62. As the result of a CARICOM initiative to enhance the free movement of skilled persons, professional service providers, university graduates who are CARICOM nationals, may enter and work in Dominica without a work permit (see Common Report). Between 2004 and 2013, 271 CARICOM nationals were issued certificates to enter Dominica under this initiative. In the first two months of 2014, 18 certificates were issued.

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## 5 APPENDIX TABLES

Table A1. 1 Merchandise exports and re-exports by SITC section, 2006-12

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total exports and re-exports	41.5	36.3	40.0	34.0	36.8	29.0	35.3
Domestic exports	40.5	35.4	38.1	32.0	30.6	23.3	26.8
Re-exports	1.0	1.0	1.9	2.0	6.2	5.6	8.5
	<b>(% of total exports and re-exports)</b>						
0 Food and live animals	32.8	32.6	37.2	46.7	26.8	11.9	10.2
1 Beverages and tobacco	1.8	2.4	1.8	2.1	1.5	1.0	1.4
2 Crude materials, inedible, except fuels	6.8	9.3	13.6	8.1	5.1	9.9	10.2
3 Mineral fuels and related materials	-	-	..	-	0.1	0.3	-
4 Animal and vegetable oils, fats and waxes	-	-	-	..	-	-	-
5 Chemicals and related products	56.6	53.7	44.3	38.8	44.9	57.1	53.3
6 Manufactured goods classified by material	0.4	0.5	0.5	0.4	1.1	0.9	1.9
7 Machinery and transport equipment	1.1	0.9	1.5	2.8	6.6	2.8	2.1
8 Miscellaneous manufactured articles	0.6	0.7	1.0	1.1	13.5	15.7	19.9
9 Commodities and transactions not classified elsewhere in SITC	..	..	..	..	0.5	0.2	0.9

.. Not available.

- Trade share lower than 0.05%.

Source: Eastern Caribbean Central Bank. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

**Table A1. 2 Merchandise imports by SITC section, 2006-12**

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total imports	166.9	195.8	247.0	225.3	223.8	226.1	194.7
	<b>(% of total imports)</b>						
0 Food and live animals	15.5	16.0	15.0	16.3	16.7	17.2	20.6
1 Beverages and tobacco	2.5	2.8	2.6	3.0	3.0	3.6	3.9
2 Crude materials, inedible, except fuels	2.2	2.2	2.0	2.4	2.9	1.7	2.6
3 Mineral fuels and related materials	15.5	17.2	20.0	16.4	16.3	20.9	15.3
4 Animal and vegetable oils, fats and waxes	2.8	2.2	2.9	2.4	3.1	2.6	2.6
5 Chemicals and related products	12.2	10.1	8.3	8.5	8.0	8.3	8.8
6 Manufactured goods classified by material	15.2	16.2	16.5	15.4	15.4	14.7	15.9
7 Machinery and transport equipment	23.5	21.8	23.1	24.4	21.0	17.1	16.7
8 Miscellaneous manufactured articles	10.6	11.5	9.5	11.3	11.8	12.0	11.6
9 Commodities and transactions not classified elsewhere in SITC	..	-	..	-	1.9	2.0	1.9

.. Not available.

- Trade share lower than 0.05%.

Source: Eastern Caribbean Central Bank. Viewed at: <http://www.eccb-centralbank.org/Statistics/index.asp>.

**Table A1. 3 Merchandise exports and re-exports by trading partner, 2006-12**

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total exports and re-exports	41.5	36.3	40.0	34.0	36.8	29.0	35.3
	(% of total exports and re-exports)						
America	70.0	71.1	..	68.8	66.6	79.4	83.8
United States	4.5	3.0	..	2.9	2.8	3.9	4.2
Other America	65.4	68.1	..	65.9	63.8	75.4	79.6
Trinidad and Tobago	7.6	8.2	..	8.8	6.9	13.9	18.8
Jamaica	15.1	20.0	..	16.3	13.9	17.3	16.2
St Kitts and Nevis	2.7	4.2	..	4.4	7.5	17.7	14.3
Guyana	6.9	4.9	..	5.2	4.1	5.8	9.5
Barbados	7.2	3.6	..	2.7	2.5	2.8	6.3
Antigua and Barbuda	12.9	15.5	..	15.2	18.9	9.1	5.5
St Lucia	4.3	3.3	..	2.3	3.0	2.5	2.6
Suriname	2.4	1.5	..	1.2	1.1	1.4	1.8
Haiti	0.1	0.1	..	0.5	0.0	0.0	1.2
St Vincent and the Grenadines	1.3	1.4	..	2.4	0.9	1.2	1.1
British Virgin Islands	1.1	1.3	..	1.2	1.5	1.0	0.5
Grenada	0.7	0.6	..	2.0	0.7	0.6	0.5
Europe	26.8	23.9	..	27.1	27.2	16.8	10.9
EU(27)	26.8	23.9	..	27.1	27.2	16.8	10.9
France	8.3	9.7	..	13.7	15.9	11.3	8.8
Germany	0.0	0.1	..	0.0	0.0	0.0	1.2
United Kingdom	18.5	14.1	..	13.3	11.3	5.0	0.9
Netherlands	0.0	0.0	..	0.0	0.1	0.2	0.1
EFTA	0.0	0.0	..	0.0	0.0	0.0	0.0
Other Europe	0.0	0.0	..	0.0	0.0	0.0	0.0
Africa	0.0	0.0	..	0.0	0.0	0.0	0.0
Middle East	0.0	0.0	..	0.0	0.0	0.0	0.0
Asia	0.2	0.0	..	0.0	0.1	0.1	0.7
China	0.1	0.0	..	0.0	0.0	0.0	0.1
Japan	0.0	0.0	..	0.0	0.0	0.0	0.0
Six East Asian Traders	0.1	0.0	..	0.0	0.0	0.0	0.3
Thailand	0.0	0.0	..	0.0	0.0	0.0	0.2
Korea, Republic of	0.0	0.0	..	0.0	0.0	0.0	0.1
Hong Kong, China	0.0	0.0	..	0.0	0.0	0.0	0.0
Chinese Taipei	0.0	0.0	..	0.0	0.0	0.0	0.0
Other Asia	0.0	0.0	..	0.0	0.0	0.0	0.3
Viet Nam	0.0	0.0	..	0.0	0.0	0.0	0.3
Other	3.1	5.0	..	4.1	6.1	3.8	4.4

Note: Shares are based on UNSD Comtrade data.

.. Not available.

0.0 Negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3); and Eastern Caribbean Central Bank.

**Table A1. 4 Merchandise imports by trading partner, 2006-12**

(US\$ million and %)

Description	2006	2007	2008	2009	2010	2011	2012
Total imports	166.9	195.8	247.0	225.3	223.8	226.1	194.7
	(% of total imports)						
America	77.0	79.1	..	81.9	78.4	81.6	76.2
United States	36.1	35.7	..	39.7	38.3	41.8	36.8
Other America	40.9	43.4	..	42.1	40.1	39.9	39.5
Trinidad and Tobago	22.1	23.1	..	21.3	14.1	15.3	17.0
Canada	2.7	2.3	..	2.7	1.8	1.9	2.3
Antigua and Barbuda	0.2	0.2	..	0.2	0.3	0.2	2.1
Colombia	0.9	1.4	..	1.1	1.1	1.3	2.0
Barbados	2.3	2.2	..	1.8	1.4	1.4	1.8
Jamaica	1.3	0.9	..	1.0	1.3	1.3	1.8
Dominican Republic	0.7	1.7	..	2.2	2.5	2.0	1.8
St Lucia	2.2	1.4	..	1.7	1.6	1.6	1.7
St Vincent and the Grenadines	1.0	1.1	..	1.1	1.1	1.1	1.6
Grenada	1.4	1.4	..	1.5	1.2	1.2	1.1
Guyana	1.3	1.5	..	1.5	1.1	1.5	1.1
Brazil	0.9	1.2	..	1.2	2.0	1.0	1.0
Bahamas	0.0	0.0	..	0.0	0.0	0.0	0.9
Panama	0.8	1.0	..	0.8	0.5	0.8	0.7
St Kitts and Nevis	0.1	0.2	..	0.1	0.2	0.2	0.5
Mexico	0.4	0.5	..	0.3	0.4	0.5	0.5
Europe	12.8	11.6	..	9.9	12.6	8.3	9.2
EU(27)	12.6	11.4	..	9.6	12.3	8.0	9.0
United Kingdom	5.7	5.4	..	4.6	5.3	4.0	4.0
France	2.7	2.2	..	1.6	3.4	1.5	2.0
Netherlands	1.5	1.2	..	1.2	1.0	1.1	1.3
Germany	1.6	0.9	..	0.8	0.5	0.5	0.6
Italy	0.2	0.3	..	0.2	0.2	0.2	0.5
EFTA	0.1	0.2	..	0.3	0.2	0.2	0.1
Switzerland	0.1	0.1	..	0.1	0.1	0.1	0.0
Other Europe	0.0	0.0	..	0.0	0.0	0.1	0.1
Turkey	0.0	0.0	..	0.0	0.0	0.1	0.1
Africa	0.2	0.2	..	0.0	0.1	0.0	0.1
Swaziland	0.0	0.0	..	0.0	0.0	0.0	0.1
Middle East	0.0	0.1	..	0.0	0.0	0.1	0.0
Asia	9.1	7.8	..	7.4	8.0	9.2	5.7
China	3.9	2.4	..	2.0	2.6	4.0	2.4
Japan	4.0	4.1	..	4.3	3.8	4.1	2.4
Six East Asian Traders	0.8	0.8	..	0.7	0.8	0.8	0.6
Korea, Republic of	0.2	0.1	..	0.1	0.2	0.2	0.2
Thailand	0.1	0.4	..	0.3	0.3	0.2	0.1
Malaysia	0.1	0.1	..	0.1	0.1	0.1	0.1
Hong Kong, China	0.2	0.2	..	0.1	0.1	0.1	0.1
Chinese Taipei	0.1	0.1	..	0.0	0.0	0.1	0.1
Singapore	0.1	0.0	..	0.0	0.0	0.1	0.0
Other Asia	0.4	0.4	..	0.4	0.8	0.4	0.3
India	0.3	0.2	..	0.3	0.6	0.2	0.1
United States Minor Outlying Islands	0.0	0.0	..	0.0	0.0	0.0	0.1
Indonesia	0.1	0.1	..	0.1	0.1	0.1	0.1
Other	0.8	0.7	1.2	..	0.8	0.9	0.8

Note: Shares are based on UNSD Comtrade data.

.. Not available.

0.0 Negligible trade.

Source: UNSD, Comtrade database (SITC Rev.3) and Eastern Caribbean Central Bank.